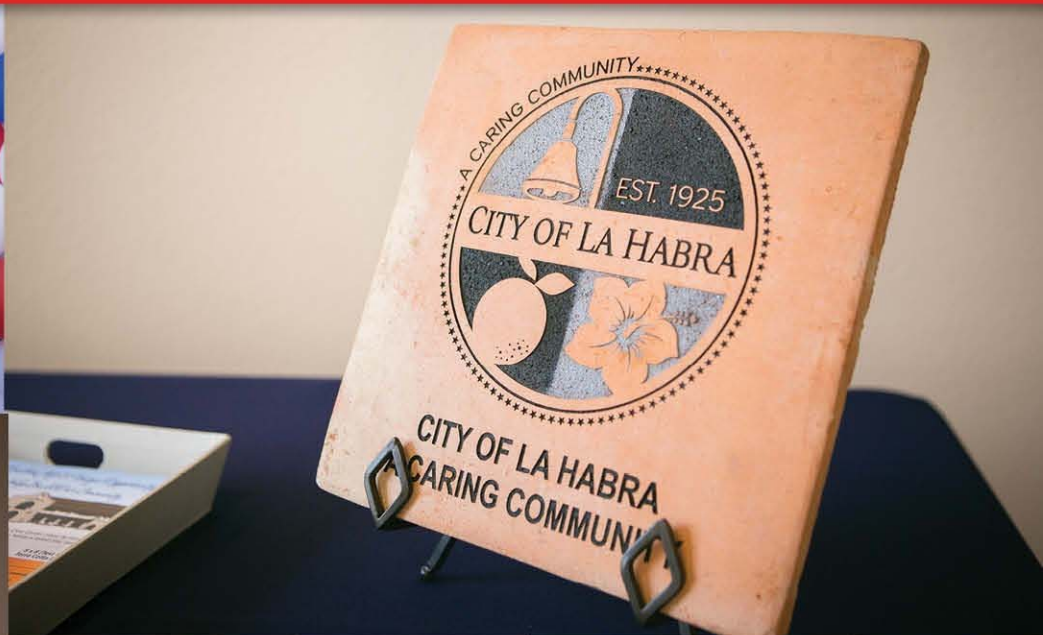




City of La Habra, California Comprehensive Annual Financial Report



**Fiscal Year Ended
June 30, 2018**

City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018



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, 2018

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INTRODUCTORY SECTION



City of La Habra

“A Caring Community”

ADMINISTRATION BUILDING

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

January 31, 2019

Honorable Mayor, Mayor Pro Tem and Members of the City Council:

The Comprehensive Annual Financial Report of the City of La Habra (City) for the fiscal year ended June 30, 2018 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. 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 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City 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 Uniform Guidance, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*. 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 (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 (Housing Authority), and the Utility Authority of the City of La Habra (Utility Authority) are reported as funds of the primary government. In addition, the City has assumed fiduciary responsibility for the Successor Agency to the Redevelopment Agency of the City of La Habra (Successor Agency) and is reported as a Private-Purpose Trust.

The City provides a full range of traditional municipal services. Police services are provided through a department operating under the direct control of the City 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 62,850) 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 17/18 was \$6,243,448,029, which is 5.2% more than FY 16/17. Based on data from the 2013-2017 U.S. Census Bureau-American Community Survey 5-year Estimates, the median household income is higher than the California average, 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 5.2% in June 2018.

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, 2018 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, 2018 was \$12.9 million. Of this amount, \$5.2 million is considered non-spendable and unavailable for appropriation, \$0.3 million is considered restricted, and \$1.1 million is assigned for specific purposes. The remaining balance of \$6.3 million represented unassigned or available portion of fund balance.

Long-Term Liabilities

As of fiscal year ended June 30, 2018, the City had several outstanding debt issues and other long-term liabilities totaling \$156.7 million (excluding deferred gain/loss on refunding), including:

- \$0.5 million in refunding special tax bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$4.6 million in tax allocation bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$15.6 million in certificates of participation
- \$37.1 million in revenue bonds
- \$1.8 million in various notes, leases and loans
- \$4.8 million for claims payable
- \$4.8 million for compensated absences
- \$2.8 million for pollution remediation liability
- \$5.3 million for net OPEB liability
- \$79.4 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, 2018, the capital assets (net of depreciation) of the City’s governmental activities amounted to \$112.9 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	Operating Revenue	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Position Ending
Water	\$ 23,524,317	\$ 14,402,538	\$ 12,792,200	\$ (1,840,443)	\$ 14,638	\$ 23,308,850
Sewer	6,758,414	1,955,880	2,381,245	792	(86,675)	6,247,166
Housing Authority	5,485,433	1,277,656	854,196	(775,945)	-	5,132,948
Refuse	3,412,789	3,900,885	3,487,513	(912)	(145,463)	3,679,786
Children's Museum	416,560	605,554	671,892	135	92,500	442,857
Mobile Home Lease	3,914,988	2,842,624	2,368,128	(3,022)	-	4,386,462
	\$ 43,512,501	\$ 24,985,137	\$ 22,555,174	\$ (2,619,395)	\$ (125,000)	\$ 43,198,069

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, White Nelson Diehl Evans, LLP, has been hired 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.

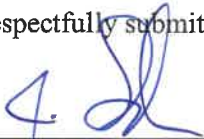
ACKNOWLEDGEMENTS

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, Accounting Supervisor Mary Ann Sy, Senior Accountant John Balderas, Accountant II Zukie Chiu, and Accountant Sue Suriati.

We wish to acknowledge the professional manner in which White Nelson Diehl Evans, 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,

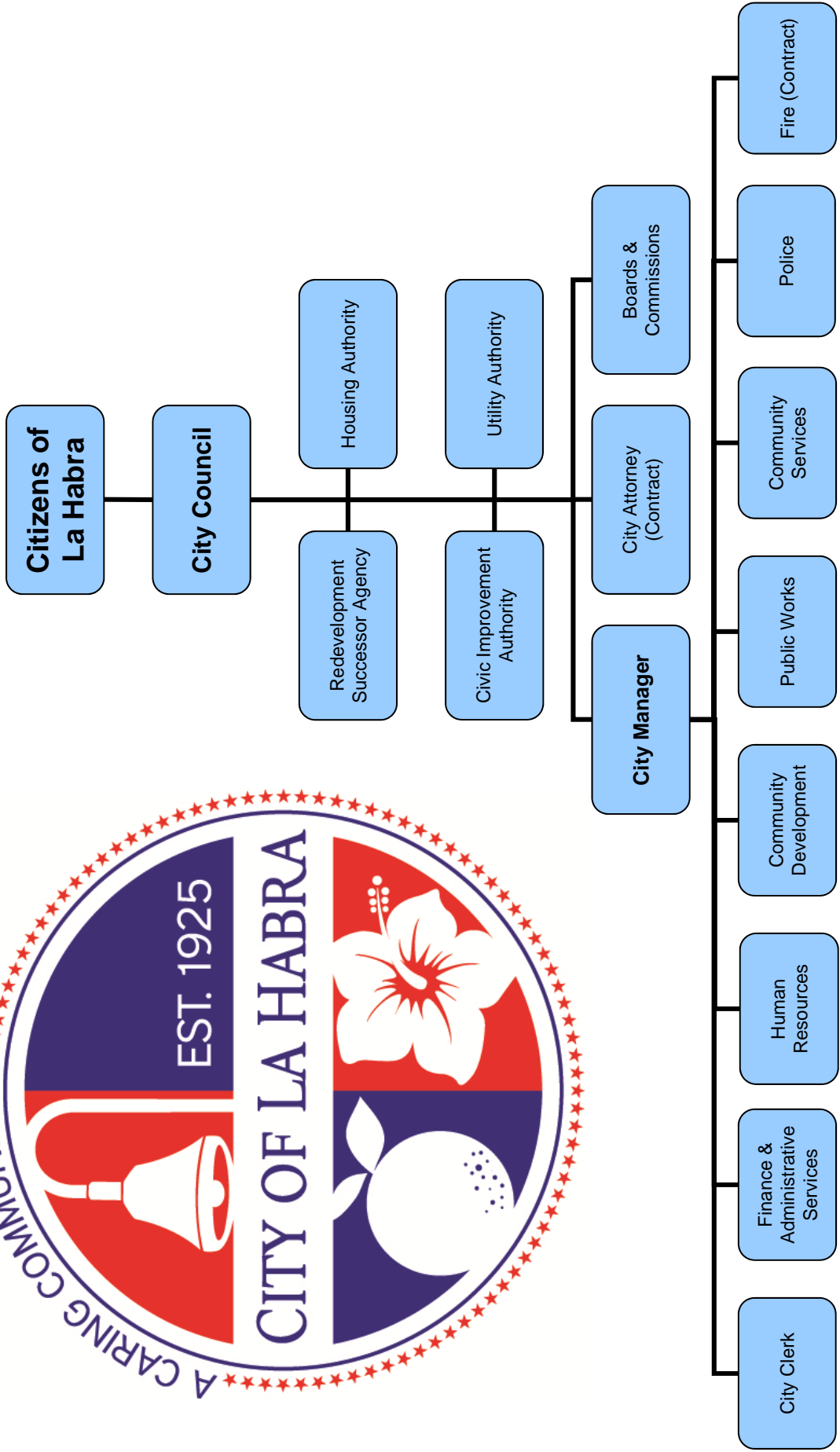


James D. Sadro
City Manager



Melvin L. Shannon
Director of Finance

City of La Habra Organization and Services



CITY OF LA HABRA, CALIFORNIA

CITY OFFICIALS

AS OF JUNE 30, 2018

MEMBERS OF THE CITY COUNCIL

Mayor Tim Shaw

Mayor Pro Tem Michael Blazey

Councilmember Thomas Beamish

Councilmember James Gomez

Councilmember Rose M. Espinoza

CITY MANAGER

James D. Sadro

CITY ATTORNEY

Richard Jones

CITY CLERK

Tamara D. Mason, MMC

DIRECTOR OF FINANCE

Melvin Shannon

DIRECTOR OF HUMAN RESOURCES

Elvie Balderrama

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

Patrick Errett

(Los Angeles County Fire)



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of La Habra
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the City of La Habra
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 (the City), as of and for the year ended June 30, 2018, and the related notes to the basic 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the City'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 City'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, 2018, 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 Matter

As discussed in Note 1d (17) to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and the schedule of contribution related to the agent multiple-employer defined benefit miscellaneous pension plan, the schedule of the City's proportionate share of the net pension liability and the schedule of contribution related to the cost sharing defined benefit safety pension plans, the schedule of changes in the net OPEB liability and related ratios and the schedule of contribution related to the agent multiple-employer OPEB plan and budgetary comparison schedule for General Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI 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 introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken 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 express no 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 January 31, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
January 31, 2019

Management's Discussion and Analysis

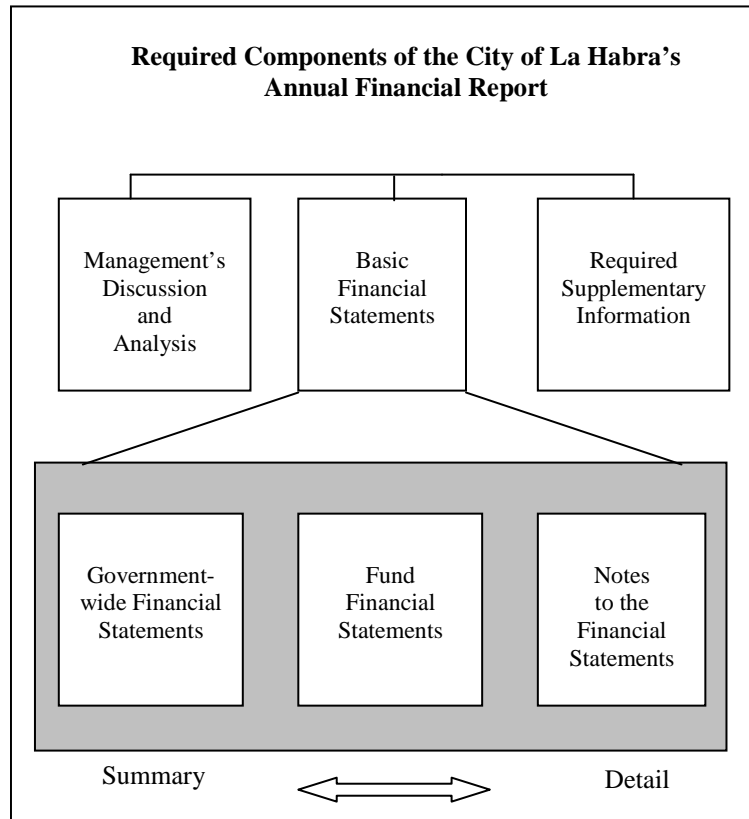
In an effort to provide insight and perspective to the City of La Habra's (City) annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2018. The intent of this discussion is to assist the reader to better 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.
 - *Proprietary Fund* Statements offer *short-* and *long-term* financial information about the activities the City operates *like businesses*, such as the water and sewer services.
 - *Fiduciary Fund* Statements provide information about the financial relationships 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 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, risk management, and information technology. These activities are 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, 2018, and 2017, respectively:

**TABLE 1
STATEMENTS OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Change (\$)	Change (%)
	FY 17/18	FY 16/17	FY 17/18	FY 16/17	FY 17/18	FY 16/17		
Assets								
Current and other assets	\$ 52,016,748	\$ 51,421,696	\$ 46,617,577	\$ 46,014,492	\$ 98,634,325	\$ 97,436,188	\$ 1,198,137	1.2%
Capital assets	112,924,074	106,954,957	54,214,055	55,906,360	167,138,129	162,861,317	4,276,812	2.6%
Total Assets	164,940,822	158,376,653	100,831,632	101,920,852	265,772,454	260,297,505	5,474,949	2.1%
Deferred outflow of resources	19,929,225	14,908,131	2,853,909	2,676,708	22,783,134	17,584,839	5,198,295	29.6%
Liabilities								
Current liabilities	10,487,039	9,827,584	3,463,356	3,697,978	13,950,395	13,525,562	424,833	3.1%
Noncurrent liabilities	90,197,939	82,194,794	56,968,348	57,332,050	147,166,287	139,526,844	7,639,443	5.5%
Total Liabilities	100,684,978	92,022,378	60,431,704	61,030,028	161,116,682	153,052,406	8,064,276	5.3%
Deferred inflow of resources	2,780,032	3,185,295	55,768	55,031	2,835,800	3,240,326	(404,526)	-12.5%
Net position								
Net investment in capital assets	109,691,038	98,908,209	22,690,776	23,274,193	132,381,814	122,182,402	10,199,412	8.3%
Restricted	13,451,730	15,849,805	1,003,581	1,066,402	14,455,311	16,916,207	(2,460,896)	-14.5%
Unrestricted	(41,737,731)	(36,680,903)	19,503,712	19,171,906	(22,234,019)	(17,508,997)	(4,725,022)	27.0%
Total Net Position	\$ 81,405,037	\$ 78,077,111	\$ 43,198,069	\$ 43,512,501	\$ 124,603,106	\$ 121,589,612	\$ 3,013,494	2.5%

Net Investment in Capital Assets

The City's *combined* net position for the fiscal year ended June 30, 2018, as shown above, was \$124.6 million. \$132.4 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

\$14.5 million of the City's net position represents resources that are subject to external restrictions regarding how they may be used. The restricted net position for public works and public safety decreased by \$2.0 million and \$0.5 million respective, primarily due to major street and road improvements and acquisition of police equipment. Meanwhile, restricted net position for general plan updates increased by \$0.2 million due to fees collected from developers.

Unrestricted Net Position

The unrestricted net position of the City's business-type activities total \$19.5 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 \$41.7 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 and net OPEB liability.

During the fiscal year 2017/18, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 75 which resulted in \$2.6 million decrease (restatement) in the beginning net position. Although the City's combined total net position increased by \$5.6 million during the current fiscal year, the condensed statement of net position above only shows an increase of \$3.0 million. The Statement of Net Position for fiscal year 16/17 presented in Table 1 above was not restated.

Changes in Net Position

The condensed summary of activities (Table 2) shows that the City's total net position increased by \$5.6 million during the year with Governmental Activities accounting for \$5.9 million increase and Business-type Activities accounting for \$0.3 million decrease.

Approximately 52.2% of the City's governmental revenue is generated through taxes collected (property, sales and use, transaction and use, and franchise), and approximately 99.2% 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 17/18</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 16/17</u>
Revenues						
Program Revenues						
Charges for Services	\$ 9,063,812	\$ 7,127,026	\$ 24,985,137	\$ 23,400,486	\$ 34,048,949	\$ 30,527,512
Operating Grants and Contributions	7,961,383	9,957,548	-	-	7,961,383	9,957,548
Capital Grants and Contributions	6,206,726	2,644,726	-	-	6,206,726	2,644,726
General Revenues						
Property Taxes	16,538,652	16,117,190	-	-	16,538,652	16,117,190
Sales and Use Taxes	10,730,853	9,837,648	-	-	10,730,853	9,837,648
Transaction and Use Taxes	5,629,841	5,075,039	-	-	5,629,841	5,075,039
Franchise Tax	1,784,852	1,650,001	-	-	1,784,852	1,650,001
Grants and Contributions not Restricted to Specific Programs	88,300	85,223	-	-	88,300	85,223
Income from Property and Investments	2,534,264	2,641,722	42,594	48,994	2,576,858	2,690,716
Gain on sale of capital assets	4,673,891	-	-	-	4,673,891	-
Other General Revenues	1,222,994	1,655,926	152,897	341,028	1,375,891	1,996,954
Total Revenues	66,435,568	56,792,049	25,180,628	23,790,508	91,616,196	80,582,557
Expenses						
General Government	5,461,015	3,671,388	-	-	5,461,015	3,671,388
Public Safety	31,295,032	30,195,115	-	-	31,295,032	30,195,115
Public Works	10,295,016	11,002,512	-	-	10,295,016	11,002,512
Community Services	10,694,274	10,591,475	-	-	10,694,274	10,591,475
Community Development	2,698,772	3,064,649	-	-	2,698,772	3,064,649
Interest on Long-Term Debt	229,533	281,018	-	-	229,533	281,018
Water	-	-	14,829,319	12,946,131	14,829,319	12,946,131
Sewer	-	-	2,381,245	2,107,071	2,381,245	2,107,071
Refuse	-	-	3,487,513	3,366,444	3,487,513	3,366,444
Housing Authority	-	-	1,631,963	1,491,686	1,631,963	1,491,686
Children's Museum	-	-	671,892	567,338	671,892	567,338
Mobile Home Lease	-	-	2,368,128	2,407,220	2,368,128	2,407,220
Total Expenses	60,673,642	58,806,157	25,370,060	22,885,890	86,043,702	81,692,047
Excess before Transfers	5,761,926	(2,014,108)	(189,432)	904,618	5,572,494	(1,109,490)
Special item	-	6,416,232	-	-	-	6,416,232
Transfers	125,000	145,000	(125,000)	(145,000)	-	-
Increase in Net Position	5,886,926	4,547,124	(314,432)	759,618	5,572,494	5,306,742
Net Position - Beginning of Year, as Previously Reported	78,077,111	73,529,987	43,512,501	42,752,883	121,589,612	116,282,870
Prior period adjustment	(2,559,000)	-	-	-	(2,559,000)	-
Net Position - Beginning of Year, as Restated	75,518,111	73,529,987	43,512,501	42,752,883	119,030,612	116,282,870
Net Position - End of year	\$ 81,405,037	\$ 78,077,111	\$ 43,198,069	\$ 43,512,501	\$ 124,603,106	\$ 121,589,612

Governmental Activities

The increase in net position for *governmental* activities was \$5.9 million, caused as a result of total revenues for *governmental* activities of \$66.5 million being offset by \$60.7 million in total costs for *governmental* activities, with transfers in from the business-type activities of \$0.1 million.

The followings are some of the notable changes in governmental activities revenues:

- The combination of property tax, sales tax, transaction tax, and franchise tax grew \$2.0 million compared to FY 16/17.
- Charges for Services increased by \$1.9 million due to the spike of fees collected from developers in a major residential housing project along the La Habra Boulevard.
- Operating Grants and Contributions reflect an decrease of \$1.9 million compared to FY 16/17 due mainly to the elimination of Head Start Program in the City as well as the decrease in activities in HUD Community Development Block Grant and HOME programs, resulting in less operating grant reimbursements in FY 17/18.
- Capital Grants and Contributions increased by \$3.6 million due mainly to the one-time contribution from the County of Orange relating to the annexation of the County's unincorporated areas.
- The City finalized the sale of the old city hall resulting in a net gain of \$4.7 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.

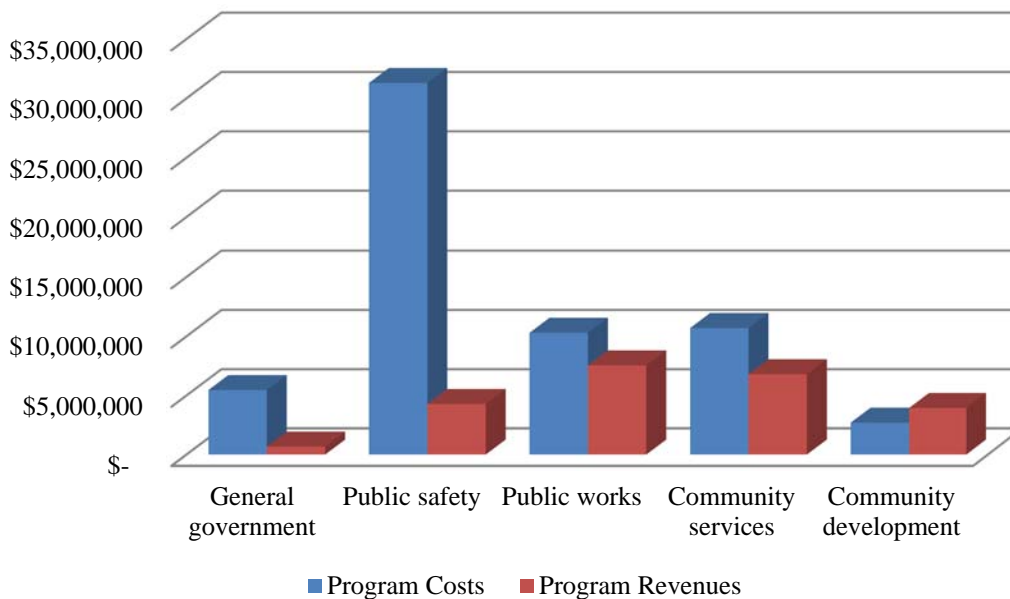
Community Services is comprised of six divisions (Building Maintenance, Child Development, Children's Museum, Employment and Training, Recreation, and Senior and Social Services) providing various programs, services, and special events for the citizens

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 17/18	FY 16/17	FY 17/18	FY 16/17	FY 17/18	FY 16/17
General government	\$ 5,461,015	\$ 3,671,388	\$ 669,898	\$ 705,374	\$ 4,791,117	\$ 2,966,014
Public safety	31,295,032	30,195,115	4,277,564	4,464,214	27,017,468	25,730,901
Public works	10,295,016	11,002,512	7,547,022	2,914,976	2,747,994	8,087,536
Community services	10,694,274	10,591,475	6,793,221	7,522,944	3,901,053	3,068,531
Community development	2,698,772	3,064,649	3,944,216	4,121,792	(1,245,444)	(1,057,143)
Totals	\$ 60,444,109	\$ 58,525,139	\$ 23,231,921	\$ 19,729,300	\$ 37,212,188	\$ 38,795,839

Program Costs VS Program Revenues Governmental Activities FY 17/18



Business-Type Activities

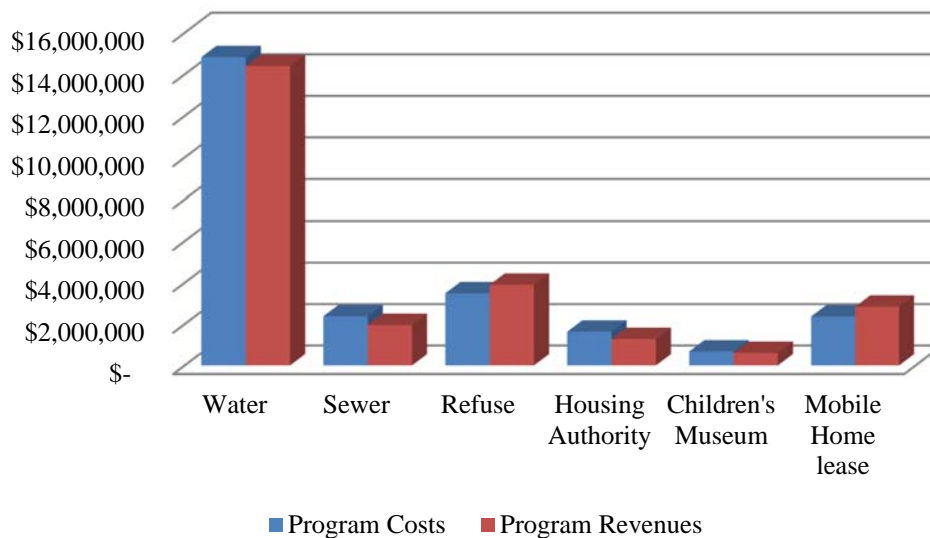
As of June 30, 2018, the revenues of the business-type activities increased by 5.8%, or \$1.4 million (\$25.2 million in 2018 compared to \$23.8 million in 2017) and expenses increased by 10.8%, or \$2.5 million (\$25.4 million in 2018 compared to \$22.9 million in 2017). The factors driving these results include:

- The total water consumption increased by 10.0% due to a combination of decrease in total rainfall of 9.9% comparing to prior fiscal year and the impact of the mandatory water conservation regulation in April 2015 which requiring an immediate 25% reduction in overall potable urban water uses statewide had been lifted. Meanwhile, utility rate structure had changed from flat rate per consumption to tier rate by consumption effective on February 1, 2018. As a result, total revenues in water and sewer enterprise funds increased by approximately \$1.5 million comparing to prior year.
- The overall increase in expenses can primarily attributed to increase in water purchase due to increase in consumption and increase in operation costs in most of the Business-type Activities.

