



# City of La Habra, California

## Annual Comprehensive Financial Report

Fiscal Year Ended  
June 30, 2021





**City of La Habra, California**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Year Ended June 30, 2021**



**Prepared by the Department of Finance and Administrative Services**

Melvin Shannon, Director of Finance



**CITY OF LA HABRA, CALIFORNIA**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2021**

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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

March 22, 2022

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

The Annual Comprehensive Financial Report of the City of La Habra (City) for the fiscal year ended June 30, 2021 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 2020-2021 ANNUAL COMPREHENSIVE 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 62,808) 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 20/21 was \$7,454,497,788, which is 4.85% more than FY 19/20. Based on data from the 2015-2019 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 except during the global recession in 2008 and 2009 when unemployment rates were higher than normal. Since the recession, the City's unemployment had been stable ranging between 4-6%. However, due to the COVID-19 pandemic and stay-at-home mandates in 2020, the unemployment rate jumped to 9.4% in December 2020.

## 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, 2021 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 schedule (combined schedule 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 unless otherwise noted in the notes to required supplementary information.

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, 2021 was \$19.4 million. Of this amount, \$2.0 million is considered non-spendable and unavailable for appropriation, \$3.1 million is considered restricted, and \$6.0 million is assigned for specific purposes. The remaining balance of \$8.3 million represented unassigned or available portion of fund balance.

*Long-Term Liabilities*

As of fiscal year ended June 30, 2021, the City had several outstanding debt issues and other long-term liabilities totaling \$160.4 million (excluding deferred gain/loss on refunding), including:

- \$3.8 million in tax allocation bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$12.8 million in certificates of participation
- \$33.5 million in water revenue bonds
- \$1.8 million in various notes, leases and loans
- \$4.7 million for claims payable
- \$5.4 million for compensated absences
- \$2.8 million for pollution remediation liability
- \$4.4 million for net OPEB liability
- \$91.2 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, 2021, the capital assets (net of depreciation) of the City’s governmental activities amounted to \$114.8 million. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available. Depreciation of capital assets is recognized in the City’s financial statements using the straight-line method based on the estimated useful life of an asset.

*Enterprise Operations*

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

Enterprise Operation	Net Position Beginning, as restated	Operating Revenues	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Position Ending
Water	\$ 25,431,978	\$ 18,504,454	\$ 15,332,102	\$ (1,224,027)	\$ 148,719	\$ 27,529,022
Sewer	6,048,838	2,727,785	2,611,350	6,044	(101,330)	6,069,987
Housing Authority	5,107,768	1,834,228	1,506,032	(582,589)	-	4,853,375
Refuse	4,233,705	4,330,080	4,391,924	(22,653)	(139,889)	4,009,319
Children's Museum	345,376	186,368	411,003	(2,384)	92,500	210,857
Mobile Home Lease	4,681,159	2,847,102	2,534,060	(5,861)	-	4,988,340
	\$ 45,848,824	\$ 30,430,017	\$ 26,786,471	\$ (1,831,470)	\$ -	\$ 47,660,900

## 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 U.S. Office of Management and Budget's Uniform Guidance, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*. 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, Clifton Larson Allen, 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.

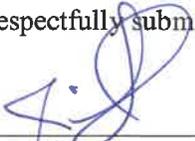
## ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive 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, Deputy Director of Finance Jack Ponvanit, Finance Manager Mary Ann Sy, Accounting Supervisor John Balderas, and Senior Accountant Zukie Chiu.

We wish to acknowledge the professional manner in which Clifton Larson Allen, LLP conducted the audit and express our appreciation for their assistance and expertise.

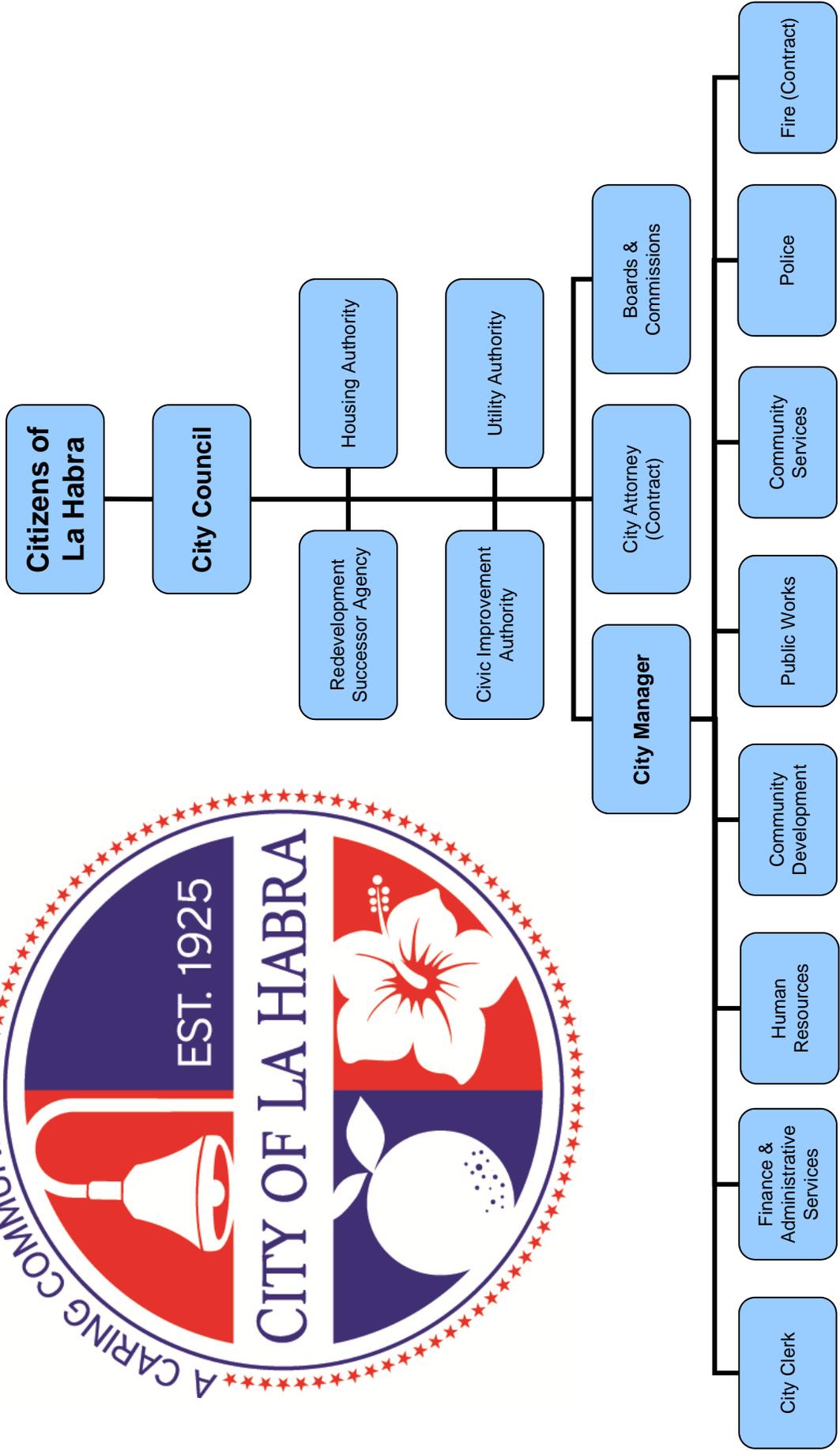
We also thank the City Council for their commitment and support in planning and conducting the financial operations of the City in a fiscally responsible manner.

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, 2021**

### **MEMBERS OF THE CITY COUNCIL**

Mayor Rose M. Espinoza  
Mayor Pro Jose Medrano  
Councilmember James Gomez  
Councilmember Tim Shaw  
Councilmember Steve Simonian

### **CITY MANAGER**

James D. Sadro

### **CITY ATTORNEY**

Richard Jones

### **CITY CLERK**

Laurie Swindell, CMC

### **DIRECTOR OF FINANCE**

Melvin Shannon

### **DIRECTOR OF HUMAN RESOURCES**

Elvie Balderrama

### **ACTING DIRECTOR OF COMMUNITY DEVELOPMENT**

Carlos Jaramillo

### **DIRECTOR OF COMMUNITY SERVICES**

Kelly Fujio

### **DIRECTOR OF PUBLIC WORKS**

Elias Saykali

### **CHIEF OF POLICE**

Adam Foster

### **ASSISTANT CHIEF OF FIRE**

William Mayfield  
(Los Angeles County Fire)



Government Finance Officers Association

Certificate of  
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Presented to

**City of La Habra  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

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, 2021, 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, 2021, 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**

During the fiscal year ended June 30, 2021, the City adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of this implementation of this standard, the City reported a restatement for change in accounting principle (see Note 1(d)(17)). Additionally, as discussed in Note 3(e), the City made other restatements to net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable City Council  
of the City of La Habra

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, 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 solely 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 effectiveness of the City's 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.



**CliftonLarsonAllen LLP**

Irvine, California  
March 22, 2022

## Management’s Discussion and Analysis

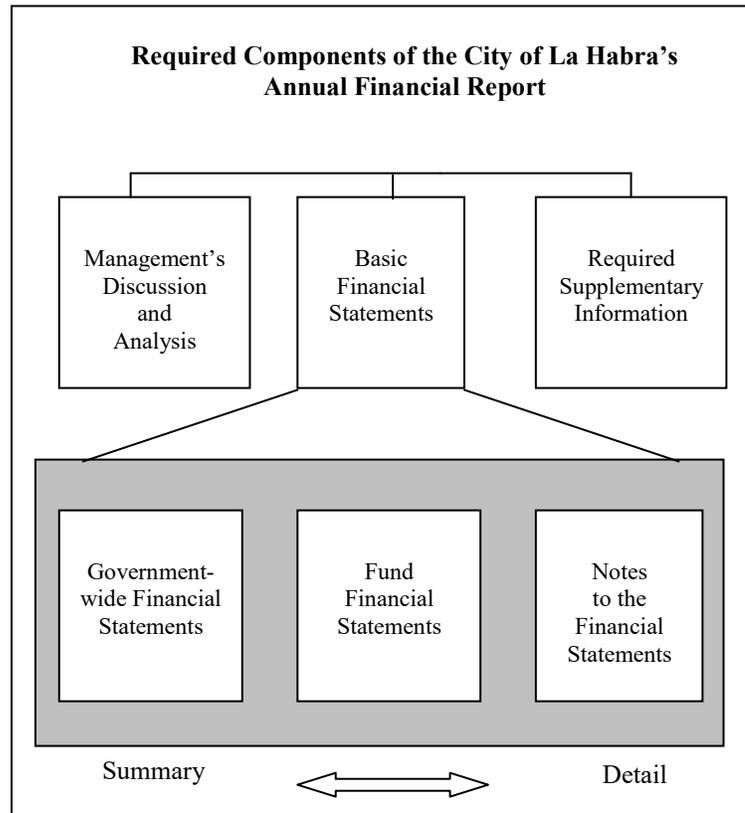
In an effort to provide insight and perspective to the City of La Habra’s (City) annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2021. The intent of this discussion is to assist the reader to better 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, and internal service 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 schedule 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*.
  - The City uses *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and refuse services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
  - The City uses *internal service funds* to report activities that provide 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, 2021, and 2020, respectively:

**TABLE 1  
STATEMENTS OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Change (\$)	Change (%)
	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20		
<b>Assets</b>								
Current and other assets	\$ 69,461,090	\$ 55,949,932	\$ 47,203,482	\$ 45,893,686	\$ 116,664,572	\$ 101,843,618	\$ 14,820,954	14.6%
Capital assets	114,827,084	113,522,754	54,767,716	56,090,620	169,594,800	169,613,374	(18,574)	0.0%
<b>Total Assets</b>	<b>184,288,174</b>	<b>169,472,686</b>	<b>101,971,198</b>	<b>101,984,306</b>	<b>286,259,372</b>	<b>271,456,992</b>	<b>14,802,380</b>	<b>5.5%</b>
<b>Deferred outflow of resources</b>	<b>16,292,390</b>	<b>14,056,087</b>	<b>3,393,992</b>	<b>2,656,581</b>	<b>19,686,382</b>	<b>16,712,668</b>	<b>2,973,714</b>	<b>17.8%</b>
<b>Liabilities</b>								
Current liabilities	17,809,846	9,413,217	5,103,299	4,510,990	22,913,145	13,924,207	8,988,938	64.6%
Noncurrent liabilities	98,891,693	93,399,960	52,557,852	53,815,185	151,449,545	147,215,145	4,234,400	2.9%
<b>Total Liabilities</b>	<b>116,701,539</b>	<b>102,813,177</b>	<b>57,661,151</b>	<b>58,326,175</b>	<b>174,362,690</b>	<b>161,139,352</b>	<b>13,223,338</b>	<b>8.2%</b>
<b>Deferred inflow of resources</b>	<b>2,448,976</b>	<b>4,239,138</b>	<b>43,139</b>	<b>151,291</b>	<b>2,492,115</b>	<b>4,390,429</b>	<b>(1,898,314)</b>	<b>-43.2%</b>
<b>Net position</b>								
Net investment in capital assets	112,489,017	110,949,024	23,680,076	23,818,741	136,169,093	134,767,765	1,401,328	1.0%
Restricted	19,789,252	16,437,287	806,301	859,248	20,595,553	17,296,535	3,299,018	19.1%
Unrestricted	(50,848,220)	(50,914,390)	23,174,523	21,485,432	(27,673,697)	(29,428,958)	1,755,261	-6.0%
<b>Total Net Position</b>	<b>\$ 81,430,049</b>	<b>\$ 76,471,921</b>	<b>\$ 47,660,900</b>	<b>\$ 46,163,421</b>	<b>\$ 129,090,949</b>	<b>\$ 122,635,342</b>	<b>\$ 6,455,607</b>	<b>5.3%</b>

### ***Assets and Deferred Outflow of Resources***

The City's *combined* assets of \$286.3 million as of June 30, 2021 comprised of \$116.7 million in current and other assets and \$169.6 million in capital assets. Deferred outflows of resources of \$19.7 million represented unamortized loss on refunding of debt, deferred amount from pension and OPEB. The majority of the balance was deferred amount from pension, which represented \$16.3 million of the balance.