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

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 17/18	FY 16/17	FY 17/18	FY 16/17	FY 17/18	FY 16/17
Water	\$ 14,829,319	\$ 12,946,131	\$ 14,402,538	\$ 13,035,748	\$ 426,781	\$ (89,617)
Sewer	2,381,245	2,107,071	1,955,880	1,803,519	425,365	303,552
Refuse	3,487,513	3,366,444	3,900,885	3,956,418	(413,372)	(589,974)
Housing Authority	1,631,963	1,491,686	1,277,656	1,281,830	354,307	209,856
Children's Museum	671,892	567,338	605,554	482,417	66,338	84,921
Mobile Home lease	2,368,128	2,407,220	2,842,624	2,840,554	(474,496)	(433,334)
Totals	\$ 25,370,060	\$ 22,885,890	\$ 24,985,137	\$ 23,400,486	\$ 384,923	\$ (514,596)

**Program Costs VS Program Revenues
Business-Type Activities FY 17/18**



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 of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$29.6 million, an increase of \$5.1 million compared to the prior fiscal year. The following fund balances are considered to be non-spendable, restricted, or assigned for the City:

- \$5.1 million non-spendable for long-term advances
- \$68,415 non-spendable for prepaid items
- \$0.3 million restricted for public works
- \$12.5 million restricted for special revenue funds
- \$0.5 million assigned for Pension Rate Stabilization Program
- \$0.25 million assigned for Facility Improvement Program
- \$0.25 million assigned for Land Acquisition Program
- \$0.1 million assigned for Special Events Program
- \$4.1 million assigned for capital projects fund.

The General Fund is the chief operating fund of the City and, as of June 30, 2018, had a total fund balance of \$12.9 million. The General Fund ended the year with \$3.1 million in operating surplus primarily due to increase in tax revenues and fees/permits collected from developers, savings from vacancy positions, along with other factors. Additionally, the General Fund recognized the proceeds from the sale of old city hall of \$5.6 million and proceeds from police radio equipment lease of \$1.4 million. These resulted in the total surplus of \$10.1 million at the end of the fiscal year. At Council direction, the General Fund transferred \$3.6 million of the surplus to the Capital Projects Fund to fund various capital projects including the renovation of the police station and \$2.4 million of the surplus to special revenue funds, debt service fund, and internal service funds. As a result, the General Fund' fund balance increased over the prior fiscal year by \$4.1 million

For fiscal year ended June 30, 2018, the City's general Capital Projects Fund balance increased by \$3.4 million, due primarily to the \$3.2 million one-time contribution from the County of Orange relating to the annexation of the County's unincorporated areas. 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 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 slightly decreased by \$0.2 million due to increases in operation costs. With the transition into a new rate structure and anticipating rate increases, the fund should 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 fund had a slight operating loss of \$0.4 million in FY 17/18. The fund also transferred \$0.1 million to water and children's museum enterprise funds for annual operating contributions. Therefore, the net position of the Sewer Enterprise Fund decreased by approximately \$0.5 million.

The Housing Authority's net position slightly decreased by \$0.4 million over the course of FY 17/18 due to loss after net operating and non-operating income, which is consistent with the Housing Authority's adopted budget.

The Refuse Enterprise Fund's net position slightly increased by \$0.3 million over the course of FY 17/18 due to the operating income.

General Fund Budgetary Highlights

At fiscal year-end, most of revenue sources had met or outperformed budget. Property taxes ended the year 2.3% above budget estimates, due to a continuing increase in home values all across California especially in Orange County. Sales tax and transaction tax ended the year 1.2% below budget estimates due to the ongoing shift to online retail shopping from traditional brick and mortar stores.

The General Fund ended the year with \$0.9 million expenditures above budget. This is primarily a result of savings from vacant positions in the police department.

Overall revenues exceeded budget estimates by \$2.7 million, primarily due to property tax, charges for services, licenses and permits revenues, and use of money and property, which outperformed the expectation. When combined with expenditures, which ended the year \$0.9 million above budget, the City realized an operating surplus of \$3.6 million.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the City had recorded an investment of over \$257.5 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		Total	
	<u>FY 17/18</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 15/16</u>
Land	\$11,671,872	\$12,467,013	\$12,800,000	\$12,800,000	\$24,471,872	\$25,267,013
Land improvements	7,977,597	7,355,359	-	-	7,977,597	7,355,359
Buildings and improvements	36,231,468	36,938,950	4,251,106	4,251,106	40,482,574	41,190,056
Improvements other than buildings	1,133,296	1,133,296	253,490	253,490	1,386,786	1,386,786
Machinery and equipment	10,825,784	9,129,438	1,892,609	1,881,319	12,718,393	11,010,757
Autos and trucks	5,316,996	5,271,642	230,465	230,465	5,547,461	5,502,107
Infrastructure	98,405,295	96,578,253	57,447,473	67,881,230	155,852,768	164,459,483
Construction in progress	8,965,567	1,460,188	28,852	-	8,994,419	1,460,188
(Less accumulated depreciation)	(67,603,801)	(63,379,182)	(22,689,940)	(31,391,250)	(90,293,741)	(94,770,432)
TOTALS	\$112,924,074	\$106,954,957	\$54,214,055	\$55,906,360	\$167,138,129	\$162,861,317

Governmental Capital Assets, before accumulated depreciation, increased by \$10.2 million over the prior year. The increase was attributed, primarily to the renovation of the police station and Lambert Road rehabilitation. The construction cost of these two projects during the FY 17/18 was \$8.0 million. The remaining of the increase in Governmental Capital Assets was attributed to various citywide street and road rehabilitation projects as well as purchases of vehicles and equipment. Business-Type Capital Assets, before accumulated depreciation, decreased

by \$10.4 million over the prior year. The decrease was mainly attributed to the write-off of the obsolete infrastructure in the water and sewer enterprise funds.

More detail about the City’s capital assets is presented in Notes 2(e) to the financial statements (Page 65 to 66).

Long-Term Debt

At year-end, the City had \$58.1 million in bonds, certificates of participation, loans, and leases payable, a decrease of \$6.4 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	
	FY 17/18	FY 16/17	FY 17/18	FY 16/17	FY 17/18	FY 16/17	FY 17/18	FY 16/17
Certificates of Participation	\$ 2,060,571	\$ 2,413,311	\$ 13,585,713	\$ 13,901,272	\$ -	\$ -	\$ 15,646,284	\$ 16,314,583
Tax Allocation Bonds	-	-	-	-	4,572,217	4,867,025	4,572,217	4,867,025
Special Tax Bonds	-	-	-	-	505,000	735,000	505,000	735,000
Notes Payable	109,774	171,594	-	-	-	-	109,774	171,594
Loan Payable	51,899	152,704	-	-	-	-	51,899	152,704
Contract and Leases Payable	1,652,371	356,068	-	-	-	-	1,652,371	356,068
Revenue Bonds	-	-	37,125,592	37,966,047	-	-	37,125,592	37,966,047
2015 Lease Financing	-	5,600,000	-	-	-	-	-	5,600,000
Unamortized loss on refunding	(121,513)	(150,676)	(1,476,716)	(1,543,054)	-	-	(1,598,229)	(1,693,730)
TOTALS	\$3,753,102	\$8,543,001	\$49,234,589	\$50,324,265	\$5,077,217	\$5,602,025	\$58,064,908	\$64,469,291

More detail about the City’s long-term liabilities is presented in Notes 2(g) to the financial statements (Page 68).

Economic Factors and Future Budgets and Rates

- The City’s FY 17/18 net taxable property values totaled \$6.2 billion, approximately 28.5% more than five years ago, and it is 5.2% higher than FY 16/17.
- Projected FY 18/19 CalPERS rate for the miscellaneous plan will be 8.164% plus \$1.6 million unfunded liability payment, and the rate for public safety will be 22.346% plus \$2.9 million unfunded liability payment.
- Projected FY 19/20 CalPERS rate for the miscellaneous plan will be 9.013% plus \$1.9 million unfunded liability payment, and the rate for public safety will be 23.654% plus \$3.5 million unfunded liability payment.
- The Consumer Price Index (CPI) for the Los Angeles/Riverside/Orange County Metropolitan Statistical Area for all urban consumers increased by 4.0 percent from June 2017 to June 2018.

These, among other factors, were considered in preparing the City of La Habra’s General Fund budget for FY 18/19, which resulted in budgeted expenditures growing by 3.1% to \$43.7 million compared to the FY 17/18 adopted budget of \$42.4 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.
- With increases in utility rates and stable water consumption, water sales revenue is expected to increase 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.

The local, regional and national economies continue to demonstrate stability and modest growth. Residential and commercial development activity in La Habra remains strong, with several major projects finished or nearing completion, with others either under construction, in the plan review/permitting process, or under consideration. Residential property values are expected to see continued growth in FY 2018-2019, with growth in local retail sales are expected to level off, mainly due to the impacts of online shopping. Despite this challenge, sales tax revenues from local commercial and retail businesses are expected to continue modest growth as new retail businesses open during the upcoming fiscal year.

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, 110 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, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 36,615,713	\$ 18,681,039	\$ 55,296,752
Cash and investments with fiscal agents	520,066	5,779,530	6,299,596
Accounts receivable, net	4,893,976	2,932,004	7,825,980
Interest receivable	149,723	49,437	199,160
Prepaid items	277,073	53,990	331,063
Due from other governments	3,022,606	208,771	3,231,377
Due from Successor Agency	10,014	-	10,014
Internal balances	(1,576,140)	1,576,140	-
Inventories	34,916	50,719	85,635
Total current assets	<u>43,947,947</u>	<u>29,331,630</u>	<u>73,279,577</u>
Noncurrent assets:			
Prepaid insurance cost	-	228,700	228,700
Land held for resale	-	941,130	941,130
Loans receivable	616,406	-	616,406
Loans to Successor Agency	7,452,395	-	7,452,395
Investment in water rights stock	-	16,116,117	16,116,117
Capital assets:			
Not being depreciated	20,637,439	12,828,852	33,466,291
Being depreciated, net	92,286,635	41,385,203	133,671,838
Total noncurrent assets	<u>120,992,875</u>	<u>71,500,002</u>	<u>192,492,877</u>
Total assets	<u>164,940,822</u>	<u>100,831,632</u>	<u>265,772,454</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	121,513	1,476,716	1,598,229
Deferred amount from pension plans	19,081,712	1,377,193	20,458,905
Deferred amount from OPEB plan	726,000	-	726,000
Total deferred outflows of resources	<u>19,929,225</u>	<u>2,853,909</u>	<u>22,783,134</u>
Liabilities:			
Current liabilities:			
Accounts payable	4,025,130	1,243,014	5,268,144
Accrued liabilities	2,510,967	107,266	2,618,233
Deposits payable	-	269,600	269,600
Interest payable	59,095	572,465	631,560
Unearned revenue	616,709	22,192	638,901
Claims payable, current	1,153,984	-	1,153,984
Compensated absences, current	1,361,579	78,819	1,440,398
Long-term obligations, due within one year	759,575	1,170,000	1,929,575
Total current liabilities	<u>10,487,039</u>	<u>3,463,356</u>	<u>13,950,395</u>
Noncurrent liabilities:			
Net OPEB liability	5,349,000	-	5,349,000
Claims payable	3,628,323	-	3,628,323
Compensated absences	3,177,015	183,900	3,360,915
Long-term obligations, due in more than one year	3,115,040	49,541,306	52,656,346
Pollution remediation liability	-	2,800,000	2,800,000
Net pension liability	74,928,561	4,443,142	79,371,703
Total noncurrent liabilities	<u>90,197,939</u>	<u>56,968,348</u>	<u>147,166,287</u>
Total liabilities	<u>100,684,978</u>	<u>60,431,704</u>	<u>161,116,682</u>
Deferred inflows of resources:			
Deferred amount from pension plans	2,762,032	55,768	2,817,800
Deferred amount from OPEB plan	18,000	-	18,000
Total deferred inflows of resources	<u>2,780,032</u>	<u>55,768</u>	<u>2,835,800</u>
Net position:			
Net investment in capital assets	109,691,038	22,690,776	132,381,814
Restricted for:			
Low-moderate income housing	612,464	485,000	1,097,464
Public safety	583,303	-	583,303
Public works	10,879,031	-	10,879,031
Community development	902,577	-	902,577
Community services	62,914	-	62,914
General plan update	411,441	-	411,441
Pollution remediation	-	518,581	518,581
Unrestricted	(41,737,731)	19,503,712	(22,234,019)
Total net position	<u>\$ 81,405,037</u>	<u>\$ 43,198,069</u>	<u>\$ 124,603,106</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2018

<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	\$ 5,461,015	\$ 512,442	\$ 157,456	\$ -
Public safety	31,295,032	3,390,223	887,341	-
Public works	10,295,016	1,250,526	89,770	6,206,726
Community services	10,694,274	1,043,879	5,749,342	-
Community development	2,698,772	2,866,742	1,077,474	-
Interest on long-term debt	229,533	-	-	-
Total governmental activities	<u>60,673,642</u>	<u>9,063,812</u>	<u>7,961,383</u>	<u>6,206,726</u>
Business-type activities:				
Water	14,829,319	14,402,538	-	-
Sewer	2,381,245	1,955,880	-	-
Refuse	3,487,513	3,900,885	-	-
Housing Authority	1,631,963	1,277,656	-	-
Children's Museum	671,892	605,554	-	-
Mobile Home Lease	2,368,128	2,842,624	-	-
Total business-type activities	<u>25,370,060</u>	<u>24,985,137</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 86,043,702</u>	<u>\$ 34,048,949</u>	<u>\$ 7,961,383</u>	<u>\$ 6,206,726</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

Gain on sale of capital assets

Other general revenues

Transfers

Total general revenues and transfers

Change in net position

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
\$ (4,791,117)	\$ -	\$ (4,791,117)
(27,017,468)	-	(27,017,468)
(2,747,994)	-	(2,747,994)
(3,901,053)	-	(3,901,053)
1,245,444	-	1,245,444
(229,533)	-	(229,533)
<u>(37,441,721)</u>	<u>-</u>	<u>(37,441,721)</u>
-	(426,781)	(426,781)
-	(425,365)	(425,365)
-	413,372	413,372
-	(354,307)	(354,307)
-	(66,338)	(66,338)
-	474,496	474,496
<u>-</u>	<u>(384,923)</u>	<u>(384,923)</u>
<u>(37,441,721)</u>	<u>(384,923)</u>	<u>(37,826,644)</u>
16,538,652	-	16,538,652
10,730,853	-	10,730,853
5,629,841	-	5,629,841
1,784,852	-	1,784,852
88,300	-	88,300
2,534,264	42,594	2,576,858
4,673,891	-	4,673,891
1,222,994	152,897	1,375,891
125,000	(125,000)	-
<u>43,328,647</u>	<u>70,491</u>	<u>43,399,138</u>
<u>5,886,926</u>	<u>(314,432)</u>	<u>5,572,494</u>
<u>75,518,111</u>	<u>43,512,501</u>	<u>119,030,612</u>
<u>\$ 81,405,037</u>	<u>\$ 43,198,069</u>	<u>\$ 124,603,106</u>



FUND FINANCIAL STATEMENTS



CITY OF LA HABRA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2018

	<u>Major Funds</u>		<u>Other Nonmajor Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	
Assets:			
Cash and investments	\$ 10,121,288	\$ 4,504,873	\$ 13,201,289
Accounts receivables	4,755,074	-	6,846
Interest receivables	95,159	-	36,549
Prepaid items	68,415	-	62
Due from other funds	316,968	-	-
Due from other governments	87,176	26,231	2,902,951
Due from Successor Agency	10,014	-	-
Loans receivable	-	-	616,406
Loans to Successor Agency	7,452,395	-	-
Total assets	<u>\$ 22,906,489</u>	<u>\$ 4,531,104</u>	<u>\$ 16,764,103</u>
Liabilities, Deferred inflows of resources, and Fund balances:			
Liabilities:			
Accounts payable	\$ 670,719	\$ 247,900	\$ 2,583,323
Accrued liabilities	1,958,761	161,688	343,065
Due to other funds	-	-	280,017
Advances from other funds	3,646,140	-	-
Unearned revenues	183,355	-	433,354
Total liabilities	<u>6,458,975</u>	<u>409,588</u>	<u>3,639,759</u>
Deferred inflows of resources:			
Unavailable revenues	<u>3,547,193</u>	<u>-</u>	<u>616,406</u>
Total deferred inflows of resources	<u>3,547,193</u>	<u>-</u>	<u>616,406</u>
Fund balances:			
Nonspendable	5,214,884	-	-
Restricted	327,386	-	12,507,938
Assigned	1,100,000	4,121,516	-
Unassigned	6,258,051	-	-
Total fund balances	<u>12,900,321</u>	<u>4,121,516</u>	<u>12,507,938</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,906,489</u>	<u>\$ 4,531,104</u>	<u>\$ 16,764,103</u>

See Accompanying Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 27,827,450
4,761,920
131,708
68,477
316,968
3,016,358
10,014
616,406
7,452,395

\$ 44,201,696

\$ 3,501,942
2,463,514
280,017
3,646,140
616,709

10,508,322

4,163,599

4,163,599

5,214,884
12,835,324
5,221,516
6,258,051

29,529,775

\$ 44,201,696

CITY OF LA HABRA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Total fund balances, governmental funds \$ 29,529,775

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	\$ 171,266,329	
Accumulated depreciation	<u>(60,877,660)</u>	110,388,669

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 are included in governmental activities in the statement of net position. 4,047,642

Accrued interest on long-term liabilities is not due and payable in the current period (24,177)

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. 4,163,599

Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Loans payable	\$ (51,899)	
Capital lease	(1,652,371)	
Notes payable	(109,774)	
Compensated absences	<u>(3,177,015)</u>	(4,991,059)

Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities. (57,068,412)

OPEB related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to postemployment benefits are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities. (4,641,000)

Net position of governmental activities \$ 81,405,037

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, 2018

	<u>Major Funds</u>		<u>Other Nonmajor Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	
Revenues:			
Property taxes and special assessments	\$ 16,538,652	\$ -	\$ -
Sales and use tax	10,234,115	-	-
Transaction and use tax	5,381,995	-	-
Franchise tax	1,775,865	-	-
Intergovernmental	88,300	3,160,271	11,032,828
Licenses and permits	2,067,561	-	1,073,234
Charges for services	5,177,198	-	541,595
Fines, forfeitures, and penalties	938,095	-	-
Use of money and property	3,100,962	17,139	34,537
Other revenues	358,627	-	64,642
	<u>45,661,370</u>	<u>3,177,410</u>	<u>12,746,836</u>
Expenditures:			
Current:			
General government	3,009,121	-	-
Public safety	26,954,810	-	784,463
Public works	5,190,367	282,423	803,627
Community services	3,821,807	-	5,976,547
Community development	1,875,528	-	552,166
Capital outlay	1,447,896	3,309,979	6,971,185
Debt service:			
Principal retirement	234,599	-	61,820
Interest and other charges	45,116	-	6,817
	<u>42,579,244</u>	<u>3,592,402</u>	<u>15,156,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,082,126</u>	<u>(414,992)</u>	<u>(2,409,789)</u>
Other financing sources (uses):			
Transfers in	-	3,847,387	134,311
Transfers out	(5,982,839)	-	(173,859)
Issuance of capital leases	1,430,097	-	-
Proceeds from sale of capital assets	5,591,847	-	1,818
	<u>1,039,105</u>	<u>3,847,387</u>	<u>(37,730)</u>
Net change in fund balances	<u>4,121,231</u>	<u>3,432,395</u>	<u>(2,447,519)</u>
Fund balances, beginning of year	<u>8,779,090</u>	<u>689,121</u>	<u>14,955,457</u>
Fund balances, end of year	<u>\$ 12,900,321</u>	<u>\$ 4,121,516</u>	<u>\$ 12,507,938</u>

See Accompanying Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 16,538,652
10,234,115
5,381,995
1,775,865
14,281,399
3,140,795
5,718,793
938,095
3,152,638
423,269

61,585,616

3,009,121
27,739,273
6,276,417
9,798,354
2,427,694
11,729,060

296,419
51,933

61,328,271

257,345

3,981,698
(6,156,698)
1,430,097
5,593,665

4,848,762

5,106,107

24,423,668

\$ 29,529,775

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, 2018

Net change in fund balances - total governmental funds: \$ 5,106,107

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	\$ 11,729,060	
Additional capitalized expenses	59,524	
Loss on disposal of capital assets	(919,774)	
Depreciation expense	<u>(4,777,264)</u>	6,091,546

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	\$ 296,419	
Decrease in compensated absences	260,263	
Proceeds from long-term debt	(1,430,097)	
Decrease in net OPEB liability and related deferred inflows and outflows of resources	173,000	
Increase in net pension liability and related deferred inflows and outflows of resources	<u>(4,460,119)</u>	(5,160,534)

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year. (31,764)

Accrued interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. The statement of net position includes accrued interest. (24,177)

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.