### ***Liabilities and Deferred Inflow of Resources***

As of June 30, 2021, the City's ended the year with \$174.3 million in *combined* liabilities. Approximately 52.3% or \$91.2 million of the liability was net pension liability, and approximately 27.6% or \$48.1 million was bond and certificate of participation obligations. The remaining 20.1% or \$35.0 million was relating to various obligations such as leases payable, claims payable, net OPEB liability, compensated absences, etc. Deferred inflows of resources of \$2.5 million represented deferred amount from pension and OPEB. The majority of the balance was deferred amount from pension, which represented \$1.9 million of the balance.

### ***Net Investment in Capital Assets***

The City's *combined* net position for the fiscal year ended June 30, 2021, as shown above, was \$129.0 million. \$136.2 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***

\$20.6 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 increased by \$1.3 million primarily due to excess of revenues over expenditures in the State Gas Tax Special Revenue Fund.

### ***Unrestricted Net Position***

The unrestricted net position of the City's business-type activities totals \$23.2 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 \$50.8 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.

### ***Changes in Net Position***

The condensed summary of activities (Table 2) shows that the City's total net position increased by \$6.5 million during the year with Governmental Activities net position increase of \$4.7 million and the Business-type Activities net position increase of \$1.8 million.

Approximately 58.8% of the City's governmental revenue is generated through taxes collected (property, sales and use, transaction and use, and franchise), and approximately 99.8% of the City's business-type revenue is generated through charges for services.

**TABLE 2  
CHANGES IN NET POSITION**

	<b>Government Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 7,106,343	\$ 6,634,043	\$ 30,430,017	\$ 27,082,764	\$ 37,536,360	\$ 33,716,807
Operating Grants and Contributions	11,890,028	8,739,837	-	-	11,890,028	8,739,837
Capital Grants and Contributions	6,195,484	5,173,881	-	-	6,195,484	5,173,881
<b>General Revenues</b>						
Property Taxes	19,840,482	18,694,463	-	-	19,840,482	18,694,463
Sales and Use Taxes	12,900,404	11,329,538	-	-	12,900,404	11,329,538
Transaction and Use Taxes	6,739,488	5,749,127	-	-	6,739,488	5,749,127
Franchise Tax	2,018,080	1,978,057	-	-	2,018,080	1,978,057
Grants and Contributions not Restricted to Specific Programs	100,870	105,618	-	-	100,870	105,618
Income from Property and Investments	2,772,146	3,865,685	(4,255)	810,499	2,767,891	4,676,184
Other General Revenues	1,001,739	1,035,497	61,890	172,346	1,063,629	1,207,843
<b>Total Revenues</b>	<b>70,565,064</b>	<b>63,305,746</b>	<b>30,487,652</b>	<b>28,065,609</b>	<b>101,052,716</b>	<b>91,371,355</b>
<b>Expenses</b>						
General Government	4,287,183	4,828,271	-	-	4,287,183	4,828,271
Public Safety	36,216,287	37,142,231	-	-	36,216,287	37,142,231
Public Works	9,607,658	9,817,418	-	-	9,607,658	9,817,418
Community Services	12,471,250	10,876,760	-	-	12,471,250	10,876,760
Community Development	3,182,218	3,224,295	-	-	3,182,218	3,224,295
Interest on Long-Term	156,937	187,615	-	-	156,937	187,615
Water	-	-	16,849,337	15,479,110	16,849,337	15,479,110
Sewer	-	-	2,611,350	2,444,214	2,611,350	2,444,214
Refuse	-	-	4,391,924	4,203,960	4,391,924	4,203,960
Housing Authority	-	-	1,877,902	1,578,646	1,877,902	1,578,646
Children's Museum	-	-	411,003	659,937	411,003	659,937
Mobile Home Lease	-	-	2,534,060	2,714,682	2,534,060	2,714,682
<b>Total Expenses</b>	<b>65,921,533</b>	<b>66,076,590</b>	<b>28,675,576</b>	<b>27,080,549</b>	<b>94,597,109</b>	<b>93,157,139</b>
Excess (deficiency) before Transfers	4,643,531	(2,770,844)	1,812,076	985,060	6,455,607	(1,785,784)
Transfers	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>4,643,531</b>	<b>(2,770,844)</b>	<b>1,812,076</b>	<b>985,060</b>	<b>6,455,607</b>	<b>(1,785,784)</b>
<b>Net Position - Beginning of Year, as Previously Reported</b>	<b>76,471,921</b>	<b>79,242,765</b>	<b>46,163,421</b>	<b>45,178,361</b>	<b>122,635,342</b>	<b>124,421,126</b>
Prior period adjustment	314,597	-	(314,597)	-	-	-
<b>Net Position - Beginning of Year, as Restated</b>	<b>76,786,518</b>	<b>79,242,765</b>	<b>45,848,824</b>	<b>45,178,361</b>	<b>122,635,342</b>	<b>124,421,126</b>
<b>Net Position - End of year</b>	<b>\$ 81,430,049</b>	<b>\$ 76,471,921</b>	<b>\$47,660,900</b>	<b>\$46,163,421</b>	<b>\$129,090,949</b>	<b>\$122,635,342</b>

## Governmental Activities

The increase in net position for *governmental* activities was \$4.7 million, caused as a result of total revenues for *governmental* activities of \$70.6 million being offset by \$65.9 million in total costs for *governmental* activities.

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 \$5.7 million compared to prior year.
- Operating Grants and Contributions increased by \$3.1 million due mainly to the Workforce Investment Act program expansion.
- Charges for Services increased by \$0.5 million due to some of the governmental programs being restored after COVID-19 Stay-At-Home order being lifted.

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.

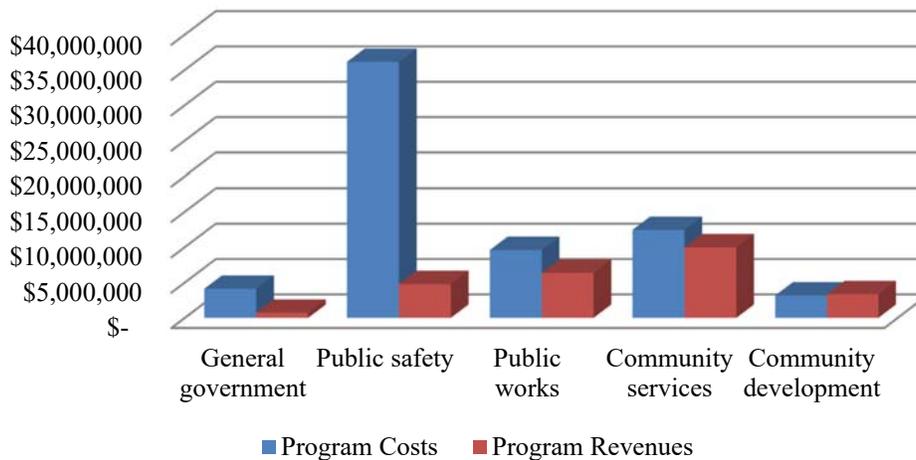
Community Services is comprised of six divisions (Building Maintenance, Child Development, Children's Museum, Employment and Training, Recreation, and Senior and Social Services) providing various programs, services, and special events for the citizens

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 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20
General government	\$ 4,287,183	\$ 4,828,271	\$ 717,288	\$ 602,490	\$ 3,569,895	\$ 4,225,781
Public safety	36,216,287	37,142,231	4,775,445	4,184,425	31,440,842	32,957,806
Public works	9,607,658	9,817,418	6,385,568	5,469,132	3,222,090	4,348,286
Community services	12,471,250	10,876,760	9,965,524	7,223,562	2,505,726	3,653,198
Community development	3,182,218	3,224,295	3,348,030	3,068,152	(165,812)	156,143
<b>Totals</b>	<b>\$ 65,764,596</b>	<b>\$ 65,888,975</b>	<b>\$ 25,191,855</b>	<b>\$ 20,547,761</b>	<b>\$ 40,572,741</b>	<b>\$ 45,341,214</b>

### Program Costs VS Program Revenues Governmental Activities FY 20/21



### Business-Type Activities

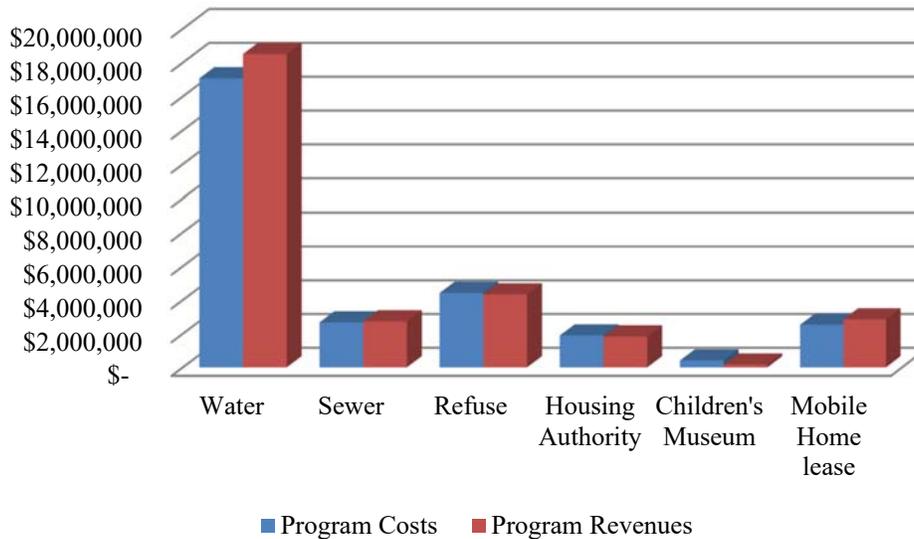
As of June 30, 2021, the revenues of the business-type activities increased by 8.5%, or \$2.4 million (\$30.5 million in 2021 compared to \$28.1 million in 2020) and expenses increased by 5.9%, or \$1.6 million (\$28.7 million in 2021 compared to \$27.1 million in 2020). The primary factors driving these results include:

- Utility rate increases in January 2021 resulted in \$2.7 million increase in utility revenues. Intergovernmental revenue increased by \$0.6 million due to one-time housing assistance grant from the County of Orange.
- The overall increase in expenses can be primarily attributed to increase in water purchase due rate increases as well as spending of one-time housing assistance grant from the County of Orange. The remaining of the increase can be attributed to increase in operation costs due to inflation.

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

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20
Water	\$ 16,849,337	\$ 15,479,110	\$ 18,504,454	\$ 15,775,170	\$ (1,655,117)	\$ (296,060)
Sewer	2,611,350	2,444,214	2,727,785	2,347,221	(116,435)	96,993
Refuse	4,391,924	4,203,960	4,330,080	4,289,445	61,844	(85,485)
Housing Authority	1,877,902	1,578,646	1,834,228	1,368,862	43,674	209,784
Children's Museum	411,003	659,937	186,368	446,890	224,635	213,047
Mobile Home lease	2,534,060	2,714,682	2,847,102	2,855,176	(313,042)	(140,494)
<b>Totals</b>	<b>\$ 28,675,576</b>	<b>\$ 27,080,549</b>	<b>\$ 30,430,017</b>	<b>\$ 27,082,764</b>	<b>\$ (1,754,441)</b>	<b>\$ (2,215)</b>

**Program Costs VS Program Revenues**  
**Business-Type Activities FY 20/21**



### **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, 2021, the City's governmental funds reported combined ending fund balances of \$37.6 million, an increase of \$4.6 million compared to the prior fiscal year. The following fund balances are considered to be non-spendable, restricted, or assigned for the City:

- \$2.0 million non-spendable for long-term advances
- \$0.1 non-spendable for prepaid items

- \$3.1 million restricted for Pension Rate Program
- \$16.1 million restricted for special revenue funds
- \$0.75 million assigned for Pension Rate Program
- \$1.0 million assigned for Facility Improvement Program
- \$3.7 million assigned for Land Acquisition Program
- \$0.5 million assigned for Special Events Program
- \$2.7 million assigned for capital projects fund.

The General Fund is the chief operating fund of the City and, as of June 30, 2021, had a total fund balance of \$19.5 million. The General Fund ended the year with \$6.2 million in operating surplus primarily due to increase in tax revenues, licenses and permits, and charges for services because of reopening of businesses post COVID-19 shut down. At Council direction, the General Fund transferred \$3.6 million of the surplus to capital projects fund, 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 \$2.6 million.

For fiscal year ended June 30, 2021, the City received an apportionment of the American Rescue Plan Act from the U.S. Department of Treasury for \$7.9 million. The City spent \$0.3 million and recognized revenue for the spending portion by June 30, 2021. The remaining \$7.6 million was considered unearned and reported as liability in the governmental fund balance sheet.

For fiscal year ended June 30, 2021, the City's general Capital Projects Fund balance decreased by \$0.7 million, due to \$2.2 million in capital project spending offsetting with \$1.5 million of transfer in. The majority of activities in the Capital Projects Fund was related to property acquisition at 200 W. Greenwood, 209 N. Euclid, and 222 S. Euclid. 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 increased by \$1.9 million primarily due to water rate increase in January 2021. This helped offset increase in water purchasing rate. With the most recent water rate study in fall of 2021, the fund should be able to generate sufficient revenues from water sales to cover operating expenses, meet debt service requirements as well as building a reserve for future projects.