Net change in Internal service funds' net position (94,252)

Change in net position of governmental activities \$ 5,886,926

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Assets:			
Current assets:			
Cash and investments	\$ 6,256,276	\$ 1,862,576	\$ 2,608,831
Accounts receivable, net	1,888,135	241,711	-
Interest receivable	14,975	5,123	7,189
Prepaid items	14,325	-	-
Due from other governments	-	-	-
Inventory	50,719	-	-
Total current assets	<u>8,224,430</u>	<u>2,109,410</u>	<u>2,616,020</u>
Noncurrent assets:			
Cash and investments with fiscal agents	4,673,211	-	1,106,319
Advances to other funds	1,103,298	472,842	-
Prepaid insurance costs	-	-	228,700
Water rights stock	16,116,117	-	-
Land held for resale	-	-	941,130
Capital assets, net	33,672,991	4,471,790	12,800,000
Total noncurrent assets	<u>55,565,617</u>	<u>4,944,632</u>	<u>15,076,149</u>
Total assets	<u>63,790,047</u>	<u>7,054,042</u>	<u>17,692,169</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	49,780	-	1,426,936
Deferred amount from pension plans	796,277	279,062	109,872
Total deferred outflows of resources	<u>\$ 846,057</u>	<u>\$ 279,062</u>	<u>\$ 1,536,808</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>			
\$ 5,953,979	\$ 1,999,377	\$ 18,681,039	\$ 8,788,263
696,812	105,346	2,932,004	132,056
16,902	5,248	49,437	18,015
-	39,665	53,990	208,596
-	208,771	208,771	6,248
-	-	50,719	34,916
<u>6,667,693</u>	<u>2,358,407</u>	<u>21,975,960</u>	<u>9,188,094</u>
-	-	5,779,530	520,066
-	-	1,576,140	2,070,000
-	-	228,700	-
-	-	16,116,117	-
-	-	941,130	-
347,231	2,922,043	54,214,055	2,535,405
<u>347,231</u>	<u>2,922,043</u>	<u>78,855,672</u>	<u>5,125,471</u>
<u>7,014,924</u>	<u>5,280,450</u>	<u>100,831,632</u>	<u>14,313,565</u>
-	-	1,476,716	121,513
85,096	106,886	1,377,193	529,411
<u>\$ 85,096</u>	<u>\$ 106,886</u>	<u>\$ 2,853,909</u>	<u>\$ 650,924</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Liabilities:			
Current liabilities:			
Accounts payable	\$ 886,310	\$ 16,843	\$ 4,329
Accrued liabilities	53,086	27,069	9,120
Accrued interest	343,122	-	229,343
Deposits payable	269,600	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Claims payable, current	-	-	-
Certificates of participation, current	-	-	340,000
Water revenue bonds, current	830,000	-	-
Compensated absences, current	37,519	21,364	10,363
Total current liabilities	<u>2,419,637</u>	<u>65,276</u>	<u>593,155</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	-	-
Certificates of participation, noncurrent	-	-	13,245,714
Water revenue bonds, noncurrent	36,295,592	-	-
Pollution remediation liability	-	-	-
Compensated absences, noncurrent	87,544	49,849	24,180
Net pension liability	2,492,236	959,513	228,531
Total noncurrent liabilities	<u>38,875,372</u>	<u>1,009,362</u>	<u>13,498,425</u>
Total liabilities	<u>41,295,009</u>	<u>1,074,638</u>	<u>14,091,580</u>
Deferred inflows of resources:			
Deferred amount from pension plans	32,245	11,300	4,449
Total deferred inflows of resources	<u>32,245</u>	<u>11,300</u>	<u>4,449</u>
Net position:			
Net investment in capital assets	13,202,171	4,471,790	1,747,541
Restricted for:			
Low-moderate income housing	-	-	485,000
Pollution remediation	-	-	-
Unrestricted	10,106,679	1,775,376	2,900,407
Total net position	<u>\$ 23,308,850</u>	<u>\$ 6,247,166</u>	<u>\$ 5,132,948</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

Major Funds		Other	Totals	Internal Service Funds
Refuse	Nonmajor Funds			
\$ 310,689	\$ 24,843	\$ 1,243,014	\$ 523,188	
8,256	9,735	107,266	47,453	
-	-	572,465	34,918	
-	-	269,600	-	
-	-	-	36,951	
22,192	-	22,192	-	
-	-	-	1,153,984	
-	-	340,000	375,000	
-	-	830,000	-	
3,862	5,711	78,819	1,361,579	
<u>344,999</u>	<u>40,289</u>	<u>3,463,356</u>	<u>3,533,073</u>	
-	-	-	3,628,323	
-	-	13,245,714	1,685,571	
-	-	36,295,592	-	
2,800,000	-	2,800,000	-	
9,000	13,327	183,900	-	
262,789	500,073	4,443,142	2,048,442	
<u>3,071,789</u>	<u>513,400</u>	<u>56,968,348</u>	<u>7,362,336</u>	
<u>3,416,788</u>	<u>553,689</u>	<u>60,431,704</u>	<u>10,895,409</u>	
3,446	4,328	55,768	21,438	
<u>3,446</u>	<u>4,328</u>	<u>55,768</u>	<u>21,438</u>	
347,231	2,922,043	22,690,776	2,535,405	
-	-	485,000	-	
518,581	-	518,581	-	
2,813,974	1,907,276	19,503,712	1,512,237	
<u>\$ 3,679,786</u>	<u>\$ 4,829,319</u>	<u>\$ 43,198,069</u>	<u>\$ 4,047,642</u>	

CITY OF LA HABRA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Operating revenues:			
Water sales	\$ 14,140,257	\$ -	\$ -
Charges for services	262,281	1,955,880	1,277,656
Intergovernmental	-	-	-
Total operating revenues	<u>14,402,538</u>	<u>1,955,880</u>	<u>1,277,656</u>
Operating expenses:			
Water and materials	4,023,786	-	-
Contractual services	1,610,211	115,715	28,724
Wages and fringe benefits	2,235,650	898,220	400,429
Benefits and claims	-	-	-
Equipment and maintenance	913,334	131,712	-
Materials and supplies	304,115	33,399	-
Utilities	392,570	-	-
Depreciation	1,208,292	204,800	-
Administration	2,104,242	997,399	425,043
Total operating expenses	<u>12,792,200</u>	<u>2,381,245</u>	<u>854,196</u>
Operating income (loss)	<u>1,610,338</u>	<u>(425,365)</u>	<u>423,460</u>
Nonoperating revenues (expenses):			
Interest income	91,815	27,703	28,331
Other nonoperating revenues	341,578	-	-
Gain (loss) on sale of asset	(180,532)	(8,149)	-
Net increase (decrease) in fair value of investment	(56,185)	(18,762)	(26,509)
Interest expense	(2,037,119)	-	(777,767)
Total nonoperating revenues (expenses)	<u>(1,840,443)</u>	<u>792</u>	<u>(775,945)</u>
Income (loss) before contributions and transfers	<u>(230,105)</u>	<u>(424,573)</u>	<u>(352,485)</u>
Transfers in	210,888	-	-
Transfers out	(196,250)	(86,675)	-
Change in net position	<u>(215,467)</u>	<u>(511,248)</u>	<u>(352,485)</u>
Net position, beginning of year	<u>23,524,317</u>	<u>6,758,414</u>	<u>5,485,433</u>
Net position, end of year	<u>\$ 23,308,850</u>	<u>\$ 6,247,166</u>	<u>\$ 5,132,948</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>			
\$ -	\$ -	\$ 14,140,257	\$ -
3,850,915	3,364,035	10,710,767	5,402,836
49,970	84,143	134,113	-
<u>3,900,885</u>	<u>3,448,178</u>	<u>24,985,137</u>	<u>5,402,836</u>
-	-	4,023,786	-
2,988,140	524,223	5,267,013	1,560,230
237,042	463,963	4,235,304	2,431,669
-	-	-	788,294
42,996	74,145	1,162,187	738,477
12,574	15,801	365,889	455,627
-	239,906	632,476	245,708
12,748	173,344	1,599,184	565,012
194,013	1,548,638	5,269,335	1,066,473
<u>3,487,513</u>	<u>3,040,020</u>	<u>22,555,174</u>	<u>7,851,490</u>
413,372	408,158	2,429,963	(2,448,654)
61,788	16,619	226,256	222,721
-	-	341,578	-
-	-	(188,681)	48,894
(62,700)	(19,506)	(183,662)	(63,790)
-	-	(2,814,886)	(153,423)
<u>(912)</u>	<u>(2,887)</u>	<u>(2,619,395)</u>	<u>54,402</u>
412,460	405,271	(189,432)	(2,394,252)
-	92,500	303,388	2,470,000
(145,463)	-	(428,388)	(170,000)
<u>266,997</u>	<u>497,771</u>	<u>(314,432)</u>	<u>(94,252)</u>
<u>3,412,789</u>	<u>4,331,548</u>	<u>43,512,501</u>	<u>4,141,894</u>
<u>\$ 3,679,786</u>	<u>\$ 4,829,319</u>	<u>\$ 43,198,069</u>	<u>\$ 4,047,642</u>

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Cash flows from operating activities:			
Receipts from customers and users	\$ 14,278,043	\$ 1,960,605	\$ -
Receipts from interfund services provided	-	-	1,277,656
Payments to suppliers	(6,193,563)	(189,305)	(39,542)
Payments for interfund services used	(2,072,500)	(1,079,619)	(424,896)
Payments for employees' salaries and benefits	(1,941,140)	(756,561)	(269,449)
Net cash provided by (used in) operating activities	<u>4,070,840</u>	<u>(64,880)</u>	<u>543,769</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(196,250)	(86,675)	-
Transfers from other funds	210,888	-	-
Receipts of advances to/from other funds	175,000	75,000	400,000
Payments of advances to/from other funds	-	-	-
Payments of due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>189,638</u>	<u>(11,675)</u>	<u>400,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(379,484)	(203,158)	-
Purchase of land held for resale	-	-	(86,130)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	(795,000)	-	(325,000)
Interest paid on capital debt	(1,744,302)	-	(697,271)
Net cash provided by (used in) capital and related financing activities	<u>(2,918,786)</u>	<u>(203,158)</u>	<u>(1,108,401)</u>
Cash flows from investing activities:			
Purchase of investments	(113,485)	(18,762)	(26,509)
Sales of investments	-	-	-
Interest on investments	67,282	19,190	26,854
Net cash provided by investing activities	<u>(46,203)</u>	<u>428</u>	<u>345</u>
Net increase (decrease) in cash and cash equivalents	1,295,489	(279,285)	(164,287)
Cash and cash equivalents, beginning of year	9,633,998	2,141,861	3,879,437
Cash and cash equivalents, end of year	<u>\$ 10,929,487</u>	<u>\$ 1,862,576</u>	<u>\$ 3,715,150</u>
Cash and cash equivalents:			
Cash and investments	\$ 6,256,276	\$ 1,862,576	\$ 2,608,831
Cash and investments with fiscal agents	4,673,211	-	1,106,319
Total cash and cash equivalents	<u>\$ 10,929,487</u>	<u>\$ 1,862,576</u>	<u>\$ 3,715,150</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>		<u>Other</u>		<u>Internal</u>
<u>Refuse</u>	<u>Nonmajor</u>	<u>Funds</u>	<u>Totals</u>	<u>Service Funds</u>
\$ 3,906,763	\$ 3,190,083	\$ 23,335,494	\$ 69,545	
-	115,042	1,392,698	5,214,303	
(3,090,029)	(2,060,018)	(11,572,457)	(4,177,409)	
(218,136)	(372,988)	(4,168,139)	(42,372)	
<u>(225,202)</u>	<u>(394,876)</u>	<u>(3,587,228)</u>	<u>(2,855,168)</u>	
373,396	477,243	5,400,368	(1,791,101)	
(145,463)	-	(428,388)	(170,000)	
-	92,500	303,388	2,470,000	
-	-	650,000	-	
-	(400,000)	(400,000)	5,955,000	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	
(145,463)	(307,500)	125,000	8,254,964	
-	-	(582,642)	(389,484)	
-	-	(86,130)	-	
-	-	-	48,894	
-	-	(1,120,000)	(5,955,000)	
<u>-</u>	<u>-</u>	<u>(2,441,573)</u>	<u>(127,938)</u>	
-	-	(4,230,345)	(6,423,528)	
(62,700)	(19,506)	(240,962)	(64,161)	
-	-	-	371	
<u>57,126</u>	<u>15,052</u>	<u>185,504</u>	<u>222,098</u>	
<u>(5,574)</u>	<u>(4,454)</u>	<u>(55,458)</u>	<u>158,308</u>	
222,359	165,289	1,239,565	198,643	
<u>5,731,620</u>	<u>1,834,088</u>	<u>23,221,004</u>	<u>9,109,686</u>	
<u>\$ 5,953,979</u>	<u>\$ 1,999,377</u>	<u>\$ 24,460,569</u>	<u>\$ 9,308,329</u>	
\$ 5,953,979	\$ 1,999,377	\$ 18,681,039	\$ 8,788,263	
-	-	5,779,530	520,066	
<u>\$ 5,953,979</u>	<u>\$ 1,999,377</u>	<u>\$ 24,460,569</u>	<u>\$ 9,308,329</u>	

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2018

	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)	\$ 1,610,338	\$ (425,365)	\$ 423,460
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	1,208,292	204,800	-
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(137,495)	4,725	-
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventory	74,805	-	-
(Increase) decrease in prepaid items	761,729	-	-
Increase (decrease) in accounts payable	271,064	10,580	(10,671)
Increase (decrease) in accrued liabilities	(11,353)	13,150	3,885
Increase (decrease) in deposits payable	13,000	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in claims liabilities	-	-	-
Increase (decrease) in compensated absences	4,526	21,873	622
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	275,934	105,357	126,473
Total adjustments	<u>2,460,502</u>	<u>360,485</u>	<u>120,309</u>
Net cash provided by (used in) operating activities	<u>\$ 4,070,840</u>	<u>\$ (64,880)</u>	<u>\$ 543,769</u>
Noncash Capital and Related Financing Transactions			
Amortization of unamortized loss on refunding of debt	\$ 1,965	\$ -	\$ 64,373
Amortization of bond discount (premium)	(45,455)	-	9,442
Amortization of prepaid insurance cost related to bonds	-	-	10,317
Capital expenses funded by accounts payable	-	-	-

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other		Internal
Refuse	Nonmajor	Totals	Service Funds
	Funds		
\$ 413,372	\$ 408,158	\$ 2,429,963	\$ (2,448,654)
12,748	173,344	1,599,184	565,012
19,803	11,187	(101,780)	(121,247)
-	(153,240)	(153,240)	2,259
-	-	74,805	(4,507)
-	(21,169)	740,560	-
(70,442)	(9,124)	191,407	86,558
4,941	2,727	13,350	(80,407)
-	(1,000)	12,000	-
(13,925)	-	(13,925)	-
-	-	-	120,977
1,938	(523)	28,436	(111,540)
4,961	66,883	579,608	200,448
(39,976)	69,085	2,970,405	657,553
<u>\$ 373,396</u>	<u>\$ 477,243</u>	<u>\$ 5,400,368</u>	<u>\$ (1,791,101)</u>
\$ -	\$ -	\$ 66,338	\$ 29,163
-	-	(36,013)	2,260
-	-	10,317	-
-	-	-	327,212

CITY OF LA HABRA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-Purpose Trust Fund	Agency Fund
Assets:		
Current assets:		
Cash and investments	\$ 1,873,260	\$ 1,201,977
Accounts receivable	1,320	-
Interest receivable	-	3,556
Total current assets	1,874,580	1,205,533
Noncurrent assets:		
Cash and investments with fiscal agent	400,113	-
Prepaid insurance costs	37,533	-
Land held for resale	2,500,000	-
Total noncurrent assets	2,937,646	-
Total assets	\$ 4,812,226	\$ 1,205,533
Liabilities:		
Current liabilities:		
Accounts payable	\$ 410,077	\$ 10,595
Accrued liabilities	47,713	22,001
Accrued interest	52,291	-
Deposits	-	1,172,937
Due to City of La Habra	10,014	-
Unearned revenue	277	-
Bonds payable	490,000	-
Total current liabilities	1,010,372	1,205,533
Noncurrent liabilities:		
Loans due to City of La Habra	7,452,395	-
Bonds payable	4,587,217	-
Total noncurrent liabilities	12,039,612	-
Total liabilities	13,049,984	\$ 1,205,533
Net Position (Deficit):		
Held in trust for redevelopment dissolution	\$ (8,237,758)	

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, 2018

	Private-Purpose Trust Fund
Additions:	
Taxes	\$ 3,632,565
Other revenues	10,484
Total additions	3,643,049
Deductions:	
Program expenses	412,181
Administrative expenses	271,819
Interest and fiscal agency expenses	492,581
Total deductions	1,176,581
Change in net position	2,466,468
Net Position (deficit) held in trust:	
Beginning of year	(10,704,226)
End of year	\$ (8,237,758)

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements
June 30, 2018

(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. The Community Development Department of the City has operational responsibility for the Housing Authority. 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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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 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, 2018

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 Capital Projects Fund, Sewer Enterprise Fund and Refuse 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.

Capital Projects Fund

The 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, 2018

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 special revenue funds account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

The debt service fund accounts for debt service activity for the Lowell Joint School District (Osornio Park) note payable.

Low-Moderate Income Housing Asset Capital Projects Fund accounts for resources restricted or assigned for capital improvements relating to low and moderate income housing projects.

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 fund established for future losses from liability suits; workers' compensation claims and medical, disability, and rehabilitation payments; legal and administrative costs; and the reserve fund established for future losses from industrial injury. This self-insurance fund is financed by departmental premiums based on historical experience and exposure to risk.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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, 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 employee benefits. 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. This fund is financed by departmental charges based on each department full time equivalent.

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, Deferred Outflows and Inflows of Resources and Net Position or Fund Balance*

1. *Deposits and investments*

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

transaction between market participants at the measurement date. Changes in fair value that occur during the fiscal year are recognized as use of money and property (governmental funds) and net change in the fair value of investment (proprietary funds).

Cash and investments are pooled to maximize investment yields. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. The net change in fair value and interest income on investments is allocated to the various funds based on each fund's average cash and investment balance.

The City owns approximately 30% and 56%, respectively, of the outstanding common stock and preferred stock of a mutual water company at June 30, 2018, and has valued this asset at cost as this stock does not have a readily determinable value and does not meet the requirements of accounting under the equity method (see Note (2)(f)). 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. 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, 2018, 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 balances in the aging report. 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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.

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 of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed (purchases method). 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.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased (consumption method).

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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 acquisition 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:

<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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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.
- Deferred amount from pension plans (see Note (3)(a) for detail)
- Deferred amount from OPEB (see Note (3)(b) for detail)

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 three sources: long-term loans receivable, grants not collected within the “availability period”, and accumulated interest on a long-term receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred amount from pension plans (see Note (3)(a) for detail)
- Deferred amount from OPEB (see Note (3)(b) for detail)

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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. Debt issuance costs are expended 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.

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. All pensions are liquidated out of each respective funds that the payroll time was allocated to during that payroll period.

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The general fund and internal service fund are generally used to liquidate the OPEB liability.

14. 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 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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

year. Certain types of transfers between funds are approved by the City Council in the budget resolution. The amounts of these transfers are typically unknown until the year end therefore not included in the final budget. An annual budget is not legally adopted for General Plan Update Special Revenue Fund and Public Art Special Revenue Fund in fiscal year ended June 30, 2018.

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.

15. Net Position/ Fund Balance

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.

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

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority (i.e. ordinance), the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

- 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 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.

16. 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.

17. Implementation of Pronouncements

The City has adopted and implemented the following GASB Statements during the year ended June 30, 2018:

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this statement measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures relating to OPEB. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 as follows:

Governmental Activities

Net position, July 1, 2017 as previously stated	\$ 78,077,111
Reduction in net position to record beginning net OPEB liability	(2,559,000)
Net position, July 1, 2017 as restated	<u><u>\$ 75,518,111</u></u>

- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The implementation of this Statement did not impact the financial statements of the City during the year ended June 30, 2018.
- GASB Statement No. 85 – *Omnibus 2017*. The implementation of this Statement did not impact the financial statements of the City during the year ended June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The implementation of this Statement did not impact the financial statements of the City during the year ended June 30, 2018.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

18. 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.

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The provision of this Statement are effective for fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*. The provision of this Statement are effective for fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*. The provision of this Statement are effective for fiscal year ending June 30, 2021.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Director Placements*. The provision of this Statement are effective for fiscal year ending June 30, 2019.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provision of this Statement are effective for fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The provision of this Statement are effective for fiscal year ending June 30, 2020.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2018, consist of the following:

Statement of net position:

Cash and investments	\$ 55,296,752
Cash and investments with fiscal agents	6,299,596

Fiduciary funds:

Cash and investments	3,075,237
Cash and investments with fiscal agents	400,113

Total	\$ 65,071,698
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Cash and investments at June 30, 2018 are classified as follows:

Petty cash	\$ 2,010
Deposits with financial institutions	14,130,701
Investments: City pool	44,239,278
Held by fiscal agent	6,699,709
Total cash and investments	\$ 65,071,698

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
City or City Agency Bonds	5 years	10%	None
U.S. Treasury Obligations	5 years	100%	None
State of California Obligations	5 years	20%	None
California Local Agency Bonds	5 years	20%	None
U.S. Agency Obligations	5 years	100%	35% *
Bankers' Acceptance	180 days	20% *	5% *
Commercial Paper	270 days	25%	5% *
Negotiable CDs	5 years	30%	5% *
Time Certificates of Deposit	5 years	30%	5% *
Repurchase Agreements	90 days *	100%	None
Medium Term Notes	5 years	25% *	5% *
Money Market Mutual Funds	N/A	20%	10% *
Asset-Backed and Mortgage-Back Securities	5 years	10% *	5% *
Supranational Securities	5 years	10% *	5% *
Local Agency Investment Fund (LAIF)	N/A	100%	\$50 million per account

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

- 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.

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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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:

Investment Types	Amount	Remaining Maturity		
		Less Than 1 Year	1 to 3 Years	3 to 5 Years
U.S. Agency obligations	\$ 12,530,811	\$ 2,267,566	\$ 5,496,281	\$ 4,766,964
LAIF	12,950,204	12,950,204	-	-
U.S. Treasury obligations	10,108,998	1,218,731	3,620,904	5,269,363
Corporate medium-term notes	5,072,476	1,120,396	1,939,707	2,012,373
Asset-backed securities	1,415,524	-	1,131,835	283,689
Negotiable CDs	550,000	550,000	-	-
Supranational	1,081,545	-	222,331	859,214
Money market mutual funds	529,720	529,720	-	-
Total	\$ 44,239,278	\$ 18,636,617	\$ 12,411,058	\$ 13,191,603

Credit Risk

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

Investment Types	Amount	Minimum Legal Rating	Moody's Rating as of Year End (where applicable)				
			Exempt from Disclosure	AAA	AA	A	Not Rated
U.S. Agency obligations	\$ 12,530,811	N/A	\$ -	\$ 12,530,811	\$ -	\$ -	\$ -
LAIF	12,950,204	Not Rated	-	-	-	-	12,950,204
U.S. Treasury obligations	10,108,998	N/A	10,108,998	-	-	-	-
Corporate medium-term notes	5,072,476	A	-	393,693	1,579,321	3,099,462	-
Asset-backed securities	1,415,524	A	-	1,415,524	-	-	-
Negotiable CDs	550,000	Not Rated	-	-	-	-	550,000
Supranational	1,081,545	AAA	-	1,081,545	-	-	-
Money market mutual funds	529,720	AAA	-	529,720	-	-	-
	\$ 44,239,278		\$ 10,108,998	\$ 15,951,293	\$ 1,579,321	\$ 3,099,462	\$ 13,500,204

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:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

<u>Issuer Name</u>	<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury obligations ⁽¹⁾	U.S. Treasury obligations ⁽¹⁾	\$ 10,108,998
Federal National Mortgage Association	U.S. Agency obligations	5,779,599
Federal Home Loan Bank	U.S. Agency obligations	4,404,561
Federal Home Loan Mortgage Corp.	U.S. Agency obligations	2,346,651

⁽¹⁾ Exempt from disclosure

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's deposits were not subject to custodial credit risk at June 30, 2018.

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, 2016 Tax Allocation Bonds, 2010 Series A COPs, 2010 Revenue Bonds, and 2013 Revenue Bonds)			
<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity</u>	<u>Rating</u>
Money market mutual funds	\$ 2,188,249	Less than 1 year	AAA
Investment contracts:			
Westdeutsche Landesbank	395,460	9/1/2022	Not Rated
LAIF	4,116,000	Less than 1 year	Not Rated
	<u>\$ 6,699,709</u>		

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

Investment Contracts with Fiscal Agents

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

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2018, was \$22.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018, had a balance of \$88.8 billion, of that amount, 2.67% was invested in medium-term and short-term structured notes and asset-backed securities. At June 30, 2018, these investments matured in an average of 193 days.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level of inputs are as follows:

- Level 1 - Inputs are quoted prices in active markets for identical assets at the measurement date;
- Level 2 - Inputs other than quoted prices included in Level, that are observable for the assets and liabilities through corroboration with market data at measurement date;
- Level 3 – Unobservable input that reflect management's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

Investment Types	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Agency Obligations	\$ -	\$ 12,530,811	\$ -	\$ 12,530,811
U.S. Treasury Obligations	-	10,108,998	-	10,108,998
Corporate Medium-Term Notes	-	5,072,476	-	5,072,476
Asset-backed Securities	-	1,415,524	-	1,415,524
Negotiable CDs	-	550,000	-	550,000
Supranational	-	1,081,545	-	1,081,545
Held by Fiscal Agent:				
Investment Contracts	-	-	395,460	395,460
Total Leveled Investments	<u>\$ -</u>	<u>\$ 30,759,354</u>	<u>\$ 395,460</u>	31,154,814
Local Agency Investment Fund*				12,950,204
Money Market Mutual Funds*				529,720
Held by Fiscal Agent:				
Local Agency Investment Fund*				4,116,000
Money Market Mutual Funds*				2,188,249
Total Investment Portfolio				<u>\$ 50,938,987</u>

* Not subject to fair value measurements.