The current utility rates of the Sewer Enterprise Fund are designed to operate at a break even or slight loss because of substantial reserve built up in the fund for a past few years. As expected, the fund essentially had a break even in FY 20/21.

The Housing Authority's net position slightly decreased by \$0.3 million due to a one-time issuance cost incurred associated with the issuance of 2020 refunding Certificates of Participation.

The Refuse Enterprise Fund's net position slightly decreased by \$0.2 million over the course of FY 20/21. The City implemented organic waste collection services under AB 1826 and SB 1383. To ease in organic waste rate adjustment, the City subsidized a portion of organic waste rate for customers. This resulted in a slight operating loss. The full rate will be charged beginning in January 2024.

## General Fund Budgetary Highlights

At fiscal year-end, all of revenue sources had outperformed budget except for use of money and property. Property taxes ended the year 6.2% or \$1.2 million 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 25.7% or \$15.6 million above budget estimates due to reopening of businesses post COVID-19 shut down. In addition, inflation in consumer products and gasoline in the FY 20/21 was expectedly high. This resulted in significant increase in sales and transaction tax revenues in FY 20/21. All other revenue outperformed budget estimates by 13.1% or \$1.4 million due to increase in activities post COVID-19 shut down.

The General Fund ended the year with \$0.4 million expenditures above budget. This is primarily a result of staff furlough suspension approved by the Council in November 2020. Since it was a temporary suspension, there were no amendments to the adopted payroll budget.

Overall revenues exceeded budget estimates by \$6.6 million, primarily due to property tax, sales and transaction taxes, charges for services, licenses and permits revenues, which outperformed the expectation. When combined with expenditures, which ended the year \$0.4 million above budget, the City realized an operating surplus of \$6.2 million.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2021, the City had recorded an investment of over \$281.5 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>
Land	\$14,023,638	\$12,801,872	\$12,800,000	\$12,800,000	\$26,823,638	\$25,601,872
Land improvements	7,977,597	7,977,597	-	-	7,977,597	7,977,597
Buildings and improvements	39,769,342	39,769,342	4,251,106	4,251,106	44,020,448	44,020,448
Improvements other than buildings	1,693,047	1,330,442	253,490	253,490	1,946,537	1,583,932
Machinery and equipment	11,304,325	11,282,435	2,040,765	1,955,632	13,345,090	13,238,067
Autos and trucks	5,277,421	5,215,497	230,465	230,465	5,507,886	5,445,962
Infrastructure	117,754,930	108,387,300	62,202,356	58,546,132	179,957,286	166,933,432
Construction in progress	1,427,977	5,362,775	479,073	3,945,393	1,907,050	9,308,168
(Less accumulated depreciation)	(84,401,193)	(78,604,506)	(27,489,539)	(25,891,598)	(111,890,732)	(104,496,104)
<b>TOTALS</b>	<b>\$114,827,084</b>	<b>\$113,522,754</b>	<b>\$54,767,716</b>	<b>\$56,090,620</b>	<b>\$169,594,800</b>	<b>\$169,613,374</b>

Governmental Capital Assets, before accumulated depreciation, increased by \$7.4 million over the prior year. The increase was attributed, primarily to rehabilitation of various residential streets, Imperial Highway traffic signal

synchronization, Whittier & Hacienda intersection widening and property acquisition at 200 W. Greenwood, 209 N. Euclid, and 222 S. Euclid. The cost of these projects during the FY 20/21 was \$7.0 million. The remaining of the increase in Capital Assets was attributed to various citywide capital improvement projects as well as purchases of vehicles and equipment.

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 \$49.4 million in bonds, certificates of participation, loans, and leases payable, a decrease of \$3.4 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Private-Purpose Trust Activities</b>		<b>Total</b>	
	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 19/20</u>
Certificates of Participation	\$ 887,351	\$ 1,295,091	\$ 11,880,838	\$ 12,914,597	\$ -	\$ -	\$ 12,768,189	\$ 14,209,688
Tax Allocation Bonds	-	-	-	-	3,762,793	4,057,601	3,762,793	4,057,601
Contract and Leases Payable	1,050,116	1,181,113	-	-	-	-	1,050,116	1,181,113
Revenue Bonds	-	-	33,529,849	34,564,501	-	-	33,529,849	34,564,501
Opus Bank Loan Agreement	746,019	826,482	-	-	-	-	746,019	826,482
Unamortized loss on refunding	(34,024)	(63,187)	(2,392,864)	(2,013,466)	-	-	(2,426,888)	(2,076,653)
<b>TOTALS</b>	<b>\$2,649,462</b>	<b>\$3,239,499</b>	<b>\$43,017,823</b>	<b>\$45,465,632</b>	<b>\$3,762,793</b>	<b>\$4,057,601</b>	<b>\$49,430,078</b>	<b>\$52,762,732</b>

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 20/21 net taxable property values totaled \$7.5 billion, approximately 33.9% more than five years ago, and it is 4.8% higher than FY 19/20.
- Projected FY 21/22 CalPERS rates are as follows:
  - Miscellaneous plan: 9.38% plus \$2.6 million unfunded liability payment
  - Public safety (Tier I): 25.59% plus \$4.5 million unfunded liability payment
  - Public safety (Tier II): 19.88% plus \$3,492 unfunded liability payment
  - Public safety (PEPRA): 13.98% plus \$10,836 unfunded liability payment
- The City issued Pension Obligation Bonds in January 2022. This would pay off most of the unfunded accrued pension liability. As a result, projected FY 22/23 CalPERS rates are as follows:
  - Miscellaneous plan: 9.36% plus \$0.2 million unfunded liability payment
  - Public safety (Tier I): 25.64% plus \$0.2 million unfunded liability payment
  - Public safety (Tier II): 19.87% plus \$5,419 unfunded liability payment
  - Public safety (PEPRA): 13.66% plus \$16,921 unfunded liability payment
- The Consumer Price Index (CPI) for the Los Angeles/Long Beach/Anaheim Metropolitan Statistical Area for all urban consumers increased by 4.0 percent from June 2020 to June 2021.

- COVID-19 pandemic continues to affect the City’s local economy and financial outlook. The full financial impact to the City is difficult to estimate at this time.

These, among other factors, were considered in preparing the City of La Habra’s General Fund budget for FY 21/22, which resulted in budgeted expenditures increasing by \$5.2 million to \$50.9 million compared to the FY 20/21 adopted budget of \$45.7 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 Housing Authority Certificates of Participation refinancing in September 2020 is expected to reduce average annual debt service payment by over \$0.3 million.
- 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.

While the City faces many future fiscal challenges, the immediate challenge is the degree to which the local economy will rebound from the COVID-19 pandemic. As a direct result of public health decrees and directives, most local businesses either shut down or significantly scaled back operations during the past year, resulting in immediate fiscal impacts to their business operations, their employees, and the community at large. The City has also incurred new and unanticipated costs related to COVID-19 during the past year such as the need to conduct additional facility sanitation; purchase personal protective equipment for residents and staff; provide new services to the community, such as delivering meals to homebound seniors; and develop and administer business recovery programs to better support local small businesses.

### **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.lahabracalifornia.gov](http://www.lahabracalifornia.gov)”.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 49,364,147	\$ 25,547,547	\$ 74,911,694
Cash and investments with fiscal agents	3,776,845	11,510	3,788,355
Accounts receivable, net	5,563,091	3,657,788	9,220,879
Interest receivable	125,332	47,481	172,813
Prepaid items	172,034	22,331	194,365
Due from other governments	7,065,043	95,202	7,160,245
Due from Successor Agency	61,169	-	61,169
Inventories	56,063	107,706	163,769
Total current assets	<u>66,183,724</u>	<u>29,489,565</u>	<u>95,673,289</u>
Noncurrent assets:			
Loans receivable	519,639	-	519,639
Loans to Successor Agency	2,757,727	-	2,757,727
Investment in water rights stock	-	17,713,917	17,713,917
Capital assets:			
Not being depreciated	15,451,615	13,279,073	28,730,688
Being depreciated, net	99,375,469	41,488,643	140,864,112
Total noncurrent assets	<u>118,104,450</u>	<u>72,481,633</u>	<u>190,586,083</u>
Total assets	<u>184,288,174</u>	<u>101,971,198</u>	<u>286,259,372</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on refunding of debt	34,024	2,392,863	2,426,887
Deferred amount from pension plans	15,337,693	926,605	16,264,298
Deferred amount from OPEB plan	920,673	74,524	995,197
Total deferred outflows of resources	<u>16,292,390</u>	<u>3,393,992</u>	<u>19,686,382</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	2,075,441	2,919,142	4,994,583
Accrued liabilities	2,554,525	129,481	2,684,006
Deposits payable	726,369	245,888	972,257
Interest payable	42,798	283,264	326,062
Unearned revenue	8,791,331	31,532	8,822,863
Claims payable, current	1,447,321	-	1,447,321
Compensated absences, current	1,518,529	88,992	1,607,521
Long-term obligations, due within one year	653,532	1,405,000	2,058,532
Total current liabilities	<u>17,809,846</u>	<u>5,103,299</u>	<u>22,913,145</u>
Noncurrent liabilities:			
Net OPEB liability	4,067,982	329,284	4,397,266
Claims payable	3,235,327	-	3,235,327
Compensated absences	3,543,236	207,637	3,750,873
Long-term obligations, due in more than one year	2,029,954	44,005,687	46,035,641
Pollution remediation liability	-	2,800,000	2,800,000
Net pension liability	86,015,194	5,215,244	91,230,438
Total noncurrent liabilities	<u>98,891,693</u>	<u>52,557,852</u>	<u>151,449,545</u>
Total liabilities	<u>116,701,539</u>	<u>57,661,151</u>	<u>174,362,690</u>
<b>Deferred inflows of resources:</b>			
Deferred amount from pension plans	1,946,888	2,498	1,949,386
Deferred amount from OPEB plan	502,088	40,641	542,729
Total deferred inflows of resources	<u>2,448,976</u>	<u>43,139</u>	<u>2,492,115</u>
<b>Net position:</b>			
Net investment in capital assets	112,489,017	23,680,076	136,169,093
Restricted for:			
Low-moderate income housing	315,351	485,000	800,351
Public safety	880,649	-	880,649
Public works	13,210,022	-	13,210,022
Community development	786,859	-	786,859
Community services	241,125	-	241,125
General plan update	772,737	-	772,737
Public Education & governmental (PEG)	382,884	-	382,884
COVID-19 federal stimulus	94,168	-	94,168
Pension rate program	3,105,457	-	3,105,457
Pollution remediation	-	321,301	321,301
Unrestricted	(50,848,220)	23,174,523	(27,673,697)
Total net position	<u>\$ 81,430,049</u>	<u>\$ 47,660,900</u>	<u>\$ 129,090,949</u>

See Accompanying Notes to Financial Statements.

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 4,287,183	\$ 551,556	\$ 165,732	\$ -
Public safety	36,216,287	3,195,683	1,579,762	-
Public works	9,607,658	185,537	4,547	6,195,484
Community services	12,471,250	931,965	9,033,559	-
Community development	3,182,218	2,241,602	1,106,428	-
Interest on long-term debt	156,937	-	-	-
Total governmental activities	65,921,533	7,106,343	11,890,028	6,195,484
<b>Business-type activities:</b>				
Water	16,849,337	18,504,454	-	-
Sewer	2,611,350	2,727,785	-	-
Refuse	4,391,924	4,330,080	-	-
Housing Authority	1,877,902	1,834,228	-	-
Children's Museum	411,003	186,368	-	-
Mobile Home Lease	2,534,060	2,847,102	-	-
Total business-type activities	28,675,576	30,430,017	-	-
Total primary government	\$ 94,597,109	\$ 37,536,360	\$ 11,890,028	\$ 6,195,484

General revenues:

Taxes:

Property tax  
Sales and use taxes  
Transaction and use taxes  
Franchise tax

Grants and contributions not restricted to specific programs

Income from property and investments

Other general revenues

Total general revenues

Change in net position

Net position, beginning of year, as previously reported

Prior period adjustments

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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,569,895)	\$ -	\$ (3,569,895)
(31,440,842)	-	(31,440,842)
(3,222,090)	-	(3,222,090)
(2,505,726)	-	(2,505,726)
165,812	-	165,812
(156,937)	-	(156,937)
<u>(40,729,678)</u>	<u>-</u>	<u>(40,729,678)</u>
-	1,655,117	1,655,117
-	116,435	116,435
-	(61,844)	(61,844)
-	(43,674)	(43,674)
-	(224,635)	(224,635)
-	313,042	313,042
<u>-</u>	<u>1,754,441</u>	<u>1,754,441</u>
<u>(40,729,678)</u>	<u>1,754,441</u>	<u>(38,975,237)</u>
19,840,482	-	19,840,482
12,900,404	-	12,900,404
6,739,488	-	6,739,488
2,018,080	-	2,018,080
100,870	-	100,870
2,772,146	(4,255)	2,767,891
1,001,739	61,890	1,063,629
<u>45,373,209</u>	<u>57,635</u>	<u>45,430,844</u>
<u>4,643,531</u>	<u>1,812,076</u>	<u>6,455,607</u>
76,471,921	46,163,421	122,635,342
314,597	(314,597)	-
<u>76,786,518</u>	<u>45,848,824</u>	<u>122,635,342</u>
<u>\$ 81,430,049</u>	<u>\$ 47,660,900</u>	<u>\$ 129,090,949</u>



**FUND FINANCIAL STATEMENTS**





**CITY OF LA HABRA, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Major Funds</b>		
	<b>General</b>	<b>ARPA Fund</b>	<b>Capital Projects Fund</b>
<b>Assets:</b>			
Cash and investments	\$ 11,321,001	\$ 7,681,772	\$ 3,470,218
Cash and investments with fiscal agent	3,105,457	-	-
Accounts receivable, net	5,557,794	-	-
Interest receivable	51,833	15,393	3,120
Prepaid items	31,947	-	-
Due from other funds	1,715,837	-	-
Due from other governments	142,291	-	50,448
Due from Successor Agency	61,169	-	-
Loans receivable	-	-	-
Loans to Successor Agency	2,757,727	-	-
Total assets	<u>\$ 24,745,056</u>	<u>\$ 7,697,165</u>	<u>\$ 3,523,786</u>
<b>Liabilities, Deferred inflows of resources, and Fund balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 669,597	\$ -	\$ 43,096
Accrued liabilities	2,161,019	-	977
Deposits payable	-	-	726,369
Due to other funds	-	-	-
Advances from other funds	890,000	-	-
Unearned revenues	205,085	7,602,997	-
Total liabilities	<u>3,925,701</u>	<u>7,602,997</u>	<u>770,442</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	1,360,856	-	-
Total deferred inflows of resources	<u>1,360,856</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>			
Nonspendable	2,043,647	-	-
Restricted	3,105,457	94,168	-
Assigned	5,983,680	-	2,753,344
Unassigned	8,325,715	-	-
Total fund balances	<u>19,458,499</u>	<u>94,168</u>	<u>2,753,344</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,745,056</u>	<u>\$ 7,697,165</u>	<u>\$ 3,523,786</u>

See Accompanying Notes to Financial Statements.