(b) Receivables

Receivables of the City as of June 30, 2018, are as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Property taxes	\$ 152,921	\$ -	\$ 152,921
Sales taxes	3,424,374	-	3,424,374
Water sales	-	1,917,170	1,917,170
Sewer sales	-	245,443	245,443
Refuse sales	-	703,265	703,265
Franchise fees	536,435	-	536,435
Leases	-	94,714	94,714
Others	780,246	10,632	790,878
Total accounts receivable	<u>4,893,976</u>	<u>2,971,224</u>	<u>7,865,200</u>
Less allowance for uncollectible accounts	-	(39,220)	(39,220)
Total receivables	<u>\$ 4,893,976</u>	<u>\$ 2,932,004</u>	<u>\$ 7,825,980</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2018 is as follows:

Due To	Due From			Due from Successor Agency
	Nonmajor Governmental Funds	Internal Service Funds	Totals	General Fund
General Fund	\$ 280,017	\$ 36,951	\$ 316,968	\$ 10,014
Totals	<u>\$ 280,017</u>	<u>\$ 36,951</u>	<u>\$ 316,968</u>	<u>\$ 10,014</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, 2018 is as follows:

Advances From	Advances To General Fund
Water Enterprise Fund	\$ 1,103,298
Sewer Enterprise Fund	472,842
Internal Service Funds	<u>2,070,000</u>
Totals	<u>\$ 3,646,140</u>

- On November 1, 2015, Utility Authority (Water and Sewer Enterprise Funds) entered into a promissory note with the City in the amount of \$2,000,000, at a simple interest rate of 1.5%, for assistance in funding the construction of a new civic center. Outstanding principal and all accrued interest under this note shall be paid on November 1, 2020. At June 30, 2018, the outstanding balance of the advance was \$1,576,140. The total accrued interest included in the balance is \$76,140.
- On September 15, 1998, the Civic Improvement Authority issued the Certificates of Participation Series B and C in an aggregate amount of \$6,705,000. The certificates are payable from lease payments made by the General Fund to the Authority. The outstanding balance at June 30, 2018 is \$2,070,000.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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	\$ 7,452,395

- As of June 30, 1992, the former Redevelopment Agency had borrowed an aggregate amount of \$5,700,000 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, 2018, the outstanding balance of the advance was \$5,422,536. The total accrued interest included in the balance is \$1,677,767.
- 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, 2018, the outstanding balance of the advance was \$2,029,859. The total accrued interest included in the balance was \$628,159.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2018, is as follows:

Transfers Out	Transfers In					Total
	Other Capital Projects Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ 3,597,387	\$ 85,452	\$ -	\$ -	\$ 2,300,000	\$ 5,982,839
Nonmajor Governmental Funds	125,000	48,859	-	-	-	173,859
Water Enterprise Fund	125,000	-	-	71,250	-	196,250
Sewer Enterprise Fund	-	-	70,425	16,250	-	86,675
Refuse Enterprise Fund	-	-	140,463	5,000	-	145,463
Internal Service Funds	-	-	-	-	170,000	170,000
	<u>\$ 3,847,387</u>	<u>\$ 134,311</u>	<u>\$ 210,888</u>	<u>\$ 92,500</u>	<u>\$ 2,470,000</u>	<u>\$ 6,755,086</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.

(d) Loans Receivable

The City has entered into multiple owner-occupied rehabilitation loans utilizing HOME Investment Partnerships Program, which are reflected in the Housing and Community Development Special Revenue Fund. These loans were for the purpose of assisting owners in the rehabilitation of the owner-occupied residences. The loans have 30-year term with 0% interest. In the governmental funds financial statements, due to the extended period of time over which loans receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred inflows of resources equal to the outstanding principal of the loans receivable. At June 30, 2018, the outstanding balance of the loans receivable was \$616,406.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

(e) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,467,013	\$ -	\$ 795,141	\$ 11,671,872
Construction in progress	1,460,188	8,957,313	1,451,934	8,965,567
Total capital assets not being depreciated	<u>13,927,201</u>	<u>8,957,313</u>	<u>2,247,075</u>	<u>20,637,439</u>
Capital assets being depreciated:				
Land improvements	7,673,856	303,741	-	7,977,597
Buildings and improvements	36,912,839	-	681,371	36,231,468
Improvements other than buildings	1,133,296	-	-	1,133,296
Machinery and equipment	8,843,691	2,145,783	163,690	10,825,784
Autos and trucks	5,271,642	472,384	427,030	5,316,996
Infrastructure	96,571,614	1,833,681	-	98,405,295
Total capital assets being depreciated	<u>156,406,938</u>	<u>4,755,589</u>	<u>1,272,091</u>	<u>159,890,436</u>
Less accumulated depreciation for:				
Land improvements	3,120,959	369,384	-	3,490,343
Buildings and improvements	9,255,033	856,101	659,506	9,451,628
Improvements other than buildings	1,053,293	10,000	-	1,063,293
Machinery and equipment	5,272,766	614,227	60,922	5,826,071
Autos and trucks	3,855,213	362,190	397,228	3,820,175
Infrastructure	40,821,918	3,130,373	-	43,952,291
Total accumulated depreciation	<u>63,379,182</u>	<u>5,342,275</u>	<u>1,117,656</u>	<u>67,603,801</u>
Total capital assets being depreciated, net	<u>93,027,756</u>	<u>(586,686)</u>	<u>154,435</u>	<u>92,286,635</u>
Governmental activities capital assets, net	<u>\$ 106,954,957</u>	<u>\$ 8,370,627</u>	<u>\$ 2,401,510</u>	<u>\$ 112,924,074</u>

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

Governmental activities:	
General government	\$ 515,699
Public safety	842,474
Public works	3,670,650
Community services	309,045
Community development	4,407
Total depreciation expense, Governmental Activities	<u>\$ 5,342,275</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

	Balance at July 1, 2017	Adjustment	Increases	Decreases	Balance at June 30, 2018
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 12,800,000	\$ -	\$ -	\$ -	\$ 12,800,000
Construction in progress	-	-	28,852	-	28,852
Total capital assets not being depreciated	<u>12,800,000</u>	<u>-</u>	<u>28,852</u>	<u>-</u>	<u>12,828,852</u>
Capital assets being depreciated:					
Buildings and improvements	4,251,106	-	-	-	4,251,106
Improvements other than buildings	253,490	-	-	-	253,490
Machinery and equipment	1,881,319	-	11,290	-	1,892,609
Autos and trucks	230,465	-	-	-	230,465
Infrastructure	67,881,230	-	55,416	10,489,173	57,447,473
Total capital assets being depreciated	<u>74,497,610</u>	<u>-</u>	<u>66,706</u>	<u>10,489,173</u>	<u>64,075,143</u>
Less accumulated depreciation for:					
Buildings and improvements	4,041,298	(4,903)	17,040		4,053,435
Improvements other than buildings	247,453	4,903	2,113		254,469
Machinery and equipment	879,592	-	129,438		1,009,030
Autos and trucks	215,097	-	15,368		230,465
Infrastructure	26,007,810	-	1,435,225	10,300,494	17,142,541
Total accumulated depreciation	<u>31,391,250</u>	<u>-</u>	<u>1,599,184</u>	<u>10,300,494</u>	<u>22,689,940</u>
Total capital assets being depreciated, net	<u>43,106,360</u>	<u>-</u>	<u>(1,532,478)</u>	<u>188,679</u>	<u>41,385,203</u>
Business-type activities capital assets, net	<u>\$ 55,906,360</u>	<u>\$ -</u>	<u>\$ (1,503,626)</u>	<u>\$ 188,679</u>	<u>\$ 54,214,055</u>

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

Business-type activities:	
Water	\$ 1,208,292
Sewer	204,800
Refuse	12,748
Children's Museum	32,413
Mobile Home Lease	<u>140,931</u>
Total depreciation expense, Business-type Activities	<u>\$ 1,599,184</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

(f) 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, 2018, the Utility Authority owned 2,350.25 shares of Capital Stock and 912.85 shares of Class A Preferred Stock. The Utility Authority has valued its water rights stock at approximately \$16.1 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, 2018

(g) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2018:

	<u>Balance at July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2018</u>	<u>Due within One Year</u>
Governmental activities:					
Energy loan agreement	\$ 152,704	\$ -	\$ 100,805	\$ 51,899	\$ 51,899
Energy capital lease agreement	356,068	-	133,794	222,274	145,573
Motorola capital lease agreement	-	1,430,097	-	1,430,097	122,282
Note Payable (Lowell Joint School District)	171,594	-	61,820	109,774	64,821
Compensated absences *	4,910,397	2,566,484	2,938,287	4,538,594	1,361,579
Internal service funds included in governmental activities:					
2015 Lease Financing	5,600,000	-	5,600,000	-	-
1998 Certificates of Participation, Series B	2,005,000	-	295,000	1,710,000	310,000
1998 Certificates of Participation, Series C	420,000	-	60,000	360,000	65,000
Less unamortized discount	(11,689)	-	(2,260)	(9,429)	-
Total long-term debt of governmental activities	<u>\$ 13,604,074</u>	<u>\$ 3,996,581</u>	<u>\$ 9,187,446</u>	<u>\$ 8,413,209</u>	<u>\$ 2,121,154</u>
Business-type activities:					
Compensated absences	\$ 234,283	\$ 202,737	\$ 174,301	\$ 262,719	\$ 78,819
2010 Refunding Certificates of Participation, Series A	14,120,000	-	325,000	13,795,000	340,000
2010 Revenue Bonds, Series A&B	17,930,000	-	330,000	17,600,000	340,000
2013 Revenue Bonds, Series A	18,875,000	-	465,000	18,410,000	490,000
	51,159,283	202,737	1,294,301	50,067,719	1,248,819
Add unamortized premium	1,161,047	-	45,455	1,115,592	-
Less unamortized discount	(218,728)	-	(9,441)	(209,287)	-
Total long-term debt of business-type activities	<u>\$ 52,101,602</u>	<u>\$ 202,737</u>	<u>\$ 1,330,315</u>	<u>\$ 50,974,024</u>	<u>\$ 1,248,819</u>
Private-purpose trust activities:					
1999 Refunding Special Tax Bonds	\$ 735,000	-	230,000	505,000	245,000
2016 Refundng Tax Allocation Bonds	4,715,000	-	285,000	4,430,000	245,000
Add unamortized premium	152,025	-	9,808	142,217	-
Total long-term debt of private-purpose trust activities	<u>\$ 5,602,025</u>	<u>\$ -</u>	<u>\$ 524,808</u>	<u>\$ 5,077,217</u>	<u>\$ 490,000</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 respective funds that the payroll time was allocated to during that payroll period. For governmental fund types, the amount of accumulated unpaid vacation and sick leave, which is payable from available resources is recorded as a liability and is liquidated in the respective fund.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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, 2019. The City remitted a total of \$105,854 and \$142,212 for principal and interest on the loan and capital lease, respectively, during the year ended June 30, 2018. 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
2019	\$ 51,899	\$ 1,028	\$ 145,573	\$ 7,600
2020	-	-	76,701	1,297
Totals	<u>\$ 51,899</u>	<u>\$ 1,028</u>	<u>\$ 222,274</u>	<u>\$ 8,897</u>

Motorola Capital Lease Agreement

In December 2017, the City executed an equipment lease-purchase agreement with Motorola Solutions, inc. for the amount of \$1,430,097 to acquire and upgrade radios and communication system for the police department (i.e. 800 MHz radio equipment system). The lease bears interest at 3.39% per annum and is secured by the acquired equipment. The lease is due in 10 annual payments of \$171,036 beginning on December 31, 2018. The equipment was capitalized with a cost of \$1,430,097 and no accumulated depreciation as of June 30, 2018. The debt service payments of the lease are as follows:

Fiscal Year Ending June 30	Lease Payable	
	Principal	Interest
2019	\$ 122,282	\$ 48,754
2020	126,702	# 44,334
2021	130,997	40,039
2022	135,437	35,599
2023	140,029	31,007
2024-2028	<u>774,650</u>	<u>80,530</u>
Totals	<u>\$ 1,430,097</u>	<u>\$ 280,263</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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, 2018 was \$109,774. The debt service payments of the notes are as follows:

Fiscal Year	Notes Payable	
Ending June 30	Principal	Interest
2019	\$ 64,821	\$ 3,815
2020	44,953	804
Totals	<u>\$ 109,774</u>	<u>\$ 4,619</u>

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, 2018, was \$469,281 and was used against the total debt service payments of \$469,281. The outstanding balance at June 30, 2018 was \$2,070,000. The debt service schedules of the Certificates of Participation are as follows:

Fiscal Year	COPs Series B		COPs Series C	
Ending June 30	Principal	Interest	Principal	Interest
2019	\$ 310,000	\$ 74,563	\$ 65,000	\$ 21,288
2020	325,000	59,400	70,000	16,900
2021	340,000	43,440	70,000	12,350
2022	360,000	26,640	75,000	7,638
2023	375,000	9,000	80,000	2,600
Subtotal	1,710,000	213,043	360,000	60,776
Unamortized discount	(7,954)	7,954	(1,475)	1,475
Total	<u>\$ 1,702,046</u>	<u>\$ 220,997</u>	<u>\$ 358,525</u>	<u>\$ 62,251</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

2015 Lease Financing

On December 10, 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. Principal is payable annually on each December 10, commencing December 10, 2017. Interest is payable semiannually on each June 10 and December 10, commencing June 10, 2016. Interest is payable at a variable rate equal to 70% of one, three or six month LIBOR rate plus 0.50% per annum as selected by the City. On and after December 10, 2017, the interest rate is equal to the prime rate. In August 2017, the City sold the old City Hall located at 201 E. La Habra Blvd. and used the proceeds from sale to pay off the entire outstanding balance of \$5,600,000.

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, 2018 was \$13,795,000. The debt service schedules of the Certificates of Participation are as follows:

Fiscal Year	2010 COPs Series A	
Ending June 30	Principal	Interest
2019	\$ 340,000	\$ 685,413
2020	350,000	672,038
2021	365,000	657,281
2022	380,000	641,213
2023	400,000	623,900
2024-2028	2,315,000	2,808,555
2029-2033	2,960,000	2,152,606
2034-2038	3,845,000	1,271,156
2039-2041	2,840,000	228,638
Subtotal	13,795,000	9,740,800
Unamortized discount	(209,287)	209,287
Total	<u>\$ 13,585,713</u>	<u>\$ 9,950,087</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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, 2018, was \$3,956,253 against the total debt service payment of \$1,547,180. 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, 2018 was \$17,600,000.

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, 2018 was \$3,956,253 against the total debt service payment of \$1,333,700. 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, 2018 was \$18,410,000.

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
2019	\$ 340,000	\$ 1,203,780	\$ 490,000	\$ 849,600
2020	355,000	1,189,880	505,000	832,225
2021	370,000	1,175,380	525,000	811,525
2022	390,000	1,159,205	550,000	784,650
2023	405,000	1,141,317	580,000	756,400
2024-2028	2,340,000	5,391,916	3,390,000	3,302,000
2029-2033	2,975,000	4,516,210	4,255,000	2,413,175
2034-2038	5,840,000	2,948,314	3,410,000	1,532,944
2039-2043	4,585,000	530,787	3,825,000	689,450
2044	-	-	880,000	21,100
Subtotal	17,600,000	19,256,789	18,410,000	11,993,069
Unamortized premium	201,516	(201,516)	914,076	(914,076)
Total	<u>\$ 17,801,516</u>	<u>\$ 19,055,273</u>	<u>\$ 19,324,076</u>	<u>\$ 11,078,993</u>

* Interest is before the Federal subsidy for the 2010 Water Revenue Bonds, Series B. The total expected subsidy is \$6,054,566 through 2041.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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 \$535,750. Special tax revenue recognized during the year ended June 30, 2018 was \$289,544 as against the total debt service payments of \$267,200. The outstanding balance at June 30, 2018 was \$505,000. The debt service schedules of the Special Tax Bonds are as follows:

Fiscal Year	1999 Special Tax Bonds	
Ending June 30	Principal	Interest
2019	\$ 245,000	\$ 22,950
2020	260,000	7,800
Totals	<u>\$ 505,000</u>	<u>\$ 30,750</u>

2016 Refunding Tax Allocation Bonds

On December 13, 2016, the Successor Agency issued \$4,715,000 of Tax Allocation Bonds, Series 2016 and used the proceeds to 1) refund the 2000 Tax Allocation Bonds, 2) fund a debt service reserve fund for the bonds, and 3) pay the costs of issuing the bonds. As a result, the refunded 2000 Tax Allocation Bonds are considered to be defeased and the liability has been removed from the Private-Purpose Trust Fund. This current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$899,073 and decreased total debt service payments over the next 16 years by \$989,079. The bonds mature in various annual amounts through October 2032 and are secured by a pledge of tax revenue deposited into the Redevelopment Property Tax Trust Fund. Tax revenue recognized during the year ended June 30, 2018 was \$3,343,021 against the total debt service payment of \$457,763. Principal is payable annually on each October, commencing October 1, 2017. Interest is payable semiannually on each April 1 and October 1, commencing April 1, 2017 with interest rates ranging from 2.00% to 5.00%. The outstanding balance at June 30, 2018 was \$4,430,000. The debt service schedules of the Tax Allocation Bonds are as follows:

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Notes to Financial Statements (Continued)
June 30, 2018

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>2016 Tax Allocation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 245,000	\$ 166,238
2020	250,000	157,563
2021	285,000	146,863
2022	290,000	135,363
2023	305,000	123,463
2024-2028	1,485,000	417,731
2029-2033	1,570,000	147,325
Subtotal	<u>4,430,000</u>	<u>1,294,546</u>
Unamortized premium	142,217	(142,217)
Total	<u><u>\$ 4,572,217</u></u>	<u><u>\$ 1,152,329</u></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 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).

(h) Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2018, were distributed as follows:

	<u>General Fund</u>	<u>Other Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$ 68,415	\$ -	\$ -	\$ 68,415
Loans to Successor Agency	5,146,469	-	-	5,146,469
Restricted for:				
Street and road improvement	-	-	7,333,424	7,333,424
Park and capital development	-	-	3,218,221	3,218,221
Air quality improvement	-	-	34,495	34,495
Law enforcement	-	-	583,303	583,303
Housing and community development	-	-	8,031	8,031
Employment and training	-	-	28,419	28,419
Low-moderate income housing	-	-	612,464	612,464
Abandoned vehicles	-	-	132,800	132,800
Public, education & governmental	327,386	-	-	327,386
General plan update	-	-	411,441	411,441
Public Art	-	-	145,340	145,340
Assigned for:				
Capital projects	-	4,121,516	-	4,121,516
Pension stabilization program	500,000	-	-	500,000
Facility improvement program	250,000	-	-	250,000
Land acquisition program	250,000	-	-	250,000
Special events program	100,000	-	-	100,000
Unassigned	<u>6,258,051</u>	<u>-</u>	<u>-</u>	<u>6,258,051</u>
Total fund balances	<u><u>\$ 12,900,321</u></u>	<u><u>\$ 4,121,516</u></u>	<u><u>\$ 12,507,938</u></u>	<u><u>\$ 29,529,775</u></u>

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June 30, 2018

(3) OTHER INFORMATION

(a) Pension Plan

1. Summary of Pension Related Items

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

	Miscellaneous Plan	Safety Plans	Total
Net pension liability	\$ 27,854,481	\$ 51,517,222	\$ 79,371,703
Deferred outflows of resources related to pension	7,698,712	12,760,193	20,458,905
Deferred inflows of resources related to pension	344,943	2,472,857	2,817,800
Pension expense	5,239,364	5,787,249	11,026,613

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 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) 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.

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The Plans' provisions and benefits in effect at June 30, 2018, 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			
Normal cost rates	7.989%	7.989%	7.989%
Payment of unfunded liability	\$1,213,313	Included with the classic plan	
	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%	12.25%
Required employer contribution rates:			
Normal cost rates	21.418%	16.498%	12.729%
Payment of unfunded liability	\$2,447,111	\$0	\$1,397

Employees Covered – At June 30, 2016 (valuation date), the following employees were covered by the benefit terms for each Plan:

	Misc Plan	Safety Plans
Inactive employees or beneficiaries currently receiving benefits	273	182
Inactive employees entitled to but not yet receiving benefits	401	72
Active employees	264	69
Total	938	323

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the measurement period ended June 30, 2017, the contributions to Miscellaneous and Safety Plans were as follows:

<u>Plan</u>	<u>Employer Contributions</u>
Miscellaneous Plan	\$ 2,136,109
Safety Plans	3,296,710
Total	<u>\$ 5,432,819</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, 2017, using the actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, 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.

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

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Notes to Financial Statements (Continued)
June 30, 2018

<u>Reporting Period</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability/(Asset)</u> <u>(c) = (a) - (b)</u>
Balance at June 30, 2017	\$ 99,735,330	\$ 76,277,709	\$ 23,457,621
Changes in the year:			
Service cost	2,219,809		2,219,809
Interest on the total pension liability	7,492,882		7,492,882
Changes of benefit terms	-		-
Changes of assumptions	6,591,774		6,591,774
Difference between expected and actual experience	(517,414)		(517,414)
Plan to plan resource movement		(49)	49
Contribution - employer		2,136,109	(2,136,109)
Contribution - employees		858,098	(858,098)
Net Investment income		8,508,652	(8,508,652)
Benefit payments, including refunds of employee contributions	(4,248,078)	(4,248,078)	-
Administrative expense		(112,619)	112,619
Net changes	<u>11,538,973</u>	<u>7,142,113</u>	<u>4,396,860</u>
Balance at June 30, 2018	<u>\$ 111,274,303</u>	<u>\$ 83,419,822</u>	<u>\$ 27,854,481</u>

Safety Plans – As of June 30, 2018, the City reported net pension liabilities of \$51,517,222 for proportionate shares of the net pension liability of Safety Plans. The City’s net pension liability for 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.

The City’s proportionate shares of the net pension liability for Safety Plans as of measurement period ended June 30, 2016 and 2017 were as follows:

<u>Measurement Date</u>	<u>Safety Plans</u>	
	<u>Amount</u>	<u>%</u>
Proportion - June 30, 2016	\$ 45,683,585	0.88206%
Proportion - June 30, 2017	51,517,222	0.86218%
Change - Increase (Decrease)	<u>\$ 5,833,637</u>	<u>-0.01988%</u>

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Notes to Financial Statements (Continued)
June 30, 2018

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	6/30/2016
Measurement Date	6/30/2017
Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016, 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 may be accessed on the CalPERS' website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions – In 2017 (measurement date), the accounting discount rate reduced from 7.65% to 7.15%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. 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. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Taking

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expect 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 PERF 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 equal 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.

Asset Class	Current Target Allocation	Real Return Years 1- 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

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

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

Subsequent Events – There was no subsequent events that would materially affect the results presented in this disclosure.