<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
\$ 13,360,665	\$ 35,833,656
-	3,105,457
5,297	5,563,091
30,487	100,833
73,870	105,817
-	1,715,837
6,872,304	7,065,043
-	61,169
519,639	519,639
-	2,757,727
\$ 20,862,262	\$ 56,828,269

\$ 1,254,179	\$ 1,966,872
341,201	2,503,197
-	726,369
1,676,823	1,676,823
746,019	1,636,019
983,249	8,791,331
5,001,471	17,300,611

519,639	1,880,495
519,639	1,880,495

73,870	2,117,517
16,069,988	19,269,613
-	8,737,024
(802,706)	7,523,009
15,341,152	37,647,163

\$ 20,862,262	\$ 56,828,269
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**CITY OF LA HABRA, CALIFORNIA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2021**

Total fund balances, governmental funds \$ 37,647,163

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	\$ 189,683,669	
Accumulated depreciation	<u>(76,543,624)</u>	113,140,045

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. 7,666,453

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (17,653)

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. 1,880,495

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

Capital lease	\$ (1,050,116)	
Compensated absences	<u>(3,543,236)</u>	(4,593,352)

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.

Deferred outflows of resources from pension	\$ 15,011,455	
Deferred inflows of resources from pension	(1,946,009)	
Net pension liability	<u>(83,709,151)</u>	(70,643,705)

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.

Deferred outflows of resources from OPEB	\$ 920,673	
Deferred inflows of resources from OPEB	(502,088)	
Net OPEB liability	<u>(4,067,982)</u>	<u>(3,649,397)</u>

Net position of governmental activities \$ 81,430,049

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, 2021**

	<b>Major Funds</b>		
	<b>General</b>	<b>ARPA Fund</b>	<b>Capital Projects Fund</b>
<b>Revenues:</b>			
Property taxes and special assessments	\$ 19,894,873	\$ -	\$ -
Sales and use tax	12,871,187	-	-
Transaction and use tax	6,726,948	-	-
Franchise tax	1,997,428	-	-
Intergovernmental	46,479	311,078	21,043
Licenses and permits	1,502,214	-	-
Charges for services	5,312,256	-	-
Fines, forfeitures, and penalties	744,201	-	-
Use of money and property	2,667,306	94,167	(63,953)
Other revenues	45,249	-	-
Total revenues	<u>51,808,141</u>	<u>405,245</u>	<u>(42,910)</u>
<b>Expenditures:</b>			
Current:			
General government	3,159,686	-	-
Public safety	31,631,514	-	-
Public works	5,110,912	-	517,653
Community services	3,232,285	311,077	-
Community development	2,290,415	-	-
Capital outlay	-	-	1,657,493
Debt service:			
Principal retirement	130,997	-	-
Interest and other charges	54,225	-	-
Total expenditures	<u>45,610,034</u>	<u>311,077</u>	<u>2,175,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,198,107</u>	<u>94,168</u>	<u>(2,218,056)</u>
<b>Other financing sources (uses):</b>			
Transfers in	446	-	1,521,766
Transfers out	(3,628,341)	-	(446)
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(3,627,895)</u>	<u>-</u>	<u>1,521,320</u>
Net change in fund balances	<u>2,570,212</u>	<u>94,168</u>	<u>(696,736)</u>
Fund balances, beginning of year	<u>16,888,287</u>	<u>-</u>	<u>3,450,080</u>
Fund balances, end of year	<u>\$ 19,458,499</u>	<u>\$ 94,168</u>	<u>\$ 2,753,344</u>

See Accompanying Notes to Financial Statements.

<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 19,894,873
-	12,871,187
-	6,726,948
-	1,997,428
17,656,905	18,035,505
81,141	1,583,355
407,369	5,719,625
-	744,201
(26,713)	2,670,807
98,815	144,064
18,217,517	70,387,993
199,658	3,359,344
1,329,422	32,960,936
678,502	6,307,067
8,463,090	12,006,452
851,388	3,141,803
4,460,882	6,118,375
-	130,997
-	54,225
15,982,942	64,079,199
2,234,575	6,308,794
706,946	2,229,158
(300,371)	(3,929,158)
-	-
406,575	(1,700,000)
2,641,150	4,608,794
12,700,002	33,038,369
\$ 15,341,152	\$ 37,647,163

**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, 2021**

Net change in fund balances - total governmental funds: \$ 4,608,794

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	\$ 6,118,375	
Additional capitalized expenses	898,828	
Depreciation expense	<u>(5,361,601)</u>	1,655,602

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	\$ 130,997	
Increase in compensated absences	60,878	
Decrease in net OPEB liability and related deferred inflows and outflows of resources	237,144	
Increase in net pension liability and related deferred inflows and outflows of resources	<u>(2,784,697)</u>	(2,355,678)

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year. 96,060

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. 2,202

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 636,551

Change in net position of governmental activities \$ 4,643,531

See Accompanying Notes to Financial Statements.



**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Major Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Housing Authority</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 11,383,072	\$ 2,342,521	\$ 2,624,664
Accounts receivable, net	2,513,627	383,013	-
Interest receivable	20,293	4,661	3,449
Prepaid items	-	-	-
Due from other governments	-	-	-
Inventory	107,706	-	-
Total current assets	<u>14,024,698</u>	<u>2,730,195</u>	<u>2,628,113</u>
Noncurrent assets:			
Cash and investments with fiscal agents	1,778	-	9,732
Advances to other funds	-	-	-
Water rights stock	17,713,917	-	-
Capital assets, not being depreciated	82,734	-	12,800,000
Capital assets, being depreciated net of depreciation	34,182,858	4,519,080	-
Total noncurrent assets	<u>51,981,287</u>	<u>4,519,080</u>	<u>12,809,732</u>
Total assets	<u>66,005,985</u>	<u>7,249,275</u>	<u>15,437,845</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on refunding of debt	733,652	-	1,659,211
Deferred amount from pension plans	580,880	177,672	54,227
Deferred amount from OPEB plan	50,904	13,397	3,893
Total deferred outflows of resources	<u>\$ 1,365,436</u>	<u>\$ 191,069</u>	<u>\$ 1,717,331</u>

See Accompanying Notes to Financial Statements.

**Business-Type Activities - Enterprise Funds**

<b>Major Fund</b>		<b>Other</b>	<b>Totals</b>	<b>Internal</b>
<b>Refuse</b>	<b>Nonmajor</b>	<b>Funds</b>		
\$ 6,175,403	\$ 3,021,887	\$ 25,547,547	\$ 13,530,491	
735,665	25,483	3,657,788	-	
13,265	5,813	47,481	24,499	
-	22,331	22,331	66,217	
-	95,202	95,202	-	
-	-	107,706	56,063	
<u>6,924,333</u>	<u>3,170,716</u>	<u>29,478,055</u>	<u>13,677,270</u>	
-	-	11,510	671,388	
-	-	-	1,636,019	
-	-	17,713,917	-	
344,269	52,070	13,279,073	-	
<u>308,987</u>	<u>2,477,718</u>	<u>41,488,643</u>	<u>1,687,039</u>	
<u>653,256</u>	<u>2,529,788</u>	<u>72,493,143</u>	<u>3,994,446</u>	
<u>7,577,589</u>	<u>5,700,504</u>	<u>101,971,198</u>	<u>17,671,716</u>	
-	-	2,392,863	34,024	
76,001	37,825	926,605	326,238	
6,330	-	74,524	-	
<u>\$ 82,331</u>	<u>\$ 37,825</u>	<u>\$ 3,393,992</u>	<u>\$ 360,262</u>	

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Net Position**  
**Proprietary Funds (Continued)**  
**June 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Major Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Housing Authority</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 2,385,874	\$ 104,882	\$ 539
Accrued liabilities	76,200	23,760	7,039
Accrued interest	227,807	-	55,457
Deposits payable	245,888	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Claims payable, current	-	-	-
Certificates of participation, current	-	-	495,000
Water revenue bonds, current	910,000	-	-
Compensated absences, current	11,090	21,322	49,079
Lease financing, current	-	-	-
Total current liabilities	<u>3,856,859</u>	<u>149,964</u>	<u>607,114</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	-	-
Certificates of participation, noncurrent	-	-	11,385,838
Water revenue bonds, noncurrent	32,619,849	-	-
Lease financing, noncurrent	-	-	-
Pollution remediation liability	-	-	-
Compensated absences, noncurrent	114,518	49,752	25,876
Net OPEB liability	224,918	59,194	17,200
Net pension liability	2,996,929	1,103,662	263,504
Total noncurrent liabilities	<u>35,956,214</u>	<u>1,212,608</u>	<u>11,692,418</u>
Total liabilities	<u>39,813,073</u>	<u>1,362,572</u>	<u>12,299,532</u>
<b>Deferred inflows of resources:</b>			
Deferred amount from pension plans	1,566	479	146
Deferred amount from OPEB plans	27,760	7,306	2,123
Total deferred inflows of resources	<u>29,326</u>	<u>7,785</u>	<u>2,269</u>
<b>Net position:</b>			
Net investment in capital assets	13,402,954	4,519,080	2,588,105
Restricted for:			
Low-moderate income housing	-	-	485,000
Pollution remediation	-	-	-
Unrestricted	14,126,068	1,550,907	1,780,270
Total net position	<u>\$ 27,529,022</u>	<u>\$ 6,069,987</u>	<u>\$ 4,853,375</u>

See Accompanying Notes to Financial Statements.

**Business-Type Activities - Enterprise Funds**

<u>Major Funds</u>		<u>Other</u>	<u>Totals</u>	<u>Internal</u>
<u>Refuse</u>	<u>Nonmajor</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 414,702	\$ 13,145	\$ 2,919,142	\$ 108,569	
11,824	10,658	129,481	51,328	
-	-	283,264	25,145	
-	-	245,888	-	
-	-	-	39,014	
31,532	-	31,532	-	
-	-	-	1,447,321	
-	-	495,000	435,000	
-	-	910,000	-	
7,501	-	88,992	1,518,529	
-	-	-	83,094	
<u>465,559</u>	<u>23,803</u>	<u>5,103,299</u>	<u>3,708,000</u>	
-	-	-	3,235,327	
-	-	11,385,838	452,351	
-	-	32,619,849	-	
-	-	-	662,925	
2,800,000	-	2,800,000	-	
17,491	-	207,637	-	
27,972	-	329,284	-	
335,922	515,227	5,215,244	2,306,043	
<u>3,181,385</u>	<u>515,227</u>	<u>52,557,852</u>	<u>6,656,646</u>	
<u>3,646,944</u>	<u>539,030</u>	<u>57,661,151</u>	<u>10,364,646</u>	
205	102	2,498	879	
3,452	-	40,641	-	
<u>3,657</u>	<u>102</u>	<u>43,139</u>	<u>879</u>	
640,149	2,529,788	23,680,076	1,687,039	
-	-	-	-	
-	-	485,000	-	
321,301	-	321,301	-	
3,047,869	2,669,409	23,174,523	5,979,414	
<u>\$ 4,009,319</u>	<u>\$ 5,199,197</u>	<u>\$ 47,660,900</u>	<u>\$ 7,666,453</u>	