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:

Plan	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 44,044,827	\$ 27,854,481	\$ 14,646,209
Safety Plans	73,646,645	51,517,222	33,427,524

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

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June 30, 2018

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

For the year ended June 30, 2018, the City recognized pension expenses of \$5,239,364 and \$5,787,249 for Miscellaneous Plan and Safety Plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,212,706	\$ -
Differences between expected and actual experience	34,591	344,943
Changes in assumptions	4,394,516	-
Net difference between projected and actual earnings on pension plan investments	1,056,899	-
Total	<u>\$ 7,698,712</u>	<u>\$ 344,943</u>
	Safety Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,576,391	\$ -
Differences between expected and actual experience	461,893	120,428
Changes in assumptions	6,698,607	513,935
Net difference between actual contributions paid by the employer and proportionate share of contributions	-	834,404
Net difference between projected and actual earnings on pension plan investments	1,460,559	-
Adjustment due to differences in proportions	562,743	1,004,090
Total	<u>\$ 12,760,193</u>	<u>\$ 2,472,857</u>

The City reported \$2,212,706 and \$3,576,391 for Miscellaneous Plan and Safety Plans, respectively, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Notes to Financial Statements (Continued)
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Year Ended June 30	Misc Plan Deferred Outflows/ (Inflows) of Resources	Safety Plan Deferred Outflows/ (Inflows) of Resources
2019	\$ 2,005,111	\$ 1,249,348
2020	3,301,110	3,994,221
2021	460,488	2,322,000
2022	(625,646)	(854,625)
Total	\$ 5,141,063	\$ 6,710,944

5. Payable to the Pension Plan

At June 30, 2018, the City reported payables of \$140,934 and \$152,679 for the outstanding amount of contributions to the pension Miscellaneous Plan and Safety Plans, respective, required for the year ended June 30, 2018.

(b) OPEB Plan

1. General Information about the OPEB Plan:

Plan Description

The City has established an agent multiple-employer Defined Benefit Postemployment Healthcare Plan (OPEB) that provides post-retirement medical benefits to retirees through the California Public Employees Medical and Hospital Care Act (PEMCHA) and managed through the California Retiree Benefit Trust (CEBRT). 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 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.

Employees Covered

As of the June 30, 2016 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	72
Active employees	309
Total	381

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June 30, 2018

Contributions

There is no statutory requirement for the City to the more than the PEMHCA minimum for eligible retirees and surviving spouses. The City has currently chosen to contribution 100% of the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City's cash contributions were \$432,000 in payment to the trust and \$144,000 in payment outside the trust. The estimated implied subsidy was \$150,000. This results in a total contribution of \$726,000. There are no employee contributions.

2. *Net OPEB Liability:*

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

3. *Total OPEB Liability:*

Actuarial Assumptions

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	6/30/2016
Measurement Date	6/30/2017
Actuarial Cost Method	Entry-Age, Level percentage of Payroll Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long term investment rate of return	6.75%
Healthcare Cost Trend Rates	7.5% Pre-Medicare/ 6.5% Medicare, decreasing to 4%
Pre-retirement Turnover	Derived from CalPERS 1997-2011 Experience Study
Mortality	Derived from CalPERS 1997-2011 Experience Study

The actuarial assumptions used in the June 30, 2016 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

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Notes to Financial Statements (Continued)
June 30, 2018

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Expected Real Rate of Return</u>
CERBT		
Equities	57.00%	4.82%
Fixed Income	27.00%	1.47%
Inflation assets	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Total	<u>100.00%</u>	

* CERBT Strategy 1. Provided by CalPERS' Strategic Asset Allocation Analysis Review in August 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Discount Rate

The discount rate utilized in the June 30, 2014 valuation was 4.00% as compared to the June 30, 2016 valuation discount rate of 6.75%. The discount rate was changed due to CERBT pre-funding.

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Notes to Financial Statements (Continued)
June 30, 2018

4. Changes in the net OPEB Liability:

The changes in the net OPEB liability are as follows:

<u>Reporting Period</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at June 30, 2017	\$ 6,528,000	\$ 990,000	\$ 5,538,000
Changes in the year:			
Service cost	194,000	-	194,000
Interest on the total OPEB liability	445,000	-	445,000
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer	-	724,000	(724,000)
Contribution - employees	-	-	-
Net Investment income	-	105,000	(105,000)
Benefit payments, including refunds of employee contributions	(281,000)	(281,000)	-
Administrative expense	-	(1,000)	1,000
Net changes	<u>358,000</u>	<u>547,000</u>	<u>(189,000)</u>
Balance at June 30, 2018	<u>\$ 6,886,000</u>	<u>\$ 1,537,000</u>	<u>\$ 5,349,000</u>

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

<u>Plan</u>	<u>Discount Rate - 1% (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>Discount Rate + 1% (7.75%)</u>
Net OPEB Liability	\$ 6,266,000	\$ 5,349,000	\$ 4,590,000

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower than the current healthcare cost trend rates:

<u>Plan</u>	<u>Trend Rate</u>		
	<u>1% Decrease (6.50% decreasing to 3.00%)</u>	<u>Current Rate (7.50% decreasing to 4.00%)</u>	<u>1% Increase (8.50% decreasing to 5.00%)</u>
Net OPEB Liability	\$ 4,447,000	\$ 5,349,000	\$ 6,466,000

5. *OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:*

For the year ended June 30, 2018, the City recognized OPEB expense of \$553,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 726,000	\$ -
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	18,000
Total	<u>\$ 726,000</u>	<u>\$ 18,000</u>

The net difference between projected and actual earnings on plan investments is amortized over a five year period. The differences between expected and actual experience and change in assumptions are amortized over the expected average remaining service life. There were no differences between expected and actual experience and change in assumptions reported in fiscal year ended June 30, 2018.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

\$726,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2019	\$ (5,000)
2020	(5,000)
2021	(5,000)
2022	(3,000)
Total	<u>\$ (18,000)</u>

6. Payable to the OPEB Plan:

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

(c) Commitments and Contingencies

1. Self-Insurance

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

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$3,914,485 and \$867,822 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Amounts of accrued claims at June 30, 2016	3,919,139	601,126
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	656,943	118,603
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(573,787)</u>	<u>(60,694)</u>
Amounts of accrued claims at June 30, 2017	4,002,295	659,035
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	535,850	252,444
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(623,660)</u>	<u>(43,657)</u>
Amounts of accrued claims at June 30, 2018	<u>\$ 3,914,485</u>	<u>\$ 867,822</u>
Due within one year	\$ 831,574	\$ 322,410
Due in more than one year	<u>3,082,911</u>	<u>545,412</u>
	<u>\$ 3,914,485</u>	<u>\$ 867,822</u>

2. *Litigation*

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

3. *Owner Participation Agreements*

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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. As of June 30, 2018 there was one Owner Participation Agreement outstanding with 2 years remaining. The Successor Agency remitted \$410,077 during the year ended June 30, 2018.

4. Contractual Commitments

The City was involved in contractual agreements for construction in progress. As of June 30, 2018, the remaining estimated costs for the contractual agreements are approximately \$1,645,831.

5. Pollution Remediation Obligation

The City was named as a responsible party in the environmental remediation of a City-owned park. The property 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.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2018

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, 2018, the City has expensed \$1,676,419 related to monitoring activities. \$2,800,000 of the remaining cash balance is off-set by a pollution remediation liability and \$518,581 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.

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.

After the date of dissolution, the assets and activities of the dissolved redevelopment agreement are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

(4) SUBSEQUENT EVENTS

In July 2018, City issued a lease financing to borrowed \$904,000 from Opus Bank to finance the acquisition of properties located at 115-121 North Euclid Street. The lease has a 10-year term with 3.27% interest.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 31, 2019, the date these financial statements were available to be issued.





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, 2018
Last 10 Years*

Measurement Period	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Total Pension Liability				
Service cost	\$ 2,219,809	\$ 1,962,288	\$ 1,868,111	\$ 1,961,553
Interest on the total pension liability	7,492,882	7,156,766	6,783,896	6,385,852
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	(517,414)	103,775	682,560	-
Changes in assumptions	6,591,774	-	(1,740,320)	-
Benefit payments, including refunds of employee contributions	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Net change in total pension liability	11,538,973	5,312,703	3,646,850	4,876,328
Total pension liability - beginning	99,735,330	94,422,627	90,775,777	85,899,449
Total pension liability - ending	<u>\$ 111,274,303</u>	<u>\$ 99,735,330</u>	<u>\$ 94,422,627</u>	<u>\$ 90,775,777</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371	\$ 1,513,328
Contributions - employee	858,098	914,124	892,674	860,073
Net investment income	8,508,652	388,841	1,708,919	11,556,149
Benefit payments, including refunds of employee contributions	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Plan to plan resource movement	(49)	-	130	-
Administrative expense	(112,619)	(46,933)	(86,653)	-
Net change in plan fiduciary net position	7,142,113	(731,252)	237,044	10,458,473
Plan fiduciary net position - beginning	76,277,709	77,008,961	76,771,917	66,313,444
Plan fiduciary net position - ending	<u>\$ 83,419,822</u>	<u>\$ 76,277,709</u>	<u>\$ 77,008,961</u>	<u>\$ 76,771,917</u>
Net pension liability - ending	<u>\$ 27,854,481</u>	<u>\$ 23,457,621</u>	<u>\$ 17,413,666</u>	<u>\$ 14,003,860</u>
Fiduciary net position as a percentage of the total pension liability	74.97%	76.48%	81.56%	84.57%
Covered payroll	\$ 15,054,101	\$ 13,577,030	\$ 12,416,819	\$ 12,471,730
Net pension liability as percentage of covered payroll	185.03%	172.77%	140.24%	112.28%

Notes to Schedule:

Benefit Changes: There were no changes in benefits

Changes of Assumptions:

Measurement period FY16-17: The accounting discount rate reduced from 7.65% to 7.15%.

Measurement period FY15-16: There were no changes.

Measurement period FY14-15: Amounts reported reflect an adjustment of discount from 7.50% to 7.65%.

Measurement period FY13-14: There were no changes.

* 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, 2018
Last 10 Years ⁽¹⁾

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Actuarially determined contribution	\$ 2,212,706	\$ 2,137,228	\$ 1,922,842	\$ 1,669,371
Contributions in relation to the actuarially determined contributions	<u>(2,212,706)</u>	<u>(2,137,228)</u>	<u>(1,922,842)</u>	<u>(1,669,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,031,355	\$ 15,054,101	\$ 13,577,030	\$ 12,416,819
Contributions as a percentage of covered payroll	15.77%	14.20%	14.16%	13.44%
Notes to Schedule				
Valuation date:	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	Level percent of payroll, closed
Asset valuation method	Market value method	Market value method	Market value method	Actuarial value of assets method
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Post-Retirement Mortality	(3)	(3)	(3)	(3)

(1) Additional years will be presented as they become available.

(2) Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions, or changes in actuarial methodology are amortized over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years.

(3) The post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

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, 2018
Last 10 Years*

Measurement Period	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Safety Plans				
Proportion of the net pension liability	0.51947%	0.52795%	0.53847%	0.5106100%
Proportionate share of the net pension liability	\$ 51,517,222	\$ 45,683,585	\$ 36,959,834	\$ 31,772,178
Covered payroll	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033	\$ 7,158,591
Proportionate share of the net pension liability as percentage of covered payroll	592.01%	561.07%	516.34%	443.83%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	77.63%

Notes to Schedule:

Benefit Changes: There were no changes in benefits

Changes of Assumptions:

Measurement period FY16-17: The accounting discount rate reduced from 7.65% to 7.15%.

Measurement period FY15-16: There were no changes.

Measurement period FY14-15: Amounts reported reflect an adjustment of discount from 7.50% to 7.65%.

Measurement period FY13-14: There were no changes.

* 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, 2018
Last 10 Years*

	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Actuarially determined contribution	\$ 3,576,391	\$ 3,296,710	\$ 2,950,460	\$ 2,058,944
Contributions in relation to the actuarially determined contributions	<u>(3,576,391)</u>	<u>(3,296,710)</u>	<u>(2,950,460)</u>	<u>(2,058,944)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,300,113	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033
Contributions as a percentage of covered payroll	43.09%	37.88%	36.24%	28.76%

Notes to Schedule

Valuation date:	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	Level percent of payroll, closed
Asset valuation method	Market value method	Market value method	Market value method	Actuarial value of assets method
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Post-Retirement Mortality	(3)	(3)	(3)	(3)

(1) Additional years will be presented as they become available.

(2) Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions, or changes in actuarial methodology are amortized over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years.

(3) The post-retirement mortality rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2018
Last 10 Years*

Fiscal year end	<u>FY 2017-18</u>
Measurement Period	<u>FY 2016-17</u>
Total OPEB Liability	
Service cost	\$ 194,000
Interest on the total OPEB liability	445,000
Changes of benefit terms	-
Difference between actual and expected experience	-
Changes in assumptions	-
Benefit payments, including refunds	(281,000)
Net change in total OPEB liability	<u>358,000</u>
Total OPEB liability - beginning	<u>6,528,000</u>
Total OPEB liability - ending	<u><u>\$ 6,886,000</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 724,000
Contributions - employee	-
Net investment income	105,000
Benefit payments, including refunds	(281,000)
Administrative expense	(1,000)
Net change in plan fiduciary net position	<u>547,000</u>
Plan fiduciary net position - beginning	<u>990,000</u>
Plan fiduciary net position - ending	<u><u>\$ 1,537,000</u></u>
Net OPEB liability - ending	<u><u>\$ 5,349,000</u></u>
Fiduciary net position as a percentage of the total OPEB liability	22.32%
Covered payroll	\$ 23,756,220
Net pension liability as percentage of covered payroll	22.52%

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan
Schedule of Contribution
As of June 30, 2018
Last 10 Years*

	FY 2017-18
Actuarially determined contribution	\$ 736,000
Contributions in relation to the actuarially determined contributions	(726,000)
Contribution deficiency (excess)	\$ 10,000
 Covered payroll	\$ 22,331,468
 Contributions as a percentage of covered payroll	3.25%

Notes to Schedule

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, level percentage of payroll
Amortization method/period	Level percent of payroll, closed **
Asset valuation method	Market value, no smoothing
Inflation	2.75%
Salary increases	3.00% per annum, in aggregate
Investment rate of return	6.75%
Healthcare cost trend rates	7.5% Pre-Medicare/ 6.5% Medicare, decreasing to 4%
Pre-retirement turnover	Derived from CalPERS 1997-2011 Experience Study
Mortality	Derived from CalPERS 1997-2011 Experience Study

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

** 30-year fixed (closed) period for initial 6/30/2008 UAAL (22 years remaining on 6/30/2016, 23-year fixed (closed) period for 6/30/2015 Updated (21 years remaining on 6/30/2017), 15-year fixed (closed) period for assumption changes and experience/contribution gains and losses

CITY OF LA HABRA, CALIFORNIA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<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	\$ 16,173,108	\$ 16,173,108	\$ 16,538,652	\$ 365,544
Sales and use tax	10,448,889	10,448,889	10,234,115	(214,774)
Transaction and use tax	5,358,000	5,358,000	5,381,995	23,995
Franchise tax	1,585,000	1,585,000	1,775,865	190,865
Intergovernmental	60,000	60,000	88,300	28,300
Licenses and permits	1,062,670	1,062,670	2,067,561	1,004,891
Charges for services	4,608,040	4,608,040	5,177,198	569,158
Fines, forfeitures, and penalties	1,058,599	1,058,599	938,095	(120,504)
Use of money and property	2,466,112	2,466,112	3,100,962	634,850
Other revenues	200,205	200,205	358,627	158,422
Total revenues	<u>43,020,623</u>	<u>43,020,623</u>	<u>45,661,370</u>	<u>2,640,747</u>
Expenditures:				
Current:				
General government	3,394,277	3,394,277	3,364,121	30,156
Public safety	27,866,366	27,866,366	26,954,810	911,556
Public works	5,107,609	5,107,609	5,190,367	(82,758)
Community services	3,936,855	3,936,855	3,821,807	115,048
Community development	1,854,225	1,854,225	1,875,528	(21,303)
Capital outlay	18,000	1,448,097	1,447,896	201
Debt service:				
Principal	234,600	234,600	234,599	1
Interest expense	18,866	18,866	45,116	(26,250)
Total expenditures	<u>42,430,798</u>	<u>43,860,895</u>	<u>42,934,244</u>	<u>926,651</u>
Excess (deficiency) of revenues over expenditures	<u>589,825</u>	<u>(840,272)</u>	<u>2,727,126</u>	<u>3,567,398</u>
Other financial sources (uses):				
Transfers out	(68,637)	(68,637)	(5,982,839)	(5,914,202)
Capital leases	-	-	1,430,097	1,430,097
Proceeds from sale of capital assets	-	-	5,591,847	5,591,847
Total other financing sources (uses)	<u>(68,637)</u>	<u>(68,637)</u>	<u>1,039,105</u>	<u>1,107,742</u>
Net change in fund balance	521,188	(908,909)	3,766,231	4,675,140
Fund balance, beginning of year	<u>8,779,090</u>	<u>8,779,090</u>	<u>8,779,090</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,300,278</u>	<u>\$ 7,870,181</u>	<u>\$ 12,545,321</u>	<u>\$ 4,675,140</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
Note to Required Supplementary Information
June 30, 2018

(1) Budgets and Budgetary Accounting

Annual budgets are adopted on a substantially modified accrual basis of accounting for all governmental funds except for General Plan Update Special Revenue Fund and Public Art Special Revenue Fund. 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. Certain types of transfers between funds are approved by the City Council in the budget resolution. The amounts of these transfers are typically unknown until the year end therefore not included in the final budget. An annual budget is not legally adopted for General Plan Update Special Revenue Fund and Public Art Special Revenue Fund in fiscal year ended June 30, 2018.

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
Law Enforcement Special Revenue Fund	\$ 47,950
Low-Moderate Income Housing Assets Capital Projects Fund	10,529

(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	\$ 42,934,244
Adjustments:	
Principal payment for Advances to Other Funds is reported as expenditure for budgetary purposes, but as a reduction of liability for GAAP reporting	(355,000)
Total expenditures for the General Fund on a GAAP basis of accounting	\$ 42,579,244

SUPPLEMENTARY INFORMATION

CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 3,160,271	\$ 3,160,271
Use of money and property	-	17,139	17,139
Total revenues	<u>-</u>	<u>3,177,410</u>	<u>3,177,410</u>
Expenditures:			
Current:			
Public works	247,786	282,423	(34,637)
Capital outlay	<u>4,274,813</u>	<u>3,309,979</u>	<u>964,834</u>
Total expenditures	<u>4,522,599</u>	<u>3,592,402</u>	<u>930,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,522,599)</u>	<u>(414,992)</u>	<u>4,107,607</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>3,847,387</u>	<u>3,847,387</u>
Net change in fund balance	(4,522,599)	3,432,395	7,954,994
Fund balance, beginning of year	<u>689,121</u>	<u>689,121</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (3,833,478)</u></u>	<u><u>\$ 4,121,516</u></u>	<u><u>7,954,994</u></u>



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.

Child Development Fund

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

Housing and Community Development Fund

The Housing and Community Development Fund accounts for revenue received and expenditures spent 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 Fund

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.

Traffic Improvement Fund

The Traffic Improvement Fund accounts for fees collected from developers to pay for projects that mitigate the cumulative effect of the traffic created by these projects on the City's transportation system.

General Plan Update Fund

The General Plan Update Fund accounts for fees imposed on developers to be used to recover costs associated with preparation of City's general plan.

Public Art Fund

The Public Art Fund accounts for receipts and expenditures from fees imposed on developers to provide for public art elements on site improvements.

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, 2018

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Assets:			
Cash and investments	\$ 3,998,235	\$ 3,209,502	\$ 6,612
Cash and investments with fiscal agent	-	-	-
Accounts receivables	-	-	-
Interest receivables	10,550	8,719	55
Prepaid items	-	-	-
Due from other governments	131,586	-	42,757
Loans receivable	-	-	-
Total assets	<u>\$ 4,140,371</u>	<u>\$ 3,218,221</u>	<u>\$ 49,424</u>
Liabilities:			
Accounts payable	\$ 142,674	\$ -	\$ 14,929
Accrued liabilities	1,527	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>144,201</u>	<u>-</u>	<u>14,929</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	<u>3,996,170</u>	<u>3,218,221</u>	<u>34,495</u>
Total fund balances	<u>3,996,170</u>	<u>3,218,221</u>	<u>34,495</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,140,371</u>	<u>\$ 3,218,221</u>	<u>\$ 49,424</u>

Special Revenue Funds

Law Enforcement	Child Development	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation
\$ 673,198	\$ -	\$ -	\$ -	\$ 847,707	\$ 413,301
-	-	-	-	-	-
-	3,361	-	3,485	-	-
-	-	-	-	4,103	1,267
-	62	-	-	-	-
71,749	636,474	107,874	128,452	1,508,848	34,891
-	-	616,406	-	-	-
<u>\$ 744,947</u>	<u>\$ 639,897</u>	<u>\$ 724,280</u>	<u>\$ 131,937</u>	<u>\$ 2,360,658</u>	<u>\$ 449,459</u>
\$ 501,606	\$ 212,466	\$ 21,268	\$ 7,164	\$ 560,475	\$ -
11,761	71,889	5,131	15,881	1,961	-
-	112,080	73,444	80,473	-	-
189,892	243,462	-	-	-	-
<u>703,259</u>	<u>639,897</u>	<u>99,843</u>	<u>103,518</u>	<u>562,436</u>	<u>-</u>
-	-	616,406	-	-	-
-	-	616,406	-	-	-
41,688	-	8,031	28,419	1,798,222	449,459
41,688	-	8,031	28,419	1,798,222	449,459
<u>\$ 744,947</u>	<u>\$ 639,897</u>	<u>\$ 724,280</u>	<u>\$ 131,937</u>	<u>\$ 2,360,658</u>	<u>\$ 449,459</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2018

	Special Revenue Funds		
	Other Federal Grants	Traffic Safety	Service Authority for Abandoned Vehicles
Assets:			
Cash and investments	\$ -	\$ 96,287	\$ 133,131
Cash and investments with fiscal agent	-	-	-
Accounts receivables	-	-	-
Interest receivables	-	267	368
Prepaid items	-	-	-
Due from other governments	37,913	2,489	-
Loans receivable	-	-	-
Total assets	<u>\$ 37,913</u>	<u>\$ 99,043</u>	<u>\$ 133,499</u>
Liabilities:			
Accounts payable	\$ 23,893	\$ 6,887	\$ -
Accrued liabilities	-	-	699
Due to other funds	14,020	-	-
Unearned revenues	-	-	-
Total liabilities	<u>37,913</u>	<u>6,887</u>	<u>699</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	-	92,156	132,800
Total fund balances	<u>-</u>	<u>92,156</u>	<u>132,800</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,913</u>	<u>\$ 99,043</u>	<u>\$ 133,499</u>

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds	Total
	Traffic Improvement	General Plan Update	Other Debt Service	Low-Moderate Income Housing Assets	
\$ 2,649,749	\$ 410,341	\$ 144,946	\$ -	\$ 618,280	\$ 13,201,289
-	-	-	-	-	-
-	-	-	-	-	6,846
8,042	1,100	394	-	1,684	36,549
-	-	-	-	-	62
199,918	-	-	-	-	2,902,951
-	-	-	-	-	616,406
<u>\$ 2,857,709</u>	<u>\$ 411,441</u>	<u>\$ 145,340</u>	<u>\$ -</u>	<u>\$ 619,964</u>	<u>\$ 16,764,103</u>
\$ 1,084,461	\$ -	\$ -	\$ -	\$ 7,500	\$ 2,583,323
234,216	-	-	-	-	343,065
-	-	-	-	-	280,017
-	-	-	-	-	433,354
<u>1,318,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>3,639,759</u>
-	-	-	-	-	616,406
-	-	-	-	-	616,406
<u>1,539,032</u>	<u>411,441</u>	<u>145,340</u>	<u>-</u>	<u>612,464</u>	<u>12,507,938</u>
<u>1,539,032</u>	<u>411,441</u>	<u>145,340</u>	<u>-</u>	<u>612,464</u>	<u>12,507,938</u>
<u>\$ 2,857,709</u>	<u>\$ 411,441</u>	<u>\$ 145,340</u>	<u>\$ -</u>	<u>\$ 619,964</u>	<u>\$ 16,764,103</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, 2018