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Major Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Housing Authority</b>
<b>Operating revenues:</b>			
Water sales	\$ 18,490,720	\$ -	\$ -
Charges for services	13,734	2,727,785	1,205,989
Intergovernmental	-	-	628,239
Total operating revenues	<u>18,504,454</u>	<u>2,727,785</u>	<u>1,834,228</u>
<b>Operating expenses:</b>			
Water and materials	6,078,434	-	-
Contractual services	1,085,330	207,496	640,253
Wages and fringe benefits	2,543,568	810,325	314,162
Benefits and claims	-	-	-
Equipment and maintenance	1,129,694	154,866	-
Materials and supplies	257,886	32,957	-
Utilities	421,494	-	-
Depreciation	1,204,891	208,688	-
Administration	2,610,805	1,197,018	551,617
Total operating expenses	<u>15,332,102</u>	<u>2,611,350</u>	<u>1,506,032</u>
Operating income (loss)	<u>3,172,352</u>	<u>116,435</u>	<u>328,196</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	95,941	24,552	22,508
Gain (loss) on sale of asset	-	-	61,890
Net increase (decrease) in fair value of investment	(66,778)	(18,508)	(31,072)
Debt issuance costs	-	-	(264,045)
Interest expense	(1,253,190)	-	(371,870)
Total nonoperating revenues (expenses)	<u>(1,224,027)</u>	<u>6,044</u>	<u>(582,589)</u>
Income (loss) before transfers	1,948,325	122,479	(254,393)
Transfers in	219,969	-	-
Transfers out	(71,250)	(101,330)	-
Change in net position	<u>2,097,044</u>	<u>21,149</u>	<u>(254,393)</u>
Net position, beginning of year, as previously reported	25,646,864	6,105,392	5,124,201
Prior period adjustments	(214,886)	(56,554)	(16,433)
Net position, beginning of year, as restated	<u>25,431,978</u>	<u>6,048,838</u>	<u>5,107,768</u>
Net position, end of year	<u>\$ 27,529,022</u>	<u>\$ 6,069,987</u>	<u>\$ 4,853,375</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>			
\$ -	\$ -	\$ 18,490,720	\$ -
4,135,576	2,995,784	11,078,868	6,431,856
194,504	37,686	860,429	-
<u>4,330,080</u>	<u>3,033,470</u>	<u>30,430,017</u>	<u>6,431,856</u>
-	-	6,078,434	-
3,725,129	656,478	6,314,686	885,291
362,280	177,286	4,207,621	2,729,394
-	-	-	711,492
35,285	120,572	1,440,417	594,325
5,692	5,122	301,657	433,310
-	320,743	742,237	270,182
12,748	171,614	1,597,941	520,379
250,790	1,493,248	6,103,478	1,329,879
<u>4,391,924</u>	<u>2,945,063</u>	<u>26,786,471</u>	<u>7,474,252</u>
(61,844)	88,407	3,643,546	(1,042,396)
65,432	24,994	233,427	209,965
-	-	61,890	2,850
(88,085)	(33,239)	(237,682)	(128,954)
-	-	(264,045)	-
-	-	(1,625,060)	(104,914)
<u>(22,653)</u>	<u>(8,245)</u>	<u>(1,831,470)</u>	<u>(21,053)</u>
(84,497)	80,162	1,812,076	(1,063,449)
-	92,500	312,469	1,700,000
(139,889)	-	(312,469)	-
<u>(224,386)</u>	<u>172,662</u>	<u>1,812,076</u>	<u>636,551</u>
4,260,429	5,026,535	46,163,421	7,029,902
(26,724)	-	(314,597)	-
<u>4,233,705</u>	<u>5,026,535</u>	<u>45,848,824</u>	<u>7,029,902</u>
<u>\$ 4,009,319</u>	<u>\$ 5,199,197</u>	<u>\$ 47,660,900</u>	<u>\$ 7,666,453</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Major Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Housing Authority</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 18,191,125	\$ 2,679,003	\$ 628,239
Receipts from interfund services provided	-	-	1,205,989
Payments to suppliers	(8,043,927)	(304,682)	(661,179)
Payments for interfund services used	(2,517,518)	(1,197,364)	(535,236)
Payments for employees' salaries and benefits	(2,702,736)	(775,213)	(275,660)
Net cash provided by (used in) operating activities	<u>4,926,944</u>	<u>401,744</u>	<u>362,153</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	(71,250)	(101,330)	-
Transfers from other funds	219,969	-	-
Receipts of advances to/from other funds	525,000	225,000	-
Receipts of due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>673,719</u>	<u>123,670</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(82,763)	-	-
Proceeds from sale of assets	-	-	1,003,020
Proceeds of debts	-	-	11,835,000
Issuance costs paid on capital debt	-	-	(264,045)
Principal paid on capital debt	(875,000)	-	(365,000)
Payment to escrow agent to refund capital debt	-	-	(12,740,000)
Interest paid on capital debt	(1,390,847)	-	(453,602)
Net cash provided by (used in) capital and related financing activities	<u>(2,348,610)</u>	<u>-</u>	<u>(984,627)</u>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(66,778)	(18,508)	(31,072)
Interest on investments	94,488	24,577	24,497
Net cash provided by investing activities	<u>27,710</u>	<u>6,069</u>	<u>(6,575)</u>
Net increase (decrease) in cash and cash equivalents	3,279,763	531,483	(629,049)
Cash and cash equivalents, beginning of year	8,105,087	1,811,038	3,263,445
Cash and cash equivalents, end of year	<u>\$ 11,384,850</u>	<u>\$ 2,342,521</u>	<u>\$ 2,634,396</u>
Cash and cash equivalents:			
Cash and investments	\$ 11,383,072	\$ 2,342,521	\$ 2,624,664
Cash and investments with fiscal agents	1,778	-	9,732
Total cash and cash equivalents	<u>\$ 11,384,850</u>	<u>\$ 2,342,521</u>	<u>\$ 2,634,396</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>
\$ 4,284,006	\$ 2,978,166	\$ 28,760,539	\$ 36,228	
17,320	95,202	1,318,511	6,406,032	
(3,740,894)	(2,086,549)	(14,837,231)	(3,994,044)	
(256,049)	(507,876)	(5,014,043)	(75,708)	
(345,243)	(168,905)	(4,267,757)	(3,109,657)	
<u>(40,860)</u>	<u>310,038</u>	<u>5,960,019</u>	<u>(737,149)</u>	
(139,889)	-	(312,469)	-	
-	92,500	312,469	1,700,000	
-	-	750,000	490,463	
-	-	-	2,381	
<u>(139,889)</u>	<u>92,500</u>	<u>750,000</u>	<u>2,192,844</u>	
(243,621)	(104,047)	(430,431)	(325,583)	
-	-	1,003,020	-	
-	-	11,835,000	-	
-	-	(264,045)	-	
-	-	(1,240,000)	(490,463)	
-	-	(12,740,000)	-	
-	-	(1,844,449)	(81,500)	
<u>(243,621)</u>	<u>(104,047)</u>	<u>(3,680,905)</u>	<u>(897,546)</u>	
(88,085)	(33,239)	(237,682)	(128,954)	
69,520	26,216	239,298	213,764	
<u>(18,565)</u>	<u>(7,023)</u>	<u>1,616</u>	<u>84,810</u>	
(442,935)	291,468	3,030,730	642,959	
6,618,338	2,730,419	22,528,327	13,558,920	
<u>\$ 6,175,403</u>	<u>\$ 3,021,887</u>	<u>\$ 25,559,057</u>	<u>\$ 14,201,879</u>	
\$ 6,175,403	\$ 3,021,887	\$ 25,547,547	\$ 13,530,491	
-	-	11,510	671,388	
<u>\$ 6,175,403</u>	<u>\$ 3,021,887</u>	<u>\$ 25,559,057</u>	<u>\$ 14,201,879</u>	

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2021**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Major Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Housing Authority</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 3,172,352	\$ 116,435	\$ 328,196
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	1,204,891	208,688	-
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(289,829)	(48,782)	-
(Increase) decrease in due from other governments		-	-
(Increase) decrease in inventory	142,710	-	-
(Increase) decrease in prepaid items		-	-
Increase (decrease) in accounts payable	636,113	90,290	(4,545)
Increase (decrease) in accrued liabilities	15,810	3,810	(192)
Increase (decrease) in deposits payable	(23,500)	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in claims liabilities	-	-	-
Increase (decrease) in compensated absences	(18,846)	5,250	30,998
Increase (decrease) in net pension & OPEB liability and related deferred inflows and outflows of resources	87,243	26,053	7,696
Total adjustments	1,754,592	285,309	33,957
Net cash provided by (used in) operating activities	<u>\$ 4,926,944</u>	<u>\$ 401,744</u>	<u>\$ 362,153</u>
<b>Noncash Capital and Related Financing Transactions</b>			
Amortization of unamortized loss on refunding of debt	\$ 27,477	\$ -	\$ 72,140
Amortization of bond discount (premium)	(159,652)	-	(1,993)
Capital assets funded by accounts payable	-	-	-

See Accompanying Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>			
<b>Major Fund</b>	<b>Other Nonmajor Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>Refuse</b>			
\$ (61,844)	\$ 88,407	\$ 3,643,546	\$ (1,042,396)
12,748	171,614	1,597,941	520,379
(27,284)	(12,233)	(378,128)	1,873
-	52,131	52,131	8,531
-	-	142,710	(20,289)
-	(845)	(845)	(66,217)
19,953	2,583	744,394	(164,968)
2,262	5,981	27,671	6,936
-	-	(23,500)	-
(1,470)	-	(1,470)	-
-	-	-	(7,799)
2,950	-	20,352	(26,092)
11,825	2,400	135,217	52,893
20,984	221,631	2,316,473	305,247
<u>\$ (40,860)</u>	<u>\$ 310,038</u>	<u>\$ 5,960,019</u>	<u>\$ (737,149)</u>
\$ -	\$ -	\$ 99,617	\$ 29,163
-	-	(161,645)	2,260
13,107	-	13,107	-

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	<b>Private-Purpose Trust Fund</b>	<b>Custodial Fund</b>
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 1,687,457	\$ 1,149,271
Accounts receivable	1,803	-
Interest receivable	-	3,961
Total current assets	1,689,260	1,153,232
Noncurrent assets:		
Cash and investments with fiscal agent	145,544	-
Prepaid insurance costs	29,769	-
Land held for resale	25,000	-
Total noncurrent assets	200,313	-
Total assets	\$ 1,889,573	\$ 1,153,232
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 4,261	\$ 1,533
Accrued liabilities	2,122	34,547
Accrued interest	35,098	-
Deposits	-	732,190
Due to City of La Habra	61,169	-
Bonds payable	290,000	-
Total current liabilities	392,650	768,270
Noncurrent liabilities:		
Loans due to City of La Habra	2,757,727	-
Bonds payable	3,472,793	-
Total noncurrent liabilities	6,230,520	-
Total liabilities	6,623,170	\$ 768,270
<b>Net Position (Deficit):</b>		
Held in trust for redevelopment dissolution	(4,733,597)	-
Individuals, organizations, and other governments	-	384,962
Total net position	\$ (4,733,597)	\$ 384,962

See Accompanying Notes to Financial Statements.

**CITY OF LA HABRA, CALIFORNIA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund</u>
<b>Additions:</b>		
Taxes	\$ 1,270,080	\$ -
Police seized assets	-	95,557
Other revenues	16	-
	<u>1,270,096</u>	<u>95,557</u>
Total additions	<u>1,270,096</u>	<u>95,557</u>
<b>Deductions:</b>		
Program expenses	-	-
Administrative expenses	133,386	-
Interest and fiscal agency expenses	226,250	-
	<u>359,636</u>	<u>-</u>
Total deductions	<u>359,636</u>	<u>-</u>
Change in net position	<u>910,460</u>	<u>95,557</u>
<b>Net Position (deficit) held in trust:</b>		
Beginning of year, as restated	<u>(5,644,057)</u>	<u>289,405</u>
End of year	<u><u>\$ (4,733,597)</u></u>	<u><u>\$ 384,962</u></u>

See Accompanying Notes to Financial Statements.



**NOTES TO FINANCIAL STATEMENTS**



**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements**  
**June 30, 2021**

**(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, 2021**

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.

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**Notes to Financial Statements (Continued)**  
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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, pension contributions, 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.

***American Rescue Plan Act (ARPA) Special Revenue Fund***

The ARPA Fund accounts for receipts and expenditures from the American Rescue Plan Act made available to state and local governments by the federal government to navigate the impact of the COVID-19 outbreak.

***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.

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.

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**Notes to Financial Statements (Continued)**  
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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 activities for the lease financing to acquire properties at 115 & 121 North Euclid Avenue.

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.

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**Notes to Financial Statements (Continued)**  
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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. Custodial Fund

The Custodial Fund accounts for assets held by the City as custodian for individuals, private organizations, and other governmental units.

**(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 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).

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
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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 31% and 56%, respectively, of the outstanding common stock and preferred stock of a mutual water company at June 30, 2021, 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, 2021, 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.

**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.

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**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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 are recorded as expenditures/expenses when consumed rather than when purchased (consumption method).

**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

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

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 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

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**June 30, 2021**

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)

## ***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.

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**Notes to Financial Statements (Continued)**  
**June 30, 2021**

**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 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, Public Art Special Revenue Fund, PEG Special Revenue Fund, and American Rescue Plan Act Special Revenue Fund in fiscal year ended June 30, 2021.

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.

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**Notes to Financial Statements (Continued)**  
**June 30, 2021**

**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.
- **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.

The following funds have deficit fund balances at June 30, 2021. The deficit balances are expected to be eliminated with future revenues and transfers.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Fund</b>	<b>Deficit Fund Balance</b>
Other Debt Service Fund	\$ 746,019

**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, 2021:

- GASB Statement No. 84 – *Fiduciary Activities*. The City has implemented this Statement, see Note (3)(e) for detail on impact to the City.
- GASB Statement No. 98 – The Annual Comprehensive Financial Report, effective for periods ending after December 15, 2021. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The City has early implemented this Statement.