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Revenues:			
Intergovernmental	\$ 1,684,991	\$ -	\$ 157,456
Licenses and permits	-	1,073,234	-
Charges for services	-	-	-
Use of money and property	(4,967)	(6,709)	36
Other revenues	-	-	-
Total revenues	<u>1,680,024</u>	<u>1,066,525</u>	<u>157,492</u>
Expenditures:			
Current:			
Public safety	-	-	-
Public works	137,373	-	-
Community services	-	-	165,994
Community development	-	-	-
Capital outlay	378,395	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>515,768</u>	<u>-</u>	<u>165,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,164,256</u>	<u>1,066,525</u>	<u>(8,502)</u>
Other financing sources (uses):			
Transfers in	19,901	-	-
Transfers out	(28,958)	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(9,057)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>1,155,199</u>	<u>1,066,525</u>	<u>(8,502)</u>
Fund balances, beginning of year	<u>2,840,971</u>	<u>2,151,696</u>	<u>42,997</u>
Fund balances, ending of year	<u><u>\$ 3,996,170</u></u>	<u><u>\$ 3,218,221</u></u>	<u><u>\$ 34,495</u></u>

Special Revenue Funds

Law Enforcement	Child Development	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation
\$ 667,279	\$ 5,176,726	\$ 411,034	\$ 572,616	\$ 1,783,494	\$ 278,084
-	-	-	-	-	-
-	22,220	-	-	-	-
10,765	2,663	-	-	(74)	(902)
-	14,608	-	-	-	-
<u>678,044</u>	<u>5,216,217</u>	<u>411,034</u>	<u>572,616</u>	<u>1,783,420</u>	<u>277,182</u>
710,387	-	-	-	-	64,700
-	-	-	-	515,555	-
-	5,235,953	-	574,600	-	-
-	-	399,454	-	-	-
696,819	-	3,549	1,423	1,074,459	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,407,206</u>	<u>5,235,953</u>	<u>403,003</u>	<u>576,023</u>	<u>1,590,014</u>	<u>64,700</u>
<u>(729,162)</u>	<u>(19,736)</u>	<u>8,031</u>	<u>(3,407)</u>	<u>193,406</u>	<u>212,482</u>
-	-	-	-	36,801	-
-	-	-	-	-	-
<u>1,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,801</u>	<u>-</u>
<u>(727,344)</u>	<u>(19,736)</u>	<u>8,031</u>	<u>(3,407)</u>	<u>230,207</u>	<u>212,482</u>
<u>769,032</u>	<u>19,736</u>	<u>-</u>	<u>31,826</u>	<u>1,568,015</u>	<u>236,977</u>
<u>\$ 41,688</u>	<u>\$ -</u>	<u>\$ 8,031</u>	<u>\$ 28,419</u>	<u>\$ 1,798,222</u>	<u>\$ 449,459</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, 2018

	Special Revenue Funds		
	Other Federal Grants	Traffic Safety	Service Authority for Abandoned Vehicles
Revenues:			
Intergovernmental	\$ 98,742	\$ 2,489	\$ -
Licenses and permits	-	-	-
Charges for services	-	27,157	-
Use of money and property	-	(84)	209
Other revenues	-	-	-
Total revenues	<u>98,742</u>	<u>29,562</u>	<u>209</u>
Expenditures:			
Current:			
Public safety	-	9,376	-
Public works	107,714	-	-
Community services	-	-	-
Community development	-	-	52,183
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>107,714</u>	<u>9,376</u>	<u>52,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,972)</u>	<u>20,186</u>	<u>(51,974)</u>
Other financing sources (uses):			
Transfers in	8,972	-	-
Transfers out	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>8,972</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>20,186</u>	<u>(51,974)</u>
Fund balances, beginning of year	<u>-</u>	<u>71,970</u>	<u>184,774</u>
Fund balances, ending of year	<u>\$ -</u>	<u>\$ 92,156</u>	<u>\$ 132,800</u>

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Traffic Improvement	General Plan Update	Other Debt Service	Low-Moderate Income Housing Assets	
\$ 199,917	\$ -	\$ -	\$ -	\$ -	\$ 11,032,828
-	-	-	-	-	1,073,234
172,216	239,757	80,245	-	-	541,595
33,718	(492)	95	-	279	34,537
-	-	-	-	50,034	64,642
<u>405,851</u>	<u>239,265</u>	<u>80,340</u>	<u>-</u>	<u>50,313</u>	<u>12,746,836</u>
-	-	-	-	-	784,463
42,985	-	-	-	-	803,627
-	-	-	-	-	5,976,547
-	-	-	-	100,529	552,166
4,816,540	-	-	-	-	6,971,185
-	-	-	61,820	-	61,820
-	-	-	6,817	-	6,817
<u>4,859,525</u>	<u>-</u>	<u>-</u>	<u>68,637</u>	<u>100,529</u>	<u>15,156,625</u>
<u>(4,453,674)</u>	<u>239,265</u>	<u>80,340</u>	<u>(68,637)</u>	<u>(50,216)</u>	<u>(2,409,789)</u>
-	-	-	68,637	-	134,311
(144,901)	-	-	-	-	(173,859)
-	-	-	-	-	1,818
<u>(144,901)</u>	<u>-</u>	<u>-</u>	<u>68,637</u>	<u>-</u>	<u>(37,730)</u>
<u>(4,598,575)</u>	<u>239,265</u>	<u>80,340</u>	<u>-</u>	<u>(50,216)</u>	<u>(2,447,519)</u>
<u>6,137,607</u>	<u>172,176</u>	<u>65,000</u>	<u>-</u>	<u>662,680</u>	<u>14,955,457</u>
<u>\$ 1,539,032</u>	<u>\$ 411,441</u>	<u>\$ 145,340</u>	<u>\$ -</u>	<u>\$ 612,464</u>	<u>\$ 12,507,938</u>

CITY OF LA HABRA, CALIFORNIA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,305,406	\$ 1,684,991	\$ 379,585
Use of money and property	28,000	(4,967)	(32,967)
Total revenues	<u>1,333,406</u>	<u>1,680,024</u>	<u>346,618</u>
Expenditures:			
Current:			
Public works	264,805	137,373	127,432
Capital outlay	<u>3,767,827</u>	<u>378,395</u>	<u>3,389,432</u>
Total expenditures	<u>4,032,632</u>	<u>515,768</u>	<u>3,516,864</u>
Excess (deficiency) of revenues over (under) expenditures	(2,699,226)	1,164,256	3,863,482
Other financing sources:			
Transfers in	-	19,901	19,901
Transfers out	-	(28,958)	(28,958)
Total other financing sources (uses)	<u>-</u>	<u>(9,057)</u>	<u>(9,057)</u>
Net change in fund balance	(2,699,226)	1,155,199	3,854,425
Fund balance, beginning of year	<u>2,840,971</u>	<u>2,840,971</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 141,745</u></u>	<u><u>\$ 3,996,170</u></u>	<u><u>\$ 3,854,425</u></u>

CITY OF LA HABRA, CALIFORNIA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	\$ 930,000	\$ 1,073,234	\$ 143,234
Use of money and property	24,800	(6,709)	(31,509)
Total Revenues	<u>954,800</u>	<u>1,066,525</u>	<u>111,725</u>
Expenditures:			
Current:			
Community development	60,000	-	60,000
Capital outlay	61,000	-	61,000
Total Expenditures	<u>121,000</u>	<u>-</u>	<u>121,000</u>
Net change in fund balance	833,800	1,066,525	232,725
Fund balance, beginning of year	<u>2,151,696</u>	<u>2,151,696</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,985,496</u>	<u>\$ 3,218,221</u>	<u>\$ 232,725</u>

CITY OF LA HABRA, CALIFORNIA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 156,128	\$ 157,456	\$ 1,328
Use of money and property	300	36	(264)
Total revenues	<u>156,428</u>	<u>157,492</u>	<u>1,064</u>
Expenditures:			
Current:			
Community services	<u>170,000</u>	<u>165,994</u>	<u>4,006</u>
Total Expenditures	<u>170,000</u>	<u>165,994</u>	<u>4,006</u>
Net change in fund balance	(13,572)	(8,502)	5,070
Fund balance, beginning of year	<u>42,997</u>	<u>42,997</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 29,425</u></u>	<u><u>\$ 34,495</u></u>	<u><u>\$ 5,070</u></u>

CITY OF LA HABRA, CALIFORNIA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 812,803	\$ 667,279	\$ (145,524)
Use of money and property	7,000	10,765	3,765
Total revenues	<u>819,803</u>	<u>678,044</u>	<u>(141,759)</u>
Expenditures:			
Current:			
Public safety	659,256	710,387	(51,131)
Capital outlay	700,000	696,819	3,181
Total Expenditures	<u>1,359,256</u>	<u>1,407,206</u>	<u>(47,950)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(539,453)</u>	<u>(729,162)</u>	<u>(189,709)</u>
Other financing sources:			
Proceeds from sale of capital assets	-	1,818	1,818
Total other financing sources (uses)	<u>-</u>	<u>1,818</u>	<u>1,818</u>
Net change in fund balance	(539,453)	(727,344)	(187,891)
Fund balance, beginning of year	<u>769,032</u>	<u>769,032</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 229,579</u></u>	<u><u>\$ 41,688</u></u>	<u><u>\$ (187,891)</u></u>

CITY OF LA HABRA, CALIFORNIA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,216,495	\$ 5,176,726	\$ (39,769)
Charges for services	26,000	22,220	(3,780)
Use of money and property	-	2,663	2,663
Other revenues	-	14,608	14,608
	<u>5,242,495</u>	<u>5,216,217</u>	<u>(26,278)</u>
Total revenues			
Expenditures:			
Current:			
Community services	5,242,495	5,235,953	6,542
	<u>5,242,495</u>	<u>5,235,953</u>	<u>6,542</u>
Total expenditures			
	<u>5,242,495</u>	<u>5,235,953</u>	<u>6,542</u>
Net change in fund balance	-	(19,736)	(19,736)
Fund balance, beginning of year	19,736	19,736	-
Fund balance, end of year	<u>\$ 19,736</u>	<u>\$ -</u>	<u>\$ (19,736)</u>

CITY OF LA HABRA, CALIFORNIA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 760,000	\$ 411,034	\$ (348,966)
Expenditures:			
Current:			
Community development	806,759	399,454	407,305
Capital outlay	234,822	3,549	231,273
Total expenditures	1,041,581	403,003	638,578
Net change in fund balance	(281,581)	8,031	289,612
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ (281,581)	\$ 8,031	\$ 289,612

CITY OF LA HABRA, CALIFORNIA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 580,918	\$ 572,616	\$ (8,302)
Total revenues	580,918	572,616	(8,302)
Expenditures:			
Current:			
Community services	580,918	574,600	6,318
Capital outlay	-	1,423	(1,423)
Total expenditures	580,918	576,023	4,895
Net change in fund balance	-	(3,407)	(3,407)
Fund balance, beginning of year	31,826	31,826	-
Fund balance, end of year	\$ 31,826	\$ 28,419	\$ (3,407)

CITY OF LA HABRA, CALIFORNIA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 4,071,560	\$ 1,783,494	\$ (2,288,066)
Use of money and property	11,000	(74)	(11,074)
 Total Revenues	 <u>4,082,560</u>	 <u>1,783,420</u>	 <u>(2,299,140)</u>
Expenditures:			
Current:			
Public works	217,216	515,555	(298,339)
Capital outlay	5,063,502	1,074,459	3,989,043
 Total expenditures	 <u>5,280,718</u>	 <u>1,590,014</u>	 <u>3,690,704</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,198,158)</u>	 <u>193,406</u>	 <u>1,391,564</u>
Other financing sources:			
Transfers in	-	36,801	36,801
 Total other financing sources (uses)	 <u>-</u>	 <u>36,801</u>	 <u>36,801</u>
 Net change in fund balance	 (1,198,158)	 230,207	 1,428,365
Fund balance, beginning of year	<u>1,568,015</u>	<u>1,568,015</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 369,857</u>	<u>\$ 1,798,222</u>	<u>\$ 1,428,365</u>

CITY OF LA HABRA, CALIFORNIA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 250,000	\$ 278,084	\$ 28,084
Use of money and property	2,000	(902)	(2,902)
Total revenues	<u>252,000</u>	<u>277,182</u>	<u>25,182</u>
Expenditures:			
Current:			
Public safety	<u>463,889</u>	<u>64,700</u>	<u>399,189</u>
Net change in fund balance	(211,889)	212,482	424,371
Fund balance, beginning of year	<u>236,977</u>	<u>236,977</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,088</u>	<u>\$ 449,459</u>	<u>\$ 424,371</u>

CITY OF LA HABRA, CALIFORNIA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,400,340	\$ 98,742	\$ (1,301,598)
Total revenues	<u>1,400,340</u>	<u>98,742</u>	<u>(1,301,598)</u>
Expenditures:			
Current:			
Public works	9,222	107,714	(98,492)
Capital outlay	<u>453,000</u>	<u>-</u>	<u>453,000</u>
Total expenditures	<u>462,222</u>	<u>107,714</u>	<u>354,508</u>
Excess (deficiency) of revenues over expenditures	<u>938,118</u>	<u>(8,972)</u>	<u>(947,090)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>8,972</u>	<u>8,972</u>
Total other financing sources (uses)	<u>-</u>	<u>8,972</u>	<u>8,972</u>
Net change in fund balance	938,118	-	(938,118)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 938,118</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (938,118)</u></u>

CITY OF LA HABRA, CALIFORNIA
Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,606,000	\$ 2,489	\$ (1,603,511)
Charges for services	16,000	27,157	11,157
Use of money and property	400	(84)	(484)
Total revenues	<u>1,622,400</u>	<u>29,562</u>	<u>(1,592,838)</u>
Expenditures:			
Current:			
Public safety	7,000	9,376	(2,376)
Capital outlay	<u>1,606,000</u>	<u>-</u>	<u>1,606,000</u>
Total expenditures	<u>1,613,000</u>	<u>9,376</u>	<u>1,603,624</u>
Excess (deficiency) of revenues over expenditures	<u>9,400</u>	<u>20,186</u>	<u>10,786</u>
Other financing uses:			
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,400	20,186	10,786
Fund balance, beginning of year	<u>71,970</u>	<u>71,970</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 81,370</u></u>	<u><u>\$ 92,156</u></u>	<u><u>\$ 10,786</u></u>

CITY OF LA HABRA, CALIFORNIA
Service Authority for Abandoned Vehicles Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 209	\$ (1,791)
Expenditures:			
Current:			
Community development	63,233	52,183	11,050
Net change in fund balance	(61,233)	(51,974)	9,259
Fund balance, beginning of year	184,774	184,774	-
Fund balance, end of year	\$ 123,541	\$ 132,800	\$ 9,259

CITY OF LA HABRA, CALIFORNIA
Traffic Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 80,000	\$ 199,917	\$ 119,917
Charges for services	-	172,216	172,216
Use of money and property	-	33,718	33,718
	<u>80,000</u>	<u>405,851</u>	<u>325,851</u>
Expenditures:			
Current:			
Public works	20,000	42,985	(22,985)
Capital outlay	5,228,023	4,816,540	411,483
	<u>5,248,023</u>	<u>4,859,525</u>	<u>388,498</u>
Excess (deficiency) of revenues over expenditures	<u>(5,168,023)</u>	<u>(4,453,674)</u>	<u>714,349</u>
Other financing uses:			
Transfer out	-	(144,901)	(144,901)
	<u>(5,168,023)</u>	<u>(4,598,575)</u>	<u>569,448</u>
Net change in fund balance	(5,168,023)	(4,598,575)	569,448
Fund balance, beginning of year	<u>6,137,607</u>	<u>6,137,607</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 969,584</u></u>	<u><u>\$ 1,539,032</u></u>	<u><u>\$ 569,448</u></u>

CITY OF LA HABRA, CALIFORNIA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 61,820	\$ 61,820	\$ -
Interest expense	6,817	6,817	-
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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 279	\$ 279
Other revenues	-	50,034	50,034
Total revenues	-	50,313	50,313
Expenditures:			
Current:			
Community development	90,000	100,529	(10,529)
Net change in fund balance	(90,000)	(50,216)	39,784
Fund balance, beginning of year	662,680	662,680	-
Fund balance, end of year	<u>\$ 572,680</u>	<u>\$ 612,464</u>	<u>\$ 39,784</u>

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, 2018

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 409,659	\$ 1,589,718	\$ 1,999,377
Accounts receivable, net	10,632	94,714	105,346
Interest receivable	1,125	4,123	5,248
Prepaid items	-	39,665	39,665
Due from other governments	208,771	-	208,771
Total current assets	<u>630,187</u>	<u>1,728,220</u>	<u>2,358,407</u>
Noncurrent assets:			
Capital assets, net	<u>260,069</u>	<u>2,661,974</u>	<u>2,922,043</u>
Total assets	<u>890,256</u>	<u>4,390,194</u>	<u>5,280,450</u>
Deferred outflows of resources:			
Deferred amount from pension plans	<u>106,886</u>	-	<u>106,886</u>
Total deferred outflows of resources	<u>106,886</u>	<u>-</u>	<u>106,886</u>
Liabilities:			
Current Liabilities:			
Accounts payable	21,111	3,732	24,843
Accrued liabilities	9,735	-	9,735
Compensated absences, current	<u>5,711</u>	<u>-</u>	<u>5,711</u>
Total current liabilities	<u>36,557</u>	<u>3,732</u>	<u>40,289</u>
Noncurrent Liabilities:			
Compensated absences, noncurrent	13,327	-	13,327
Net pension liability	<u>500,073</u>	<u>-</u>	<u>500,073</u>
Total noncurrent liabilities	<u>513,400</u>	<u>-</u>	<u>513,400</u>
Total liabilities	<u>549,957</u>	<u>3,732</u>	<u>553,689</u>
Deferred inflows of resources:			
Deferred amount from pension plans	<u>4,328</u>	-	<u>4,328</u>
Total deferred inflows of resources	<u>4,328</u>	<u>-</u>	<u>4,328</u>
Net position:			
Net investment in capital assets	260,069	2,661,974	2,922,043
Unrestricted	<u>182,788</u>	<u>1,724,488</u>	<u>1,907,276</u>
Total net position	<u>\$ 442,857</u>	<u>\$ 4,386,462</u>	<u>\$ 4,829,319</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, 2018

	Children's Museum	Mobile Home Lease	Total
Operating revenues:			
Charges for services	\$ 521,411	\$ 2,842,624	\$ 3,364,035
Intergovernmental	84,143	-	84,143
Total operating revenues	<u>605,554</u>	<u>2,842,624</u>	<u>3,448,178</u>
Operating expenses:			
Contractual services	65,846	458,377	524,223
Wages and fringe benefits	463,963	-	463,963
Equipment and maintenance	6,425	67,720	74,145
Materials and supplies	15,801	-	15,801
Utilities	3,293	236,613	239,906
Depreciation	32,413	140,931	173,344
Administration	84,151	1,464,487	1,548,638
Total operating expenses	<u>671,892</u>	<u>2,368,128</u>	<u>3,040,020</u>
Operating income (loss)	<u>(66,338)</u>	<u>474,496</u>	<u>408,158</u>
Nonoperating revenues (expenses):			
Interest income	4,297	12,322	16,619
Net increase (decrease) in fair value of investment	(4,162)	(15,344)	(19,506)
Total nonoperating revenues	<u>135</u>	<u>(3,022)</u>	<u>(2,887)</u>
Income (loss) before transfers	(66,203)	471,474	405,271
Transfers in	92,500	-	92,500
Change in net position	26,297	471,474	497,771
Net position, beginning of year	<u>416,560</u>	<u>3,914,988</u>	<u>4,331,548</u>
Net position, end of year	<u>\$ 442,857</u>	<u>\$ 4,386,462</u>	<u>\$ 4,829,319</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Children's Museum	Mobile Home Lease	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 332,878	\$ 2,857,205	\$ 3,190,083
Receipts from interfund services provided	115,042	-	115,042
Payments to suppliers	(103,077)	(1,956,941)	(2,060,018)
Payments for internal services used	(61,780)	(311,208)	(372,988)
Payments for employees' salaries and benefits	(394,876)	-	(394,876)
	(111,813)	589,056	477,243
Cash flows from noncapital financing activities:			
Transfers from other funds	92,500	-	92,500
Payments of advances from other funds	-	(400,000)	(400,000)
	92,500	(400,000)	(307,500)
Cash flows from investing activities:			
Purchase of investments	(4,162)	(15,344)	(19,506)
Interest on investments	4,028	11,024	15,052
	(134)	(4,320)	(4,454)
Net increase (decrease) in cash and cash equivalents	(19,447)	184,736	165,289
Cash and cash equivalents, beginning of year	429,106	1,404,982	1,834,088
Cash and cash equivalents, end of year	\$ 409,659	\$ 1,589,718	\$ 1,999,377
Cash and cash equivalents:			
Cash and investments	\$ 409,659	\$ 1,589,718	\$ 1,999,377
Cash and investments with fiscal agents	-	-	-
Total cash and cash equivalents	\$ 409,659	\$ 1,589,718	\$ 1,999,377

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2018

	Children's Museum	Mobile Home Lease	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (66,338)	\$ 474,496	\$ 408,158
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	32,413	140,931	173,344
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(4,394)	15,581	11,187
(Increase) decrease in from other governments	(153,240)	-	(153,240)
(Increase) decrease in prepaid items	-	(21,169)	(21,169)
Increase (decrease) in accounts payable	10,659	(19,783)	(9,124)
Increase (decrease) in accrued liabilities	2,727	-	2,727
Increase (decrease) in deposits payable	-	(1,000)	(1,000)
Increase (decrease) in compensated absences	(523)	-	(523)
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	66,883	-	66,883
Total adjustments	(45,475)	114,560	69,085
Net cash provided by (used in) operating activities	\$ (111,813)	\$ 589,056	\$ 477,243

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 Technology Fund

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.

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, 2018

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 383,219	\$ 5,071,777	\$ 1,019,726
Accounts receivable, net	6,295	100,956	-
Interest receivable	489	12,249	547
Prepays	-	-	-
Due from other governments	6,248	-	-
Inventory	34,916	-	-
Total current assets	<u>431,167</u>	<u>5,184,982</u>	<u>1,020,273</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Capital assets, net of accumulated depreciation	-	-	475,462
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>475,462</u>
Total assets	<u>431,167</u>	<u>5,184,982</u>	<u>1,495,735</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	-	-	-
Deferred amount from pension plans	142,985	113,654	272,772
Total deferred outflows of resources	<u>142,985</u>	<u>113,654</u>	<u>272,772</u>
Liabilities:			
Current liabilities:			
Accounts payable	18,991	32,671	143,986
Accrued liabilities	11,628	9,679	24,136
Accrued interest	-	-	-
Due to other funds	-	-	-
Claims payable, current	-	1,153,984	-
Compensated absences, current	-	-	-
Certificates of participation, current	-	-	-
Total current liabilities	<u>30,619</u>	<u>1,196,334</u>	<u>168,122</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	3,628,323	-
Certificates of participation, noncurrent	-	-	-
Net pension liability	533,733	424,375	1,090,334
Total noncurrent liabilities	<u>533,733</u>	<u>4,052,698</u>	<u>1,090,334</u>
Total liabilities	<u>564,352</u>	<u>5,249,032</u>	<u>1,258,456</u>
Deferred inflows of resources:			
Deferred amount from pension plans	5,790	4,602	11,046
Total deferred inflows of resources	<u>5,790</u>	<u>4,602</u>	<u>11,046</u>
Net position:			
Net investment in capital assets	-	-	475,462
Unrestricted	4,010	45,002	23,543
Total net position	<u>\$ 4,010</u>	<u>\$ 45,002</u>	<u>\$ 499,005</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 895,292	\$ 1,407,484	\$ 10,765	\$ 8,788,263
-	24,805	-	-	132,056
38	2,844	1,848	-	18,015
-	208,596	-	-	208,596
-	-	-	-	6,248
-	-	-	-	34,916
<u>38</u>	<u>1,131,537</u>	<u>1,409,332</u>	<u>10,765</u>	<u>9,188,094</u>
520,066	-	-	-	520,066
2,070,000	-	-	-	2,070,000
-	2,059,943	-	-	2,535,405
<u>2,590,066</u>	<u>2,059,943</u>	<u>-</u>	<u>-</u>	<u>5,125,471</u>
<u>2,590,104</u>	<u>3,191,480</u>	<u>1,409,332</u>	<u>10,765</u>	<u>14,313,565</u>
121,513	-	-	-	121,513
-	-	-	-	529,411
<u>121,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,924</u>
-	327,212	-	328	523,188
-	2,010	-	-	47,453
34,918	-	-	-	34,918
36,951	-	-	-	36,951
-	-	-	-	1,153,984
-	-	1,361,579	-	1,361,579
375,000	-	-	-	375,000
<u>446,869</u>	<u>329,222</u>	<u>1,361,579</u>	<u>328</u>	<u>3,533,073</u>
-	-	-	-	3,628,323
1,685,571	-	-	-	1,685,571
-	-	-	-	2,048,442
<u>1,685,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,362,336</u>
<u>2,132,440</u>	<u>329,222</u>	<u>1,361,579</u>	<u>328</u>	<u>10,895,409</u>
-	-	-	-	21,438
-	-	-	-	21,438
-	2,059,943	-	-	2,535,405
579,177	802,315	47,753	10,437	1,512,237
<u>\$ 579,177</u>	<u>\$ 2,862,258</u>	<u>\$ 47,753</u>	<u>\$ 10,437</u>	<u>\$ 4,047,642</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, 2018

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 1,031,765	\$ 2,188,540	\$ 1,688,292
Operating expenses:			
Contractual services	197,363	495,642	431,150
Wages and fringe benefits	398,103	321,389	851,035
Benefits and claims	-	788,294	-
Equipment and maintenance	41,748	-	682,124
Materials and supplies	446,284	200	8,093
Utilities	13,090	-	232,618
Depreciation	2,356	-	133,290
Administration	29,012	997,104	35,041
Total operating expenses	<u>1,127,956</u>	<u>2,602,629</u>	<u>2,373,351</u>
Operating income (loss)	<u>(96,191)</u>	<u>(414,089)</u>	<u>(685,059)</u>
Nonoperating revenues (expenses):			
Interest income	2,189	46,746	2,418
Interest (expense)	-	-	-
Gain on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	<u>(1,761)</u>	<u>(45,147)</u>	<u>(1,764)</u>
Total nonoperating revenues	<u>428</u>	<u>1,599</u>	<u>654</u>
Income (loss) before transfers	<u>(95,763)</u>	<u>(412,490)</u>	<u>(684,405)</u>
Transfers in	170,000	500,000	750,000
Transfers out	-	-	-
Changes in net position	<u>74,237</u>	<u>87,510</u>	<u>65,595</u>
Net position, beginning of year	<u>(70,227)</u>	<u>(42,508)</u>	<u>433,410</u>
Net position, end of year	<u>\$ 4,010</u>	<u>\$ 45,002</u>	<u>\$ 499,005</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 257,719	\$ -	\$ 236,520	\$ 5,402,836
-	-	4,075	432,000	1,560,230
-	60,044	801,098	-	2,431,669
-	-	-	-	788,294
-	14,605	-	-	738,477
-	-	1,050	-	455,627
-	-	-	-	245,708
-	429,366	-	-	565,012
-	5,316	-	-	1,066,473
-	509,331	806,223	432,000	7,851,490
-	(251,612)	(806,223)	(195,480)	(2,448,654)
151,392	10,077	9,389	510	222,721
(153,423)	-	-	-	(153,423)
-	48,894	-	-	48,894
371	(10,458)	(6,516)	1,485	(63,790)
(1,660)	48,513	2,873	1,995	54,402
(1,660)	(203,099)	(803,350)	(193,485)	(2,394,252)
-	-	850,000	200,000	2,470,000
-	(170,000)	-	-	(170,000)
(1,660)	(373,099)	46,650	6,515	(94,252)
580,837	3,235,357	1,103	3,922	4,141,894
\$ 579,177	\$ 2,862,258	\$ 47,753	\$ 10,437	\$ 4,047,642

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 69,545	\$ -	\$ -
Receipts from interfund services provided	968,184	2,087,584	1,689,101
Payments to suppliers	(741,187)	(2,124,564)	(1,291,928)
Payments for interfund services used	(21,036)	(5,112)	(10,908)
Payments for employees' salaries and benefits	<u>(356,011)</u>	<u>(271,947)</u>	<u>(721,406)</u>
Net cash provided by (used in) operating activities	<u>(80,505)</u>	<u>(314,039)</u>	<u>(335,141)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Transfers from other funds	170,000	500,000	750,000
Payments of advances to/from other funds	-	-	-
Payments of due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>170,000</u>	<u>500,000</u>	<u>750,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(65,517)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(65,517)</u>
Cash flows from investing activities:			
Purchase of investments	(1,761)	(45,147)	(1,764)
Sales of investments	-	-	-
Interest on investments	<u>2,226</u>	<u>44,310</u>	<u>3,128</u>
Net cash provided by (used in) investing activities	<u>465</u>	<u>(837)</u>	<u>1,364</u>
Net increase (decrease) in cash and cash equivalents	89,960	185,124	350,706
Cash and cash equivalents, beginning of year	<u>293,259</u>	<u>4,886,653</u>	<u>669,020</u>
Cash and cash equivalents, end of year	<u><u>\$ 383,219</u></u>	<u><u>\$ 5,071,777</u></u>	<u><u>\$ 1,019,726</u></u>
Cash and cash equivalents:			
Cash and investments	\$ 383,219	\$ 5,071,777	\$ 1,019,726
Cash and investments with fiscal agents	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u><u>\$ 383,219</u></u>	<u><u>\$ 5,071,777</u></u>	<u><u>\$ 1,019,726</u></u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ -	\$ -	\$ -	\$ 69,545
-	232,914	-	236,520	5,214,303
-	(14,605)	(5,125)	-	(4,177,409)
-	(5,316)	-	-	(42,372)
-	(59,185)	(1,014,619)	(432,000)	(2,855,168)
-	153,808	(1,019,744)	(195,480)	(1,791,101)
-	(170,000)	-	-	(170,000)
-	-	850,000	200,000	2,470,000
5,955,000	-	-	-	5,955,000
(36)	-	-	-	(36)
5,954,964	(170,000)	850,000	200,000	8,254,964
-	(323,967)	-	-	(389,484)
-	48,894	-	-	48,894
(5,955,000)	-	-	-	(5,955,000)
(127,938)	-	-	-	(127,938)
(6,082,938)	(275,073)	-	-	(6,423,528)
-	(10,458)	(6,516)	1,485	(64,161)
371	-	-	-	371
151,416	9,592	9,970	1,456	222,098
151,787	(866)	3,454	2,941	158,308
23,813	(292,131)	(166,290)	7,461	198,643
496,253	1,187,423	1,573,774	3,304	9,109,686
<u>\$ 520,066</u>	<u>\$ 895,292</u>	<u>\$ 1,407,484</u>	<u>\$ 10,765</u>	<u>\$ 9,308,329</u>
\$ -	\$ 895,292	\$ 1,407,484	\$ 10,765	\$ 8,788,263
520,066	-	-	-	520,066
<u>\$ 520,066</u>	<u>\$ 895,292</u>	<u>\$ 1,407,484</u>	<u>\$ 10,765</u>	<u>\$ 9,308,329</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2018

	<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)	\$ (96,191)	\$ (414,089)	\$ (685,059)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,356	-	133,290
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in accounts receivable	3,705	(100,956)	809
(Increase) decrease in due from other governments	2,259	-	
(Increase) decrease in inventory	(4,507)	-	
Increase (decrease) in accounts payable	(30,219)	30,587	86,190
Increase (decrease) in accrued liabilities	4,505	5,956	10,254
Increase (decrease) in claims liabilities	-	120,977	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	<u>37,587</u>	<u>43,486</u>	<u>119,375</u>
Total adjustments	<u>15,686</u>	<u>100,050</u>	<u>349,918</u>
Net cash provided by (used in) operating activities	<u>\$ (80,505)</u>	<u>\$ (314,039)</u>	<u>\$ (335,141)</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	-	-	-

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ -	\$ (251,612)	\$ (806,223)	\$ (195,480)	\$ (2,448,654)
-	429,366	-	-	565,012
-	(24,805)	-	-	(121,247)
-	-	-	-	2,259
-	-	-	-	(4,507)
-	-	-	-	86,558
-	859	(101,981)	-	(80,407)
-	-	-	-	120,977
-	-	(111,540)	-	(111,540)
-	-	-	-	200,448
-	405,420	(213,521)	-	657,553
<u>\$ -</u>	<u>\$ 153,808</u>	<u>\$ (1,019,744)</u>	<u>\$ (195,480)</u>	<u>\$ (1,791,101)</u>
\$ 29,163	\$ -	\$ -	\$ -	\$ 29,163
2,260	-	-	-	2,260
-	327,212	-	-	327,212



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, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and investments	\$ 890,968	\$ 2,076,012	\$ 1,765,003	\$ 1,201,977
Interest receivable	15,918	3,557	15,918	3,557
	<u>906,886</u>	<u>2,079,569</u>	<u>1,780,921</u>	<u>1,205,534</u>
Total assets	<u>\$ 906,886</u>	<u>\$ 2,079,569</u>	<u>\$ 1,780,921</u>	<u>\$ 1,205,534</u>
Liabilities:				
Accounts payable	\$ 81,005	\$ 1,095,554	\$ 1,165,964	\$ 10,595
Accrued liabilities	14,491	522,441	514,931	22,001
Deposits	811,390	1,561,149	1,199,601	1,172,938
	<u>906,886</u>	<u>3,179,144</u>	<u>2,880,496</u>	<u>1,205,534</u>
Total liabilities	<u>\$ 906,886</u>	<u>\$ 3,179,144</u>	<u>\$ 2,880,496</u>	<u>\$ 1,205,534</u>

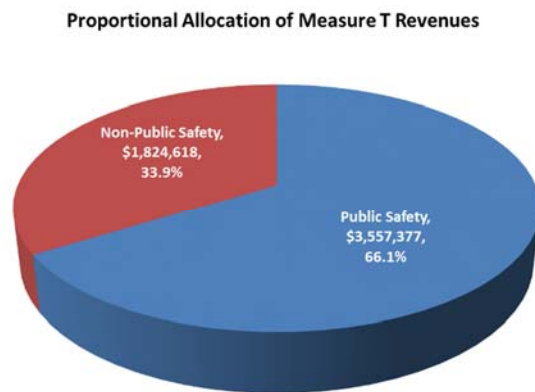
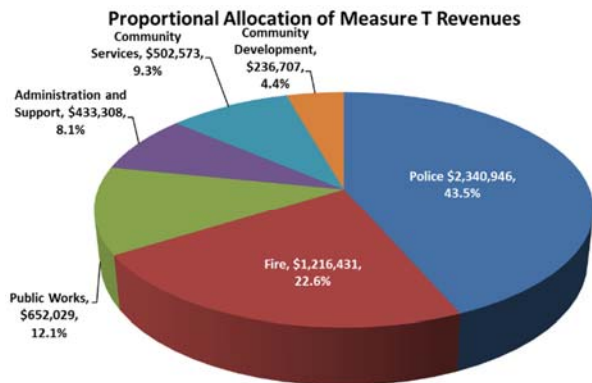
CITY OF LA HABRA, CALIFORNIA
Measure T Transaction and Use Tax: Use of Funds
Year Ended June 30, 2018

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 17/18 and the proportional allocation of the General Fund amended expenditure budget by department.

Measure T Allocation Analysis by General Fund Department

Department	FY 17/18 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$18,334,573	43.5%	\$2,340,946
Fire	9,528,793	22.6%	1,216,431
Public Works	5,107,609	12.1%	652,029
Administration and Support	3,394,277	8.1%	433,308
Community Services	3,936,855	9.3%	502,573
Community Development	1,854,225	4.4%	236,707
Total	\$42,159,332	100.0%	\$5,381,995



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, 2018

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>	150-159
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>	163-167
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>	170-179
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>	182-183
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>	186-192

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			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 69,852,168	\$ 72,267,324	\$ 74,411,098	\$ 74,666,668
Restricted	443,262	1,100,726	10,086,784	8,699,455
Unrestricted	18,146,165	18,770,240	14,909,849	25,179,579
Total governmental activities net position	<u>\$ 88,441,595</u>	<u>\$ 92,138,290</u>	<u>\$ 99,407,731</u>	<u>\$ 108,545,702</u>
Business-type activities				
Net investment in capital assets	\$ 11,978,153	\$ 16,282,084	\$ 15,332,126	\$ 14,823,632
Restricted	1,630,052	1,630,052	1,630,052	1,630,052
Unrestricted	20,649,253	17,457,587	20,091,568	22,095,633
Total business-type activities net position	<u>\$ 34,257,458</u>	<u>\$ 35,369,723</u>	<u>\$ 37,053,746</u>	<u>\$ 38,549,317</u>
Primary Government				
Net investment in capital assets	\$ 81,830,321	\$ 88,549,408	\$ 89,743,224	\$ 89,490,300
Restricted	2,073,314	2,730,778	11,716,836	10,329,507
Unrestricted	38,795,418	36,227,827	35,001,417	47,275,212
Total primary government net position	<u>\$ 122,699,053</u>	<u>\$ 127,508,013</u>	<u>\$ 136,461,477</u>	<u>\$ 147,095,019</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.
- ⁽³⁾ During fiscal year ended June 30, 2018, the City adopted GASB Statements 75 which resulted in the restatement of net position in fiscal year ended June 30, 2017.

Fiscal Year

2013 ⁽¹⁾	2014 ⁽²⁾	2015	2016	2017 ⁽³⁾	2018
\$ 76,564,962	\$ 78,951,634	\$ 77,327,812	\$ 87,775,876	\$ 98,908,209	\$ 109,691,038
9,844,805	7,673,024	9,119,231	13,465,394	15,849,805	13,451,730
27,559,460	27,453,928	(24,069,863)	(27,711,283)	(39,239,903)	(41,737,731)
<u>\$ 113,969,227</u>	<u>\$ 114,078,586</u>	<u>\$ 62,377,180</u>	<u>\$ 73,529,987</u>	<u>\$ 75,518,111</u>	<u>\$ 81,405,037</u>
\$ 19,564,982	\$ 22,031,524	\$ 22,780,994	\$ 22,464,681	\$ 23,274,193	\$ 22,690,776
1,363,180	1,288,543	731,879	841,051	1,066,402	1,003,581
19,681,735	19,176,036	17,505,632	19,447,151	19,171,906	19,503,712
<u>\$ 40,609,897</u>	<u>\$ 42,496,103</u>	<u>\$ 41,018,505</u>	<u>\$ 42,752,883</u>	<u>\$ 43,512,501</u>	<u>\$ 43,198,069</u>
\$ 96,129,944	\$ 100,983,158	\$ 100,108,806	\$ 110,240,557	\$ 122,182,402	\$ 132,381,814
11,207,985	8,961,567	9,851,110	14,306,445	16,916,207	14,455,311
47,241,195	46,629,964	(6,564,231)	(8,264,132)	(20,067,997)	(22,234,019)
<u>\$ 154,579,124</u>	<u>\$ 156,574,689</u>	<u>\$ 103,395,685</u>	<u>\$ 116,282,870</u>	<u>\$ 119,030,612</u>	<u>\$ 124,603,106</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 4,567,895	\$ 2,799,293	\$ 3,391,804	\$ 3,686,663
Intergovernmental	-	-	-	-
Public safety	22,940,011	22,433,260	22,518,416	22,890,241
Public works	8,240,683	12,543,772	13,295,177	7,129,157
Community services	9,187,647	9,748,394	9,008,291	8,457,255
Community development	5,867,904	5,516,373	5,675,859	4,632,329
Interest on long-term debt	1,087,697	1,265,049	1,663,267	923,269
Total governmental activities expenses	<u>51,891,837</u>	<u>54,306,141</u>	<u>55,552,814</u>	<u>47,718,914</u>
Business-type activities:				
Water	9,616,279	10,274,385	10,171,235	10,111,046
Sewer	1,321,849	1,523,707	1,591,981	1,664,713
Housing Authority	1,715,950	1,671,488	2,093,743	3,035,323
Other business activities	6,131,357	6,274,848	5,315,794	4,189,973
Total business-type activities expenses	<u>18,785,435</u>	<u>19,744,428</u>	<u>19,172,753</u>	<u>19,001,055</u>
Total primary government expenses	<u>\$ 70,677,272</u>	<u>\$ 74,050,569</u>	<u>\$ 74,725,567</u>	<u>\$ 66,719,969</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 7,183	\$ 428,161	\$ 102,225	\$ 100,150
Public safety	2,801,704	3,359,502	3,234,734	2,998,253
Public works	-	-	-	-
Community services	1,192,031	1,445,127	1,144,869	823,340
Community development	1,006,964	929,396	1,057,923	869,115
Operating grants and contributions	7,944,392	10,219,344	9,645,109	9,278,565
Capital grants and contributions	6,831,889	9,314,080	13,545,193	3,578,616
Total governmental activities program revenues	<u>19,784,163</u>	<u>25,695,610</u>	<u>28,730,053</u>	<u>17,648,039</u>
Business-type activities:				
Charges for services:				
Water	9,889,342	10,759,475	11,423,986	11,043,029
Sewer	1,124,764	1,346,611	1,450,422	1,509,749
Housing authority	2,097,380	2,129,124	1,247,111	1,582,853
Other business -type activities	6,040,726	6,071,837	6,231,787	6,278,645
Total business-type activities program revenues	<u>19,152,212</u>	<u>20,307,047</u>	<u>20,353,306</u>	<u>20,414,276</u>
Total primary government program revenues	<u>\$ 38,936,375</u>	<u>\$ 46,002,657</u>	<u>\$ 49,083,359</u>	<u>\$ 38,062,315</u>
Net (expense)/revenue:				
Governmental activities	\$(32,107,674)	\$(28,610,531)	\$ (26,822,761)	\$ (30,070,875)
Business-type activities	366,777	562,619	1,180,553	1,413,221
Total primary government net expense	<u>\$(31,740,897)</u>	<u>\$(28,047,912)</u>	<u>\$ (25,642,208)</u>	<u>\$ (28,657,654)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 3,461,904	\$ 4,017,045	\$ 3,045,640	\$ 5,390,669	\$ 3,671,388	\$ 5,461,015
-	-	-	-	-	-
23,605,899	24,505,359	25,574,530	27,410,251	30,195,115	31,295,032
7,172,065	7,430,857	10,181,891	9,246,671	11,002,512	10,295,016
9,165,755	9,459,747	10,086,222	10,290,567	10,591,475	10,694,274
4,034,985	4,592,489	2,228,511	1,968,081	3,064,649	2,698,772
266,069	206,922	251,344	330,196	281,018	229,533
<u>47,706,677</u>	<u>50,212,419</u>	<u>51,368,138</u>	<u>54,636,435</u>	<u>58,806,157</u>	<u>60,673,642</u>
10,699,804	12,095,302	12,132,398	12,120,429	12,946,131	14,829,319
2,012,774	1,927,963	1,908,300	1,934,381	2,107,071	2,381,245
3,049,222	1,629,058	1,594,723	1,737,015	1,491,686	1,631,963
<u>4,201,456</u>	<u>5,997,886</u>	<u>6,632,638</u>	<u>6,322,831</u>	<u>6,341,002</u>	<u>6,527,533</u>
<u>19,963,256</u>	<u>21,650,209</u>	<u>22,268,059</u>	<u>22,114,656</u>	<u>22,885,890</u>	<u>25,370,060</u>
<u>\$ 67,669,933</u>	<u>\$ 71,862,628</u>	<u>\$ 73,636,197</u>	<u>\$ 76,751,091</u>	<u>\$ 81,692,047</u>	<u>\$ 86,043,702</u>
\$ 100,360	\$ 105,934	\$ 431,447	\$ 535,708	\$ 549,270	\$ 512,442
3,071,009	3,242,072	3,180,715	3,354,565	3,351,086	3,390,223
-	-	-	2,899,926	203,981	1,250,526
1,078,848	1,234,637	1,016,705	1,011,325	1,035,577	1,043,879
1,335,841	1,148,627	917,062	1,796,341	1,987,112	2,866,742
9,099,096	8,027,156	8,691,442	8,308,818	9,957,548	7,961,383
<u>3,163,745</u>	<u>4,556,286</u>	<u>3,426,786</u>	<u>4,423,311</u>	<u>2,644,726</u>	<u>6,206,726</u>
<u>17,848,899</u>	<u>18,314,712</u>	<u>17,664,157</u>	<u>22,329,994</u>	<u>19,729,300</u>	<u>23,231,921</u>
13,045,637	13,673,720	13,398,340	12,209,656	13,035,748	14,402,538
1,541,770	1,622,818	1,627,871	1,628,705	1,803,519	1,955,880
1,584,262	1,577,921	1,602,845	1,645,982	1,281,830	1,277,656
<u>6,250,703</u>	<u>6,360,631</u>	<u>6,385,815</u>	<u>7,283,219</u>	<u>7,279,389</u>	<u>7,349,063</u>
<u>22,422,372</u>	<u>23,235,090</u>	<u>23,014,871</u>	<u>22,767,562</u>	<u>23,400,486</u>	<u>24,985,137</u>
<u>\$ 40,271,271</u>	<u>\$ 41,549,802</u>	<u>\$ 40,679,028</u>	<u>\$ 45,097,556</u>	<u>\$ 43,129,786</u>	<u>\$ 48,217,058</u>
\$ (29,857,778)	\$ (31,897,707)	\$ (33,703,981)	\$ (32,306,441)	\$ (39,076,857)	\$ (37,441,721)
2,459,116	1,584,881	746,812	652,906	514,596	(384,923)
<u>\$ (27,398,662)</u>	<u>\$ (30,312,826)</u>	<u>\$ (32,957,169)</u>	<u>\$ (31,653,535)</u>	<u>\$ (38,562,261)</u>	<u>\$ (37,826,644)</u>

(Continued)

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities:				
Taxes:				
Property taxes	\$ 16,153,525	\$ 15,575,910	\$ 15,512,868	\$ 14,175,467
Sales and use taxes	8,900,156	7,669,656	8,116,354	8,490,350
Transaction and use taxes	888,150	3,572,975	3,882,815	4,215,209
Franchise tax	1,451,228	1,492,703	1,534,468	1,561,518
Grants and contributions not restricted to specific programs	492,053	453,076	580,840	316,262
Income from property and investments	2,808,384	2,962,495	3,280,649	3,175,312
Gain on sale of capital assets	-	-	-	-
Other general revenues	1,294,471	577,174	1,169,235	1,123,908
Extraordinary gain (loss)	-	-	-	8,194,111
Special item	-	-	-	-
Transfers	(20,000)	3,237	14,973	557,409
Total governmental activities	<u>31,967,967</u>	<u>32,307,226</u>	<u>34,092,202</u>	<u>41,809,546</u>
Business-type activities:				
Income from property and investments	1,016,045	552,883	386,167	273,456
Other general revenues	-	-	132,276	366,303
Transfers	20,000	(3,237)	(14,973)	(557,409)
Total business-type activities	<u>1,036,045</u>	<u>549,646</u>	<u>503,470</u>	<u>82,350</u>
Total primary government	<u>\$ 33,004,012</u>	<u>\$ 32,856,872</u>	<u>\$ 34,595,672</u>	<u>\$ 41,891,896</u>
Change in Net Position				
Governmental activities	\$ (139,707)	\$ 3,696,695	\$ 7,269,441	\$ 11,738,671
Business-type activities	<u>1,402,822</u>	<u>1,112,265</u>	<u>1,684,023</u>	<u>1,495,571</u>
Total primary government	<u>\$ 1,263,115</u>	<u>\$ 4,808,960</u>	<u>\$ 8,953,464</u>	<u>\$ 13,234,242</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 13,333,682	\$ 13,235,491	\$ 14,389,424	\$ 14,996,789	\$ 16,117,190	\$ 16,538,652
9,033,667	9,593,316	9,639,019	10,997,991	9,837,648	10,730,853
4,430,751	4,701,077	4,933,170	5,040,708	5,075,039	5,629,841
1,580,176	1,607,535	1,679,113	1,653,002	1,650,001	1,784,852
325,718	84,906	58,365	84,051	85,223	88,300
2,790,519	2,664,660	2,808,233	3,042,625	2,641,722	2,534,264
-	-	-	-	-	4,673,891
1,253,294	1,094,588	1,495,060	1,340,148	1,655,926	1,222,994
-	(1,224,331)	(257,567)	-	-	-
-	-	-	-	6,416,232	-
51,592	249,824	60,000	126,177	145,000	125,000
<u>32,799,399</u>	<u>32,007,066</u>	<u>34,804,817</u>	<u>37,281,491</u>	<u>43,623,981</u>	<u>43,328,647</u>
30,416	152,270	127,071	220,785	48,994	42,594
366,303	398,879	339,689	306,565	341,028	152,897
(51,592)	(249,824)	(60,000)	(126,177)	(145,000)	(125,000)
<u>345,127</u>	<u>301,325</u>	<u>406,760</u>	<u>401,173</u>	<u>245,022</u>	<u>70,491</u>
<u>\$ 33,144,526</u>	<u>\$ 32,308,391</u>	<u>\$ 35,211,577</u>	<u>\$ 37,682,664</u>	<u>\$ 43,869,003</u>	<u>\$ 43,399,138</u>
\$ 2,941,621	\$ 109,359	\$ 1,100,836	\$ 4,975,050	\$ 4,547,124	\$ 5,886,926
2,804,243	1,886,206	1,153,572	1,054,079	759,618	(314,432)
<u>\$ 5,745,864</u>	<u>\$ 1,995,565</u>	<u>\$ 2,254,408</u>	<u>\$ 6,029,129</u>	<u>\$ 5,306,742</u>	<u>\$ 5,572,494</u>