**(2) DETAILED NOTES ON ALL FUNDS**

**(a) Cash and Investments**

Cash and investments at June 30, 2021, consist of the following:

<b>Statement of net position:</b>	
Cash and investments	\$ 74,911,694
Cash and investments with fiscal agents	3,788,355
<b>Fiduciary funds:</b>	
Cash and investments	2,836,728
Cash and investments with fiscal agents	145,544
Total	\$ 81,682,321

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**Notes to Financial Statements (Continued)**  
**June 30, 2021**

Cash and investments at June 30, 2021 are classified as follows:

Petty cash	\$	2,097
Deposits with financial institutions		20,104,585
Investments: City pool		57,641,740
Held by fiscal agents		3,933,899
Total cash and investments	\$	81,682,321

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%	20%*
Asset-Backed and Mortgage-Back Securities	5 years	10% *	5% *
Supranational Securities	5 years	20% *	10% *
Local Agency Investment Fund (LAIF)	N/A	100%	\$65 million per account

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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

- U.S. Agency Obligations – The California Government Code has no restriction on this type of investment.
- Bankers’ Acceptance – The California Government Code allows a city to invest up to 40% of its portfolio and up to 30% in a single issuer.
- Commercial Paper – The California Government Code allows a city to invest up to 10% of its portfolio in in a single issuer.
- Negotiable CDs – The California Government Code allows a city to invest up to 30% of its portfolio and does not have an investment limitation in a single issuer.
- Time Certificates of Deposit – The California Government Code does not have an investment limitation in maximum percentage of portfolio and 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.
- Asset-Backed and Mortgage-Back Securities - The California Government Code allows a city to invest up to 20% of its portfolio and does not have an investment limitation in a single issuer.
- Supranational Securities - The California Government Code allows a city to invest up to 30% of its portfolio and 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.

<b><u>Authorized Investment Type</u></b>	<b><u>Maximum Maturity</u></b>	<b><u>Maximum Percentage Allowed</u></b>	<b><u>Maximum Investment in One Issuer</u></b>
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

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

Repurchase Agreements	90 days	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$65 million per account

***Interest Rate Risk***

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

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

Investment Types	Amount	Remaining Maturity		
		Less Than 1 Year	1 to 3 Years	3 to 5 Years
U.S. Agency obligations	\$ 13,893,891	\$ 1,392,731	\$ 6,894,081	\$ 5,607,079
LAIF	23,071,213	23,071,213	-	-
U.S. Treasury obligations	11,889,722	1,314,110	4,532,504	6,043,108
Corporate medium-term notes	4,771,762	1,012,886	2,797,082	961,794
Asset-backed securities	1,444,442	6,842	122,864	1,314,736
Supranational	2,492,587	400,224	509,417	1,582,946
Money market mutual funds	78,123	78,123	-	-
<b>Total</b>	<b>\$ 57,641,740</b>	<b>\$ 27,276,129</b>	<b>\$ 14,855,948</b>	<b>\$ 15,509,663</b>

***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	\$ 13,893,891	N/A	\$ -	\$ 13,893,891	\$ -	\$ -	\$ -
LAIF	23,071,213	Not Rated	-	-	-	-	23,071,213
U.S. Treasury obligations	11,889,722	N/A	11,889,722	-	-	-	-
Corporate medium-term notes	4,771,762	A	-	-	1,675,458	3,096,304	-
Asset-backed securities	1,444,442	A	-	1,444,442	-	-	-
Supranational	2,492,587	AAA	-	2,492,587	-	-	-
Money market mutual funds	78,123	AAA	-	78,123	-	-	-
	<b>\$ 57,641,740</b>		<b>\$ 11,889,722</b>	<b>\$ 17,909,043</b>	<b>\$ 1,675,458</b>	<b>\$ 3,096,304</b>	<b>\$ 23,071,213</b>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

***Concentration of Credit Risk***

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

<u>Issuer Name</u>	<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury obligations	U.S. Treasury obligations	\$ 11,889,722
Federal National Mortgage Association	U.S. Agency obligations	7,529,465
Federal Home Loan Bank	U.S. Agency obligations	4,207,599

***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, 2021.

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

The following table lists the investment holdings of City issued bond transactions and Section 115 Trust:

<u>Cash and Investments Held by Fiscal Agents</u>			
<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity</u>	<u>Rating</u>
Money market mutual funds	\$ 157,964	Less than 1 year	AAA
PARS Section 115 Trust Pool	3,105,457	Less than 1 year	Not Rated
LAIIF	670,478	Less than 1 year	Not Rated
	<u>\$ 3,933,899</u>		

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

***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, 2021, was \$37.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021, had a balance of \$193.3 billion, of that amount, 2.31% was invested in medium-term and short-term structured notes and asset-backed securities. At June 30, 2021, these investments matured in an average of 291 days.

***Investments in Public Agency Retirement Trust (Section 115)***

The City has established a Section 115 Trust with the Public Agency Retirement System (PARS) to accumulate resources for future contributions to CalPERS. As of June 30, 2021, the City reported \$3,105,457 in restricted cash and investments in the general fund. In March 2019, the City adopted an investment guidelines for Section 115 to set guidelines for a prudent investment-making process. The guidelines was established with the assumption that the longer-term nature of the portfolio provides for higher risk tolerance and short-term volatility, but more potential for capital growth. The Investment Manager will be responsible for carrying out the activities related to the portfolio in accordance with the guidelines to meet the goals of an agreed upon risk/return profile, and in accordance with the mix of parameters outlined below:

<b><u>Authorized Investment Type</u></b>	<b><u>Minimum Allocation</u></b>	<b><u>Target Asset Allocation</u></b>	<b><u>Maximum Allocation</u></b>
Cash	0%	5%	10%
Fixed Income	40%	45%	60%
Equity	40%	50%	60%

***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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
  
- Level 2 - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally uses a multidimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2021, the City has the following fair value measurements:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Investment Types</b>	<b>Quoted Prices Level 1</b>	<b>Observable Inputs Level 2</b>	<b>Unobservable Inputs Level 3</b>	<b>Total</b>
U.S. Agency Obligations	\$ -	\$ 13,893,891	\$ -	\$ 13,893,891
U.S. Treasury Obligations	-	11,889,722	-	11,889,722
Corporate Medium-Term Notes	-	4,771,762	-	4,771,762
Asset-backed Securities	-	1,444,442	-	1,444,442
Supranational	-	2,492,587	-	2,492,587
Total Leveled Investments	<u>\$ -</u>	<u>\$ 34,492,404</u>	<u>\$ -</u>	<u>34,492,404</u>
Local Agency Investment Fund*				23,071,213
Money Market Mutual Funds*				78,123
Held by Fiscal Agents:				
Local Agency Investment Fund*				670,478
Money Market Mutual Funds*				157,964
Section 115 Trust Pool*				3,105,457
Total Investment Portfolio				<u>\$ 61,575,639</u>

\* Not subject to fair value measurements.

**(b) Receivables**

Receivables of the City as of June 30, 2021, are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Accounts receivable:</b>			
Property taxes	\$ 225,030	\$ -	\$ 225,030
Sales and transaction taxes	3,980,156	-	3,980,156
Water sales	-	2,707,386	2,707,386
Sewer sales	-	411,732	411,732
Refuse sales	-	778,002	778,002
Franchise fees	555,618	-	555,618
Leases	-	24,436	24,436
Others	802,287	1,047	803,334
Total accounts receivable	<u>5,563,091</u>	<u>3,922,603</u>	<u>9,485,694</u>
Less allowance for uncollectible accounts	<u>-</u>	<u>(264,815)</u>	<u>(264,815)</u>
Total receivables	<u>\$ 5,563,091</u>	<u>\$ 3,657,788</u>	<u>\$ 9,220,879</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

*(c) Interfund Receivables, Payables and Transfers*

***Due To and Due From***

The composition of interfund balances as of June 30, 2021 is as follows:

<b>Due To</b>	<b>Due From</b>			<b>Due from Successor Agency</b>
	Nonmajor Governmental Funds	Internal Service Funds	Totals	General Fund
General Fund	\$ 1,676,823	\$ 39,014	\$ 1,715,837	\$ 61,169

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, 2021 is as follows:

<b>Advances From</b>	<b>Advances To</b>		
	General Fund	Nonmajor Governmental Funds	Totals
Internal Service Funds	\$ 890,000	\$ 746,019	\$ 1,636,019

- 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, 2021 is \$890,000.
- On July 26, 2018, the Authority issued the Lease Financing in the amount of \$904,000 to finance the acquisition of properties located at 115 & 121 North Euclid Street. The debt service payments are payable from lease payments made by the debt service fund to the Authority. The outstanding balance at June 30, 2021 is \$746,019.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

*Interfund loans consist of loans as follows:*

	<b>Loans due to City of La Habra</b>
<b>Loans to Successor Agency Private-Purpose Trust Fund</b>	Successor Agency Private-Purpose Trust Fund
General Fund	\$ 2,757,727

- 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 August 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, 2021, the outstanding balance of the advance was \$890,000.
- 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, 2021, the outstanding balance of the advance was \$1,867,727. The total accrued interest included in the balance was \$746,027.

***Interfund Transfers***

The composition of interfund transfers for the year ended June 30, 2021, is as follows:

	<b>Transfers In</b>						
<b>Transfers Out</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Water Enterprise Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
General Fund	\$ -	\$ 1,521,766	\$ 406,575	\$ -	\$ -	\$ 1,700,000	\$ 3,628,341
Capital Projects Fund	446	-	-	-	-	-	446
Nonmajor Governmental Funds	-	-	300,371	-	-	-	300,371
Water Enterprise Fund	-	-	-	-	71,250	-	71,250
Sewer Enterprise Fund	-	-	-	85,080	16,250	-	101,330
Refuse Enterprise Fund	-	-	-	134,889	5,000	-	139,889
	\$ 446	\$ 1,521,766	\$ 706,946	\$ 219,969	\$ 92,500	\$ 1,700,000	\$ 4,241,627

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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, 2021, the outstanding balance of the loans receivable was \$519,639.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

**(e) Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	<b>Balance at July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2021</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,801,872	\$ 1,221,766	\$ -	\$ 14,023,638
Construction in progress	5,362,775	6,982,763	10,917,561	1,427,977
Total capital assets not being depreciated	<u>18,164,647</u>	<u>8,204,529</u>	<u>10,917,561</u>	<u>15,451,615</u>
Capital assets being depreciated:				
Land improvements	7,977,597	-	-	7,977,597
Buildings and improvements	39,769,342	-	-	39,769,342
Improvements other than buildings	1,330,442	362,605	-	1,693,047
Machinery and equipment	11,282,435	21,890	-	11,304,325
Autos and trucks	5,215,497	176,645	114,721	5,277,421
Infrastructure	108,387,300	9,367,630	-	117,754,930
Total capital assets being depreciated	<u>173,962,613</u>	<u>9,928,770</u>	<u>114,721</u>	<u>183,776,662</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	4,259,485	384,570	-	4,644,055
Buildings and improvements	11,233,221	935,019	-	12,168,240
Improvements other than buildings	1,092,233	29,716	-	1,121,949
Machinery and equipment	7,249,644	687,498	-	7,937,142
Autos and trucks	4,194,936	320,946	85,293	4,430,589
Infrastructure	50,574,987	3,524,231	-	54,099,218
Total accumulated depreciation	<u>78,604,506</u>	<u>5,881,980</u>	<u>85,293</u>	<u>84,401,193</u>
Total capital assets being depreciated, net	<u>95,358,107</u>	<u>4,046,790</u>	<u>29,428</u>	<u>99,375,469</u>
Governmental activities capital assets, net	<u>\$ 113,522,754</u>	<u>\$ 12,251,319</u>	<u>\$ 10,946,989</u>	<u>\$ 114,827,084</u>

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

Governmental activities:	
General government	\$ 521,006
Public safety	981,892
Public works	4,063,374
Community services	306,018
Community development	9,690
Total depreciation expense, Governmental Activities	<u>\$ 5,881,980</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

	<b>Balance at July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2021</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	3,945,393	189,906	3,656,226	479,073
Total capital assets not being depreciated	16,745,393	189,906	3,656,226	13,279,073
Capital assets being depreciated:				
Buildings and improvements	4,251,106	-	-	4,251,106
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	1,955,632	85,133	-	2,040,765
Autos and trucks	230,465	-	-	230,465
Infrastructure	58,546,132	3,656,224	-	62,202,356
Total capital assets being depreciated	65,236,825	3,741,357	-	68,978,182
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	4,097,321	17,040	-	4,114,361
Improvements other than buildings	247,163	382	-	247,545
Machinery and equipment	1,286,854	123,440	-	1,410,294
Autos and trucks	230,465	-	-	230,465
Infrastructure	20,029,795	1,457,079	-	21,486,874
Total accumulated depreciation	25,891,598	1,597,941	-	27,489,539
Total capital assets being depreciated, net	39,345,227	2,143,416	-	41,488,643
Business-type activities capital assets, net	<u>\$ 56,090,620</u>	<u>\$ 2,333,322</u>	<u>\$ 3,656,226</u>	<u>\$ 54,767,716</u>

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

<b>Business-type activities:</b>	
Water	\$ 1,204,891
Sewer	208,688
Refuse	12,748
Children's Museum	30,683
Mobile Home Lease	140,931
Total depreciation expense, Business-type Activities	<u>\$ 1,597,941</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

*(f) Water Rights Stock*

The Utility Authority currently imports approximately 65% 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 1.45 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, 2021, the Utility Authority owned 2,455.25 shares of Capital Stock and 912.85 shares of Class A Preferred Stock. The Utility Authority has valued its water rights stock at approximately \$17.7 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, 2021**

**(g) Long-Term Liabilities**

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2021</u>	<u>Due within One Year</u>
<b>Governmental activities:</b>					
<b>Direct borrowings and direct placements:</b>					
Motorola capital lease agreement	\$ 1,181,113	\$ -	\$ 130,997	\$ 1,050,116	\$ 135,438
<b>Other debts:</b>					
Compensated absences *	5,148,735	2,654,262	2,741,232	5,061,765	1,518,529
Internal service funds included in governmental activities:					
<b>Direct borrowings and direct placements:</b>					
Pacific Premium (Opus) Bank loan agreement	826,482	-	80,463	746,019	83,094
<b>Other debts:</b>					
1998 Certificates of Participation, Series B	1,075,000	-	340,000	735,000	360,000
1998 Certificates of Participation, Series C	225,000	-	70,000	155,000	75,000
Less unamortized discount	<u>(4,909)</u>	<u>-</u>	<u>(2,260)</u>	<u>(2,649)</u>	<u>-</u>
Total long-term debt of governmental activities	<u>\$ 8,451,421</u>	<u>\$ 2,654,262</u>	<u>\$ 3,360,432</u>	<u>\$ 7,745,251</u>	<u>\$ 2,172,061</u>
<b>Business-type activities:</b>					
<b>Other debts:</b>					
Compensated absences	\$ 276,277	\$ 191,966	\$ 171,614	\$ 296,629	\$ 88,992
2010 Refunding Certificates of Participation, Series A	13,105,000	-	13,105,000	-	-
2013 Revenue Bonds, Series A	17,415,000	-	525,000	16,890,000	550,000
2019 Revenue Bonds, Series A&B	13,795,000	-	350,000	13,445,000	360,000
2020 Refunding Certificates of Participation, Series A	<u>-</u>	<u>11,835,000</u>	<u>-</u>	<u>11,835,000</u>	<u>495,000</u>
	44,591,277	12,026,966	14,151,614	42,466,629	1,493,992
Add unamortized premium	3,354,501	47,831	161,645	3,240,687	-
Less unamortized discount	<u>(190,403)</u>	<u>-</u>	<u>(190,403)</u>	<u>-</u>	<u>-</u>
Total long-term debt of business-type activities	<u>\$ 47,755,375</u>	<u>\$ 12,074,797</u>	<u>\$ 14,122,856</u>	<u>\$ 45,707,316</u>	<u>\$ 1,493,992</u>
<b>Private-purpose trust activities:</b>					
<b>Other debts:</b>					
2016 Refundng Tax Allocation Bonds	\$ 3,935,000	\$ -	\$ 285,000	\$ 3,650,000	\$ 290,000
Add unamortized premium	<u>122,601</u>	<u>-</u>	<u>9,808</u>	<u>112,793</u>	<u>-</u>
Total long-term debt of private-purpose trust activities	<u>\$ 4,057,601</u>	<u>\$ -</u>	<u>\$ 294,808</u>	<u>\$ 3,762,793</u>	<u>\$ 290,000</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, 2021**

**I. Governmental Activities**

***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 accumulated depreciation of \$429,029 as of June 30, 2021. The debt service payments of the lease are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 135,438	\$ 35,599
2023	140,029	31,007
2024	144,776	26,261
2025	149,684	21,353
2026	154,758	16,278
2027-2028	<u>325,431</u>	<u>16,640</u>
Totals	<u>\$ 1,050,116</u>	<u>\$ 147,138</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, 2021, was \$465,790 and was used against the total debt service payments of \$465,790. Pursuant to the trust agreement, a debt service reserve fund was established with a fund requirement in the amount of \$671,388 as of June 30, 2021. The outstanding balance at June 30, 2021 was \$890,000.

The debt service schedules of the Certificates of Participation are as follows:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>COPs Series B</b>		<b>COPs Series C</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 360,000	\$ 26,640	\$ 75,000	\$ 7,638
2023	375,000	9,000	80,000	2,600
Subtotal	735,000	35,640	155,000	10,238
Unamortized discount	(2,314)	2,314	(335)	335
Total	<u>\$ 732,686</u>	<u>\$ 37,954</u>	<u>\$ 154,665</u>	<u>\$ 10,573</u>

***Pacific Premier Bank (Opus Bank) Loan Agreement***

On July 26, 2018, the Civic Improvement Authority entered into a \$904,000 10-year loan agreement with Opus Bank (later acquired by Pacific Premier Bank) in connection with the acquisition of properties located at 115 & 121 North Euclid Street. Principal is payable annually on each August 1, commencing August 1, 2019. Interest is payable semiannually on each February 1 and August 1, commencing February 1, 2019. Interest is payable at a fixed rate of 3.27%. The outstanding balance at June 30, 2021 was \$746,019. The debt service schedules of the loan are as follows:

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Pacific Premium Bank Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 83,094	\$ 23,036
2023	85,811	20,275
2024	88,617	17,423
2025	91,515	14,478
2026	94,508	11,436
2027-2028	302,474	15,049
Totals	<u>\$ 746,019</u>	<u>\$ 101,697</u>

**2. *Business-Type Activities***

***2020 Refunding Certificates of Participation, Series A***

On September 17, 2020, the Housing Authority issued Certificates of Participation, Series A (Certificates) in an aggregate amount of \$11,835,000 for an current refunding of the 2010 Certificates Of Participation, Series A. The refunding was undertaken to reduce future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$1,731,351. This amount is being amortized over the life of the old debt which is the same as the refunding debt obligation. At June 30, 2021, the unamortized deferred amount on refunding was \$1,659,211. The transaction also resulted in an economic gain of \$4,969,803 and reduce of \$6,082,894 in future debt payments. 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 Certificates mature in varying annual amounts through October 1, 2040. Principal is payable annually on each October 1, commencing October 1, 2021. Interest is payable semiannually on each April 1, and October 1, commencing May 1, 2021 with interest rates ranging from 0.40% to 4.00%. The outstanding balance at June 30, 2021 was \$11,835,000.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

The debt service schedules of the Certificates of Participation are as follows:

<b>Fiscal Year</b>	<b>2020 COPs Series A</b>	
<b>Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 495,000	\$ 222,059
2023	505,000	218,544
2024	515,000	213,444
2025	520,000	208,269
2026	525,000	203,044
2027-2031	2,720,000	919,869
2032-2036	3,085,000	562,066
2037-2041	3,470,000	205,444
Subtotal	11,835,000	2,752,739
Unamortized premium	45,838	(45,838)
Total	\$ 11,880,838	\$ 2,706,901

***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, 2021 was \$5,751,025 against the total debt service payment of \$1,336,525. 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, 2021 was \$16,890,000.

***2019 Water Revenue Bonds, Series A and Series B***

On November 5, 2019, the Utility Authority issued Water Revenue Bonds, Series A and B in an aggregate amount of \$13,795,000 for an advance refunding of the 2010 Water Revenue Bonds, Series A and B. The refunding was undertaken to reduce future debt service payments. The bonds are secured by a pledge of net revenue reported in the Water Enterprise Fund. Net revenue recognized during the year ended June 30, 2021 was \$5,751,025 against the total debt service payment of \$929,323. Principal is payable annually on each November 1, commencing November 1, 2020. Interest is payable semiannually on each May 1 and November 1, commencing May 1, 2020 with interest rates ranging from 1.95% to 5.00%. The outstanding balance at June 30, 2021 was \$13,445,000.

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

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Fiscal Year Ending June 30</b>	<b>2013 Water Revenue Bonds</b>		<b>2019 Water Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 550,000	\$ 784,650	\$ 360,000	\$ 572,400.0
2023	580,000	756,400	365,000	565,240
2024	615,000	726,525	375,000	557,653
2025	645,000	695,025	380,000	549,535
2026	675,000	662,025	390,000	540,578
2027-2031	3,895,000	2,772,325	2,220,000	2,456,600
2032-2036	3,945,000	1,872,044	3,600,000	1,793,750
2037-2041	3,465,000	1,045,450	5,755,000	692,000
2042-2044	2,520,000	185,275	-	-
Subtotal	16,890,000	9,499,719	13,445,000	7,727,756
Unamortized premium	805,830	(805,830)	2,389,019	(2,389,019)
Total	<u>\$ 17,695,830</u>	<u>\$ 8,693,889</u>	<u>\$ 15,834,019</u>	<u>\$ 5,338,737</u>

**3. Private-Purpose Trust Activities**

**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. 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, 2021 was \$1,270,080 against the total debt service payment of \$431,863. 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, 2021 was \$3,650,000. The debt service schedules of the Tax Allocation Bonds are as follows:

<b>Fiscal Year Ending June 30</b>	<b>2016 Tax Allocation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 290,000	\$ 135,363
2023	305,000	123,463
2024	315,000	111,063
2025	325,000	96,638
2026	325,000	80,388
2027-2031	1,430,000	252,194
2032-2033	660,000	24,775
Subtotal	3,650,000	823,884
Unamortized premium	112,793	(112,793)
Total	<u>\$ 3,762,793</u>	<u>\$ 711,091</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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, 2021, were distributed as follows:

	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Prepaid items	\$ 31,947	\$ -	\$ -	\$ 73,870	\$ 105,817
Loans to Successor Agency	2,011,700	-	-	-	2,011,700
<b>Restricted for:</b>					
Child development	-	-	-	16,172	16,172
Street and road improvement	-	-	-	9,937,575	9,937,575
Park and capital development	-	-	-	3,272,447	3,272,447
Air quality improvement	-	-	-	200,032	200,032
Law enforcement	-	-	-	880,649	880,649
Housing and community development	-	-	-	112,509	112,509
Employment and training	-	-	-	24,921	24,921
Low-moderate income housing	-	-	-	315,351	315,351
Public, education & governmental	-	-	-	382,884	382,884
General plan update	-	-	-	772,737	772,737
Public Art	-	-	-	154,711	154,711
COVID-19 federal stimulus	-	94,168	-	-	94,168
Pension rate program	3,105,457	-	-	-	3,105,457
<b>Assigned for:</b>					
Capital projects	-	-	2,753,344	-	2,753,344
Pension rate program	750,000	-	-	-	750,000
Facility improvement program	1,000,000	-	-	-	1,000,000
Land acquisition program	3,733,680	-	-	-	3,733,680
Special events program	500,000	-	-	-	500,000
<b>Unassigned</b>	<u>8,325,715</u>	<u>-</u>	<u>-</u>	<u>(802,706)</u>	<u>7,523,009</u>
Total fund balances	<u>\$ 19,458,499</u>	<u>\$ 94,168</u>	<u>\$ 2,753,344</u>	<u>\$ 15,341,152</u>	<u>\$ 37,647,163</u>

**(3) OTHER INFORMATION**

**(a) Pension Plan**

**1. Summary of Pension Related Items**

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

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

	<u>Miscellaneous Plan</u>	<u>Safety Plans</u>	<u>Total</u>
Net pension liability	\$ 31,544,240	\$ 59,686,198	\$ 91,230,438
Deferred outflows of resources related to pension	4,703,288	11,561,010	16,264,298
Deferred inflows of resources related to pension	12,678	1,936,708	1,949,386
Pension expense	4,197,222	7,460,836	11,658,058

**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.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

The Plans' provisions and benefits in effect at June 30, 2020 (measurement date), are summarized as follows:

	<b>Miscellaneous Plan</b>		
	<b>Prior to 1/1/2012</b>	<b>Between 1/1/2012 and 12/31/2012</b>	<b>On or after 1/1/2013</b>
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	9.013%	9.013%	9.013%
Payment of unfunded liability	\$1,921,886	Included with the classic plan	
	<b>Safety Plans</b>		
	<b>Prior to 1/1/2012</b>	<b>Between 1/1/2012 and 12/31/2012</b>	<b>On or after 1/1/2013</b>
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%	12.75%
Required employer contribution rates:			
Normal cost rates	23.654%	18.183%	13.786%
Payment of unfunded liability	\$3,519,268	\$943	\$4,211

**Employees Covered** – At June 30, 2020 (measurement date), the following employees were covered by the benefit terms for each Plan:

	<b>Misc Plan</b>	<b>Safety Plans</b>
Inactive employees or beneficiaries currently receiving benefits	282	192
Inactive employees entitled to but not yet receiving benefits	426	65
Active employees	259	66
Total	<u>967</u>	<u>323</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

**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 period ended June 30, 2021, the contributions to Miscellaneous and Safety Plans were as follows:

<b>Plan</b>	<b>Employer Contributions</b>
Miscellaneous Plan	\$ 3,423,909
Safety Plans	5,242,147
Total	\$ 8,666,056

**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, 2020, using the actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<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>
<b>Balance at June 30, 2020</b>	\$ 121,525,946	\$ 93,151,145	\$ 28,374,801
Changes in the year:			
Service cost	2,167,928	-	2,167,928
Interest on the total pension liability	8,633,125	-	8,633,125
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	905,019	-	905,019
Plan to plan resource movement	-	-	-
Contribution - employer	-	3,072,407	(3,072,407)
Contribution - employees	-	958,478	(958,478)
Net Investment income	-	4,637,068	(4,637,068)
Benefit payments, including refunds of employee contributions	(5,543,836)	(5,543,836)	-
Administrative expense	-	(131,320)	131,320
Other miscellaneous Income/(Expense)	-	-	-
<b>Net changes</b>	<u>6,162,236</u>	<u>2,992,797</u>	<u>3,169,439</u>
<b>Balance at June 30, 2021</b>	<u>\$ 127,688,182</u>	<u>\$ 96,143,942</u>	<u>\$ 31,544,240</u>

**Safety Plans** – As of June 30, 2021, the City reported net pension liabilities of \$59,686,198 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 reporting period ended June 30, 2020 and 2021 were as follows:

<u>Reporting Period</u>	<u>Safety Plans</u>	
	<u>Amount</u>	<u>%</u>
Proportion - June 30, 2020	\$ 55,583,496	0.54243%
Proportion - June 30, 2021	59,686,198	0.54856%
Change - Increase (Decrease)	<u>\$ 4,102,702</u>	<u>0.00613%</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability*** - The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability using standard update procedures, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

***Long-term Expected Rate of Return*** – 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

The expected real rates of return by asset class are as followed:

<u>Asset Class (1)</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1- 10 (2)</u>	<u>Real Return Years 11+ (3)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.0% used for this period.