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

	Fiscal Year			
	2009	2010	2011 ⁽¹⁾	2012
General fund				
Reserved	\$ 10,105,173	\$ 9,321,926	\$ -	\$ -
Unreserved	3,067,881	3,792,796	-	-
Nonspendable	-	-	9,270,571	9,191,664
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	4,604,127	5,308,531
Total general fund	<u>\$ 13,173,054</u>	<u>\$ 13,114,722</u>	<u>\$ 13,874,698</u>	<u>\$ 14,500,195</u>
All other governmental funds				
Reserved	\$ 11,841,774	\$ 7,105,637	\$ -	\$ -
Unreserved undesignated, reported in:			-	-
Special revenue funds	(10,520,112)	(9,312,632)	-	-
Capital projects funds	3,272,567	2,353,870	-	-
Nonspendable	-	-	619,271	5,454
Restricted	-	-	15,814,036	13,204,678
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,594,229</u>	<u>\$ 146,875</u>	<u>\$ 4,526,732</u>	<u>\$ 13,210,132</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					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,716,824	8,159,022	8,169,482	7,406,791	6,311,389	5,214,884
-	-	-	418,195	269,912	327,386
-	-	-	-	-	1,100,000
5,732,904	6,265,883	6,333,144	984,505	2,197,789	6,258,051
<u>\$ 14,449,728</u>	<u>\$ 14,424,905</u>	<u>\$ 14,502,626</u>	<u>\$ 8,809,491</u>	<u>\$ 8,779,090</u>	<u>\$ 12,900,321</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	9,000	-	-
9,768,600	7,598,774	8,934,777	12,848,248	14,955,457	12,507,938
4,658,192	5,856,196	7,259,633	6,608,111	689,121	4,121,516
<u>\$ 14,426,792</u>	<u>\$ 13,454,970</u>	<u>\$ 16,194,410</u>	<u>\$ 19,465,359</u>	<u>\$ 15,644,578</u>	<u>\$ 16,629,454</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Property taxes and special assessments	\$ 16,153,525	\$ 15,575,909	\$ 15,512,868	\$ 14,175,467
Sales and use tax	8,900,156	7,599,507	8,100,193	8,470,140
Utility users tax	-	-	-	-
Franchise tax	-	-	1,539,147	1,560,043
Transaction and use tax	888,150	3,321,233	4,009,945	4,217,599
Intergovernmental	15,173,403	20,044,668	24,638,521	13,231,750
Licenses and permits	2,289,291	2,377,893	831,524	983,459
Charges for services	4,017,259	4,173,764	4,750,030	4,097,698
Fines, forfeitures and penalties	1,019,890	1,079,904	933,279	818,988
Use of money and property	2,751,588	2,519,807	3,781,727	2,336,069
Other revenues	-	-	-	-
Total revenue	<u>51,193,262</u>	<u>56,692,685</u>	<u>64,097,234</u>	<u>49,891,213</u>
Expenditures				
General government	3,054,085	2,669,815	2,637,466	2,670,225
Intergovernmental	2,949	-	-	-
Public safety	22,606,775	22,085,922	22,124,819	22,681,590
Public works	5,762,012	9,892,445	10,442,627	3,922,907
Community services	8,889,298	9,460,145	8,712,935	8,097,168
Community development	5,847,794	4,606,713	5,471,205	4,608,275
Intergovernmental - SERAF payment	-	892,557	183,762	-
Capital outlay	10,281,332	8,309,750	6,176,601	2,717,895
Debt service:				
Principal	430,552	452,158	608,560	703,163
Interest expense	891,714	1,082,957	1,456,522	858,818
Total expenditures	<u>57,766,511</u>	<u>59,452,462</u>	<u>57,814,497</u>	<u>46,260,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,573,249)</u>	<u>(2,759,777)</u>	<u>6,282,737</u>	<u>3,631,172</u>
Other financing sources (uses)				
Issuance of debt	-	-	1,450,000	-
Proceeds from debt	-	-	-	-
Proceeds from sale of property	790,000	-	-	-
Transfers in	2,331,551	3,813,715	6,029,430	3,499,171
Transfers out	<u>(2,455,552)</u>	<u>(3,876,746)</u>	<u>(7,104,090)</u>	<u>(4,111,485)</u>
Total other financing sources (uses)	<u>665,999</u>	<u>(63,031)</u>	<u>375,340</u>	<u>(612,314)</u>
Special item	-	-	-	-
Extraordinary gain (loss)	-	-	-	6,290,039
Net change in fund balances	<u>\$ (5,907,250)</u>	<u>\$ (2,822,808)</u>	<u>\$ 6,658,077</u>	<u>\$ 9,308,897</u>
Debt service as a percentage of noncapital expenditures	2.71%	3.04%	4.00%	3.59%

Source: Finance Office, City of La Habra

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	13,333,682	\$	13,235,491	\$	14,389,424	\$	14,996,789	\$	16,117,190	\$	16,538,652
	9,095,047		9,491,508		9,654,374		10,690,774		10,235,873		10,234,115
	-		-		-		-		-		-
	1,581,719		1,592,572		1,660,284		1,662,712		1,680,204		1,775,865
	4,496,894		4,567,116		5,037,656		4,994,922		5,063,240		5,381,995
	12,519,619		12,678,220		12,176,593		12,816,180		11,994,355		14,281,399
	1,328,317		1,223,155		914,722		4,394,608		1,553,900		3,140,795
	4,783,686		4,533,679		4,862,176		5,275,163		5,296,267		5,718,793
	721,905		1,030,240		986,820		1,133,348		1,140,276		938,095
	2,472,141		2,308,528		2,131,932		2,603,900		2,246,883		3,152,638
	-		-		273,181		125,172		194,236		423,269
	50,333,010		50,660,509		52,087,162		58,693,568		55,522,424		61,585,616
	2,768,190		2,959,220		2,774,950		2,923,628		3,196,147		3,009,121
	-		-		-		-		-		-
	23,221,242		24,094,326		24,757,974		26,535,529		27,512,220		27,739,273
	4,077,979		4,211,341		6,138,461		5,955,786		7,034,702		6,276,417
	8,786,491		9,086,497		9,684,484		9,863,500		10,150,275		9,798,354
	4,008,453		4,531,709		2,199,199		2,050,109		2,921,703		2,427,694
	-		-		-		-		-		-
	4,710,527		5,353,232		2,258,563		13,851,464		14,994,359		11,729,060
	216,011		230,425		245,632		261,639		278,585		296,419
	80,618		71,003		60,738		69,753		68,076		51,933
	47,869,511		50,537,753		48,120,001		61,511,408		66,156,067		61,328,271
	2,463,499		122,756		3,967,161		(2,817,840)		(10,633,643)		257,345
	-		-		-		-		-		-
	-		-		-		-		-		1,430,097
	2,694		-		-		2,620		741,229		5,593,665
	3,315,381		1,814,128		2,148,984		11,100,887		6,056,274		3,981,698
	(4,615,381)		(2,933,529)		(3,298,984)		(11,317,131)		(6,431,274)		(6,156,698)
	(1,297,306)		(1,119,401)		(1,150,000)		(213,624)		366,229		4,848,762
	-		-		-		-		6,416,232		-
	-		-		-		-		-		-
\$	1,166,193	\$	(996,645)	\$	2,817,161	\$	(3,031,464)	\$	(3,851,182)	\$	5,106,107
	0.69%		0.67%		0.66%		0.70%		0.66%		0.70%



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
2009	\$ 3,700,917,522	\$ 607,254,122	\$ 299,147,783	\$ 266,515,101	\$4,873,834,528	0.21524%
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	0.16583%
2016	4,319,968,637	794,519,583	348,523,897	195,503,449	5,658,515,566	0.16609%
2017	4,543,905,197	802,823,767	368,807,143	218,620,990	5,934,157,097	0.16613%
2018	4,822,489,859	829,028,826	401,127,466	190,801,878	6,243,448,029	0.16611%

(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			
	2009	2010	2011	2012
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	0.04860	0.05359	0.05647	0.05362
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370
Total Direct & Overlapping ¹ Tax Rate	<u>1.05290</u>	<u>1.05789</u>	<u>1.06017</u>	<u>1.05732</u>
Total Direct Rate ²	<u>0.21524</u>	<u>0.22193</u>	<u>0.22228</u>	<u>0.22158</u>

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

¹ Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

² Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Fiscal Year					
2013	2014	2015	2016	2017	2018
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.06125	0.05885	0.05654	0.06821	0.08423	0.08979
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
1.06475	1.06235	1.06004	1.07171	1.08773	1.09329
0.21919	0.16576	0.16583	0.16609	0.16613	0.16611

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

Taxpayer	2018		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CVS Pharmacy Inc	\$ 122,894,985	1.97%	\$ -	0.00%
La Habra Associates LLC	96,629,989	1.55%	-	0.00%
La Habra Westridge Partnership LP	66,789,368	1.07%	-	0.00%
Fairfield 951 Beach LLC	52,973,957	0.85%	-	0.00%
Bex Portfolio Inc	48,230,088	0.77%	-	0.00%
Carefree Communities CA LLC	38,848,021	0.62%	-	0.00%
Ralphs Grocery Company	30,459,812	0.49%	-	0.00%
Bank First Security of Utah Trust	30,044,181	0.48%	-	0.00%
Essex Hillborough Park LP	27,531,055	0.44%	-	0.00%
Costco Wholesale Corporation	26,819,965	0.43%	-	0.00%
La Habra Associates LLC	-	0.00%	84,852,178	1.74%
CVS Pharmacy Inc	-	0.00%	65,535,000	1.34%
La Habra Westridge Partnership LP	-	0.00%	59,017,602	1.21%
Ralphs Grocery Company	-	0.00%	28,753,026	0.59%
Costco Wholesale Corporation	-	0.00%	27,505,465	0.56%
Essex Portfolio	-	0.00%	24,187,646	0.50%
Peace Relatice LLC	-	0.00%	21,000,000	0.43%
New Albertsons Inc	-	0.00%	20,148,382	0.41%
Westridge Golf Club Inc	-	0.00%	18,631,559	0.38%
Clipperton Partners Lowes Hiw INC	-	0.00%	18,443,637	0.38%
Top Ten Assessed Value	\$ 541,221,421	8.67%	\$ 368,074,495	7.55%
Total Assessed Value	<u>\$ 6,243,448,029</u>		<u>\$ 4,873,834,528</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 Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	Percent of Levy		Amount	Percent of Levy
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	8,030,762	96.36%	8,127	8,038,889	96.45%
2014	8,685,217	8,536,194	98.28%	9,463	8,545,657	98.39%
2015	9,045,671	8,753,150	96.77%	12,586	8,765,736	96.91%
2016	9,764,530	9,603,338	98.35%	12,836	9,616,174	98.48%
2017	10,221,070	9,906,814	96.93%	65,013	9,971,827	97.56%
2018	10,701,740	10,415,669	97.33%	70,396	10,486,065	97.98%

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
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	3,073,791	-	-	286,780	342,831	590,979
2016	2,751,051	-	-	230,552	249,642	6,078,757
2017	2,413,311	-	-	171,594	152,704	5,956,068
2018	2,060,571	-	-	109,774	51,899	1,652,371

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	Total			
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	14,792,948	40,352,412	55,145,360	59,993,113	4.13%	972	
2015	4,294,381	14,502,389	39,571,957	54,074,346	58,368,727	3.89%	946	
2016	9,310,002	14,206,831	38,781,502	52,988,333	62,298,335	3.96%	1,004	
2017	8,693,677	13,901,272	37,966,047	51,867,319	60,560,996	3.66%	975	
2018	3,874,615	13,585,713	37,125,592	50,711,305	54,585,920	3.24%	869	

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		
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	-	-	-	-
2016	n/a	-	-	-	-
2017	n/a	-	-	-	-
2018	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, 2018

2017-18 Assessed Valuation		\$ 6,238,670,278	
Redevelopment Incremental Valuation		-	
Adjusted Assessed Valuation		<u>\$ 6,238,670,278</u>	
	%age	Outstanding Debt	Estimated
	<u>Applicable (1)</u>	<u>June 30, 2018</u>	<u>Share of</u>
			<u>Overlapping Debt</u>
			<u>June 30, 2018</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.227%	\$ 60,600,000	\$ 137,562
North Orange County Joint Community College District	5.017%	206,054,001	10,337,729
Fullerton Joint Union High School District	18.668%	169,665,000	31,673,062
La Habra City School District	81.622%	20,931,272	17,084,523
City of La Habra Community Facilities District No. 1990-1	100.000%	505,000	505,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 59,737,876</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.119%	\$ 210,347,000	\$ 2,353,783
Orange County Pension Obligations	1.119%	383,564,389	4,292,086
Orange County Board of Education Certificates of Participation	1.119%	13,990,000	156,548
North Orange County Regional Occupation Program Certificate of Participation	5.166%	9,610,000	496,453
Fullerton Joint Union High School District Certificates of Participation	18.668%	19,295,000	3,601,991
City of La Habra Energy Loan Agreement	100.000%	51,899	51,899
City of La Habra Energy Lease Agreement	100.000%	222,274	222,274
City of La Habra Motorola Capital Lease Agreement	100.000%	1,430,097	1,430,097
City of La Habra Note Payable	100.000%	109,774	109,774
City of La Habra Certificate of Participation	100.000%	2,060,571	2,060,571
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 14,775,476</u>
<u>OVERLAPPING TAX INCREMTN DEBT (Successor Agency):</u>	100.000%	\$ 4,430,000	<u>\$ 4,430,000</u>
TOTAL DIRECT DEBT			<u>\$ 3,874,615</u>
TOTAL OVERLAPPING DEBT			<u>\$ 75,068,737</u>
COMBINED TOTAL DEBT (2)		<u>\$ 1,102,866,277</u>	<u>\$ 78,943,352</u>

- (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 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.96%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$ 3,500,097).....0.06%

Combined Total Debt.....1.26%

Ratios to Redevelopment Incremental Valuation (\$487,637,626):

Total Overlapping Tax Increment Debt..... 0.91%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2009	2010	2011	2012
Total Assessed Value of all Real and Personal Property	\$ 4,876,737,977	\$4,708,919,643	\$4,700,690,212	\$4,792,478,144
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	731,510,697	706,337,946	705,103,532	718,871,722
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 731,510,697</u>	<u>\$ 706,337,946</u>	<u>\$ 705,103,532</u>	<u>\$ 718,871,722</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					
2013	2014	2015	2016	2017	2018
\$4,857,042,662	\$4,979,748,482	\$5,318,494,761	\$5,658,515,566	\$5,934,157,097	\$6,243,448,029
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
728,556,399	746,962,272	797,774,214	848,777,335	890,123,565	936,517,204
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 728,556,399</u>	<u>\$ 746,962,272</u>	<u>\$ 797,774,214</u>	<u>\$ 848,777,335</u>	<u>\$ 890,123,565</u>	<u>\$ 936,517,204</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	
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
2016	12,248,305	7,653,816	4,594,489	745,000	2,137,630	1.59
2017	13,070,618	8,520,169	4,550,449	770,000	2,114,117	1.58
2018	14,438,168	10,458,292	3,979,876	795,000	2,085,880	1.38

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	
\$ 2,615,717	\$ 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
2,792,492	1,224,794	1,567,698	305,000	716,019	1.54
2,841,649	1,243,808	1,597,841	315,000	707,481	1.56
2,839,602	1,204,925	1,634,677	325,000	697,272	1.60

(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	
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	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-

(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	
\$ 279,876	\$ 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>
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%
2015	62,064	1,573,133	25,346	5.1%
2016	62,084	1,656,119	26,675	4.6%
2017	62,850	1,682,816	26,775	5.2%

Source: HdL Coren & Cone

CITY OF LA HABRA, CALIFORNIA
Principal Employers
Current Year and Nine Years Ago

Employer	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	864	9.23%	1,056	3.69%
Wal-Mart/Sams Stores Inc.	778	8.31%	492	1.72%
The Gary Center	673	7.19%	N/A	
City of La Habra	388	4.15%	435	1.52%
Costco	293	3.13%	249	0.87%
Northgate Market	224	2.39%	N/A	
Home Depot	177	1.89%	140	0.49%
Target Stores	162	1.73%	254	0.89%
Payne's Janitorial Services	140	1.50%	N/A	
Lowe's Home Centers Inc.	131	1.40%	129	0.45%
Kohl's Department Stores Inc.			150	0.52%
VIP Rubber Company Inc.			118	0.41%
The Kroger Co./La Habra Bakery			242	0.85%

"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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Manager	4.50	3.50	3.75	3.75	3.75	4.75	2.59	2.59	2.59	2.59
City Clerk	3.00	3.00	3.00	2.53	2.75	2.75	4.90	4.31	4.41	4.41
Community Development	22.29	30.37	28.84	30.70	32.85	21.76	21.19	23.03	19.93	20.61
Community Services	107.52	104.21	99.25	94.50	101.67	103.23	111.39	118.12	122.95	89.45
Finance/Administrative Services	20.12	21.07	21.82	22.45	23.82	23.04	23.08	22.54	22.74	23.74
Police	124.21	124.96	120.68	121.76	119.21	120.44	124.16	123.52	125.05	124.78
Public Works	66.87	59.31	54.24	54.50	45.22	65.34	69.58	69.80	70.31	72.03
Children's Museum	<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>	<u>8.73</u>	<u>8.73</u>	<u>11.36</u>
Total	<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>	<u>372.64</u>	<u>376.71</u>	<u>348.97</u>

Source: City of La Habra, Finance Department

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Arrests	2,472	2,438	2,087	2,285	2,238	2,039	2,015	2,141	2,134	N/A (1)
Crime Reports	8,363	7,932	7,786	6,909	6,465	6,334	6,261	6,948	6,933	N/A (1)
Moving citations issued	10,801	8,771	7,683	5,070	5,859	7,845	6,439	6,569	6,767	N/A (1)
Parking citations issued	16,386	14,617	10,546	8,389	10,452	11,644	12,979	16,756	16,405	N/A (1)
Fire										
Number of emergency calls	3,581	3,814	3,418	3,527	3,549	3,697	3,984	4,309	4,259	4,305
Public Works										
Street resurfacing (miles)	6	7	9	11	11	8	-	-	-	3
Community development										
Building Permits Issued	1,614	1,866	1,747	1,786	1,818	1,818	1,871	2,593	1,878	2,125
Building Inspections	3,424	3,242	3,922	3,422	3,170	3,170	3,200	4,260	3,843	4,116
Building Plan Checks	191	175	176	166	191	191	351	453	382	360
Parks and recreation:										
Number of Parks	24	24	24	24	25	25	25	25	25	25
Park Acreage	133.66	133.66	133.66	133.66	134.37	134.37	134.37	134.37	134.37	134.37
Municipal Water Department										
Number of Accounts	12,569	12,638	12,656	12,614	12,620	13,100	13,121	13,131	13,137	13,279
Average daily consumption (thousands of gallons)	7,825	7,268	7,108	7,435	8,092	8,257	7,978	6,688	6,864	7,604

(1) Information is not available due to the system upgrade.

Source: City of La Habra, Finance Department

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets (miles)	108	108	108	108	108	108	108	108	108	113
Streetlights	2,635	2,635	2,510	2,537	2,540	2,523	2,527	2,529	2,531	2,642
Traffic signals	34	34	34	34	34	35	35	35	35	35
Parks and recreation:										
Parks	24	24	24	24	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	130	130	130	130	130	158	158	158	158	158
Sewer										
Sanitary sewers (miles)	108	108	108	108	108	126	126	126	126	126

Source: City of La Habra, Finance Department

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Services										
Residential	11,475	11,549	11,565	11,519	11,530	12,012	12,032	\$ 12,055	\$ 12,053	\$ 12,162
Commercial/Industrial	830	827	824	817	812	807	807	791	795	812
Schools/Other	264	262	267	278	278	281	282	285	289	305
Total	<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>	<u>\$ 13,131</u>	<u>\$ 13,137</u>	<u>\$ 13,279</u>

Source: City of La Habra

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

Adopted: 11/16/15
Effective: 01/01/16

Meter Size	2017		2018		
	Monthly Meter Charge	Water Consumption Charge	Monthly Meter Charge	Water Consumption Charge (Tier)	
5/8 inch	\$ 12.92	\$ 2.90	\$ 13.71	Residential	
3/4 inch	14.60	2.90	19.17	Tier 1: 0-8 ccf	\$ 2.16
1 inch	18.85	2.90	30.08	Tier 2: 9-16 ccf	\$ 3.59
1-1/2 inches	43.30	2.90	57.36	Tier 3: 16+ ccf	\$ 4.31
2 inches	75.07	2.90	90.10	Multi-Family	
3 inches	168.90	2.90	166.48	Uniform Tier	\$ 2.63
4 inches	298.94	2.90	275.60	Commercial	
6 inches	672.66	2.90	548.39	Uniform Tier	\$ 3.07
8 inches	759.01	2.90	875.75	Municipal	
				Uniform Tier	\$ 3.62
				Irrigation	
				Uniform Tier	\$ 4.18

Source: City of La Habra

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

Water Agency	FY 2017				FY 2018			
	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill
La Habra (Tiered Rate)	25	\$ 2.90	\$ 12.92	\$ 85.42	1-8	\$ 2.16	\$ 13.71	
La Habra (Tiered Rate)					9-16	3.59		
La Habra (Tiered Rate)					16-25	4.31		\$ 98.50
Brea (Tiered Rate)	1-10	3.31	13.48		1-10	3.59	15.93	
Brea (Tiered Rate)	11-20	4.35			11-20	4.69		
Brea (Tiered Rate)	21-25	5.77		118.93	21-25	6.18		129.63
Fullerton (Tiered Rate)	1-5	3.00	12.78		1-10	3.12	14.78	
Fullerton (Tiered Rate)	6-13	3.30			11-17	3.42		
Fullerton (Tiered Rate)	13-25	3.58		97.12	18-25	3.71		99.62
La Habra Heights (Lower Zone)	25	1.74	32.15	75.65	25	1.74	34.08	77.58
La Habra Heights (Higher Zone)	25	1.96	32.15	81.15	25	1.96	34.08	83.08
Suburban Water System	1-20	2.65	13.11		1-20	2.65	13.11	
Suburban Water System (La Mirada & Whittier)	5	2.93		80.76	5	2.93		80.76
Whittier (3/4 meter)	25	1.76	40.35	84.35	25	1.89	40.35	87.60

Source: City of La Habra

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

Customer	2017		2018	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	91,539	2.73%	98,731	2.66%
Cal Domestic	89,813	2.68%	98,094	2.64%
City of La Habra	79,785	2.38%	98,038	2.64%
La Habra School District	50,523	1.51%	50,739	1.37%
Tapestry	42,985	1.28%	39,043	1.05%
Westridge Community Association	30,936	0.92%	30,527	0.82%
Heritage HOA	29,543	0.88%	26,993	0.73%
Sunny Hills HOA	24,518	0.73%	25,875	0.70%
Brooklake Apartments	24,240	0.72%	22,405	0.60%
Whittier Christian High School	20,758	0.62%	21,691	0.58%
Total Consumption in 100 CCF		<u>3,349,508</u>		<u>3,710,337</u>

Source: City of La Habra