(3) An expected inflation of 2.92% used for this period.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Amortization of Deferred Outflows and Deferred Inflows of Resources** – Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

***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:

<b>Plan</b>	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
Miscellaneous	\$ 49,238,068	\$ 31,544,240	\$ 17,049,465
Safety Plans	83,749,240	59,686,198	39,940,196

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

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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

For the year ended June 30, 2021, the City recognized pension expenses of \$4,196,757 and \$7,460,836 for Miscellaneous Plan and Safety Plans, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 3,423,909	\$ -
Differences between expected and actual experience	581,798	12,678
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	697,581	-
Total	<u>\$ 4,703,288</u>	<u>\$ 12,678</u>

	<b>Safety Plans</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 5,242,147	\$ -
Differences between expected and actual experience	4,628,362	
Changes in assumptions	-	198,816
Differences between employer's contributions and proportionate share of contributions	-	1,607,145
Net difference between projected and actual earnings on pension plan investments	1,297,232	-
Changes in employer's proportion	393,269	130,747
Total	<u>\$ 11,561,010</u>	<u>\$ 1,936,708</u>

The City reported \$3,423,909 and \$5,242,147 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Year Ending June 30</b>	<b>Misc Plan</b>	<b>Safety Plan</b>
	<b>Deferred Outflows/ (Inflows) of Resources</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2022	\$ (82,347)	\$ 596,248
2023	491,333	1,797,152
2024	468,027	1,338,770
2025	389,688	649,985
2026	-	-
Thereafter	-	-
<b>Total</b>	<b>\$ 1,266,701</b>	<b>\$ 4,382,155</b>

**5. Payable to the Pension Plan**

At June 30, 2021, the City reported payables of \$49,960 and \$53,346 for the outstanding amount of contributions to the pension Miscellaneous Plan and Safety Plans, respectively, required for the year ended June 30, 2021.

**(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 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, 2020 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees or beneficiaries entitled to but not yet receiving benefits	146
Active employees	296
<b>Total</b>	<b>525</b>

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

***Contributions***

There is no statutory requirement for the City to pay more than the PEMHCA minimum for eligible retirees and surviving spouses. The City has currently chosen to contribute 100% of the actuarially determined contribution. For the period ended June 30, 2021, the City's cash contributions were \$414,000 in payment to the trust and \$171,418 in payment outside the trust. Administrative expenses paid outside of trust was \$1,978. The estimated implied subsidy was \$167,040. This results in a total contribution of \$754,436. There are no employee contributions.

**2. *Net OPEB Liability:***

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020. 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	6/30/2020
Measurement Date	6/30/2020
Contribution Policy	City contributes full Actuarially Determined Contribution
Actuarial Assumptions:	
Discount Rate and Long term expected rate of return on assets	6.75%
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	Derived from CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Salary Increase	Aggregate 3% annually, Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare 7% & Medicare 6.1% for 2022, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25% annually
Increase on \$200 Cap	0%
Healthcare Participation for Future Retirees	50%

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

The actuarial assumptions used in the June 30, 2020 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation CERBT- Strategy 1 *</u>	<u>Expected Real Rate of Return</u>
CERBT Strategy 1		
Global Equities	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Total	<u>100.00%</u>	

\* Policy target effective on October 1, 2018.

***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***

There were no changes of discount rate.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

**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>
<b>Balance at June 30, 2019</b>	\$ 7,013,092	\$ 2,646,994	\$ 4,366,098
Changes in the year:			
Service cost	237,727	-	237,727
Interest on the total OPEB liability	479,503	-	479,503
Changes of benefit terms	-	-	-
Changes of assumptions	195,027	-	195,027
Difference between expected and actual experience	(77,850)	-	(77,850)
Plan to plan resource movement	-	-	-
Contribution - employer	-	710,296	(710,296)
Contribution - employees	-	-	-
Net Investment income	-	96,384	(96,384)
Benefit payments, including refunds of employee contributions	(294,149)	(294,149)	-
Administrative expense	-	(3,441)	3,441
<b>Net changes</b>	<u>540,258</u>	<u>509,090</u>	<u>31,168</u>
<b>Balance at June 30, 2020</b>	<u>\$ 7,553,350</u>	<u>\$ 3,156,084</u>	<u>\$ 4,397,266</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%) or 1-percentage point higher (7.75%) than the current discount rate.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Plan</b>	<b>Discount Rate - 1% (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>Discount Rate + 1% (7.75%)</b>
Net OPEB Liability	\$ 5,417,342	\$ 4,397,266	\$ 3,555,283

***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 or 1-percentage point higher than the current healthcare cost trend rates:

<b>Plan</b>	<b>Trend Rate</b>		
	<b>1% Decrease</b>	<b>Current Trend</b>	<b>Increase</b>
Net OPEB Liability	\$ 3,467,072	\$ 4,397,266	\$ 5,546,400

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$498,096. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 754,436	\$ -
Differences between expected and actual experience	-	114,171
Changes in assumptions	175,126	428,558
Net difference between projected and actual earnings on OPEB plan investments	65,635	-
Total	\$ 995,197	\$ 542,729

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.

\$754,436 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Year Ending June 30</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2022	\$ (41,947)
2023	(38,947)
2024	(36,686)
2025	(39,141)
2026	(55,589)
Thereafter	(89,658)
Total	\$ (301,968)

**6. Payable to the OPEB Plan:**

At June 30, 2021, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

**(c) Deferred Compensation Plan**

The City has established a deferred compensation plan in accordance with the Internal Revenue Code (IRC) Section 457. This Plan is offered specifically for employees who are part-time, temporary, or seasonal. This plan is also referred to as the 457 Part-Time, Temporary, and Seasonal (PTS) Plan. The primary purpose of this plan is to provide retirement benefits comparable to the benefits these employees would receive under Social Security. A minimum contribution of 7.5% of an employee's gross salary is required under the 457 PTS Plan. The participant may elect to increase (up to the appropriate limits) his or her contributions above the minimum required 7.5% at any time. The City does not make any contribute to this plan.

The 457 PTS Plan is administered through a third-party administrator. The plan assets are held in a trust account for the sole benefit of the employees and their beneficiaries and have been excluded from the City's reported assets accordingly.

**(d) 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 \$500,000 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.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

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 \$3,736,483 and \$946,165 for the workers' compensation claims and general liability claims, respectively, and are reported as accrued liabilities on the Statement of Net Position in the Risk Management Internal Services Fund.

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

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Amounts of accrued claims at June 30, 2019	\$ 3,966,700	\$ 879,477	\$ 4,782,307
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	377,088	103,150	841,987
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(622,568)</u>	<u>(13,400)</u>	<u>(778,117)</u>
Amounts of accrued claims at June 30, 2020	3,721,220	969,227	4,846,177
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	651,902	59,590	711,492
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(636,639)</u>	<u>(82,652)</u>	<u>(719,291)</u>
Amounts of accrued claims at June 30, 2021	<u>\$ 3,736,483</u>	<u>\$ 946,165</u>	<u>\$ 4,838,378</u>
Due within one year	\$ 981,486	\$ 465,835	1,447,321
Due in more than one year	2,754,997	480,330	3,235,327
	<u>\$ 3,736,483</u>	<u>\$ 946,165</u>	<u>\$ 4,682,648</u>

**2. Loss Contingencies**

In February 2021, there was a lawsuit filed against the City for breach of contract relating to a capital project. The amount of the claim is \$959,098. This case is in the discovery stage. An unfavorable outcome is reasonably possible. The range of loss is from \$0 to \$959,098.

**3. Contractual Commitments**

The City has entered into contracts to purchase goods and services from various vendors/ contractors. Payments will be payable upon future performance under these contracts. The following information shows the remaining costs for the contractual agreements as of June 30, 2021.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

<b>Fund</b>	<b>Balance</b>
General Fund	\$ 36,447
Capital Projects Fund	193,820
Nonmajor Governmental Funds	3,063,601
Water Fund	260,130
Sewer Fund	25,025
Refuse Fund	345,451
Nonmajor Enterprise Funds	88,073
Internal Service Funds	187,782
Total Contractual Commitments	<u>\$ 4,200,329</u>

**4. 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 post remediation 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.

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

- Changes in technology.
- Changes in legal or regulatory requirements.

*Recoveries*

The City Council approved a settlement agreement with the County of Orange (County) on November 21, 2005, related to the remediation of the property. Under the terms of the settlement agreement, dated November 30, 2005, the County has paid \$4,995,000 for the full cost of remediation and to provide funding for future ongoing maintenance costs. The settlement relieves the County of any further remediation obligation related to the methane gas emissions and obligates the City as the responsible party to respond to current and future orders, notices and directives from regulatory agencies. As of June 30, 2021, the City has expensed \$1,873,699 related to monitoring activities. \$2,800,000 of the remaining cash balance is off-set by a pollution remediation liability and \$321,301 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.

**(e) Restatement of Prior Year Financial Statements**

The City adopted the provision of the Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, which became effective during the year ended June 30, 2021. The intention of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of the Statement required the City to make prior period adjustments.

During the fiscal year ended June 30, 2021, the City determined that net OPEB liability should be allocated to certain enterprise funds. The City made prior period adjustments to the beginning net position to reflect the beginning balances of net OPEB liability.

During the fiscal year ended June 30, 2021, the City determined that the cost of land held for resale at the La Habra Market Place Parking Lot exceeded its net realizable value due to deed restrictions. The

**CITY OF LA HABRA, CALIFORNIA**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021**

City made a prior period adjustment to the beginning net position to properly adjust the value of the asset.

The result of these adjustments changed the net position at July 1, 2020 as follows:

Government-Wide Financial Statements:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net position, June 30, 2020	\$ 76,471,921	\$ 46,163,421
Net OPEB liability adjustments	314,597	(314,597)
Net position, July 1, 2020 as restated	<u>\$ 76,786,518</u>	<u>\$ 45,848,824</u>

Enterprise Funds:

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Housing Authority Fund</b>	<b>Refuse Fund</b>
Net position, June 30, 2020	\$ 25,646,864	\$ 6,105,392	\$ 5,124,201	\$ 4,260,429
Net OPEB liability adjustments	(214,886)	(56,554)	(16,433)	(26,724)
Net position, July 1, 2020 as restated	<u>\$ 25,431,978</u>	<u>\$ 6,048,838</u>	<u>\$ 5,107,768</u>	<u>\$ 4,233,705</u>

Fiduciary Funds:

	<b>Private-Purpose Trust Fund</b>	<b>Custodial Fund</b>
Net position, June 30, 2020	\$ (3,169,057)	\$ -
Land held for resale adjustment	(2,475,000)	-
Increase in net position to implement GASB 84	-	289,405
Net position, July 2, 2020 as restated	<u>\$ (5,644,057)</u>	<u>\$ 289,405</u>

**(4) SUBSEQUENT EVENTS**

On January 26, 2022, the City issued \$72,385,000 of Pension obligation Bonds, Series 2022 and used the proceeds to finance the City's unfunded accrued actuarial liability to the CalPERS.



**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, 2021**  
**Last 10 Years<sup>(1)</sup>**

Measurement Period	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
<b>Total Pension Liability</b>							
Service cost	\$ 2,167,928	\$ 2,087,182	\$ 2,227,994	\$ 2,219,809	\$ 1,962,288	\$ 1,868,111	\$ 1,961,553
Interest on the total pension liability	8,633,125	8,203,581	7,831,360	7,492,882	7,156,766	6,783,896	6,385,852
Changes of benefit terms	-	-	-	-	-	-	-
Difference between actual and expected experience	905,019	(44,376)	(183,580)	(517,414)	103,775	682,560	-
Changes in assumptions	-	-	(393,154)	6,591,774	-	(1,740,320)	-
Benefit payments, including refunds of employee contributions	(5,543,836)	(4,913,250)	(4,564,114)	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Net change in total pension liability	6,162,236	5,333,137	4,918,506	11,538,973	5,312,703	3,646,850	4,876,328
Total pension liability - beginning	121,525,946	116,192,809	111,274,303	99,735,330	94,422,627	90,775,777	85,899,449
Total pension liability - ending	<u>\$ 127,688,182</u>	<u>\$ 121,525,946</u>	<u>\$ 116,192,809</u>	<u>\$ 111,274,303</u>	<u>\$ 99,735,330</u>	<u>\$ 94,422,627</u>	<u>\$ 90,775,777</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 3,072,407	\$ 2,566,946	\$ 2,214,726	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371	\$ 1,513,328
Contributions - employee	958,478	937,306	985,232	858,098	914,124	892,674	860,073
Net investment income	4,637,068	5,883,832	7,060,817	8,508,652	388,841	1,708,919	11,556,149
Benefit payments, including refunds of employee contributions	(5,543,836)	(4,913,250)	(4,564,114)	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Plan to plan resource movement	-	-	(205)	(49)	-	130	-
Administrative expense	(131,320)	(63,326)	(129,991)	(112,619)	(46,933)	(86,653)	-
Other Miscellaneous Income/(Expense)	-	205	(246,855)	-	-	-	-
Net change in plan fiduciary net position	2,992,797	4,411,713	5,319,610	7,142,113	(731,252)	237,044	10,458,473
Plan fiduciary net position - beginning	93,151,145	88,739,432	83,419,822	76,277,709	77,008,961	76,771,917	66,313,444
Plan fiduciary net position - ending	<u>\$ 96,143,942</u>	<u>\$ 93,151,145</u>	<u>\$ 88,739,432</u>	<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>\$ 31,544,240</u>	<u>\$ 28,374,801</u>	<u>\$ 27,453,377</u>	<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	75.30%	76.65%	76.37%	74.97%	76.48%	81.56%	84.57%
Covered payroll	\$ 13,773,365	\$ 13,043,260	\$ 13,848,797	\$ 13,928,651	\$ 13,577,030	\$ 12,416,819	\$ 12,471,730
Net pension liability as percentage of covered payroll	229.02%	217.54%	198.24%	199.98%	172.77%	140.24%	112.28%

**Notes to Schedule:**

**Benefit Changes:**

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

**Changes of Assumptions:**

In 2019, there was no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

(1) 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, 2021**  
**Last 10 Years <sup>(1)</sup>**

	<u>FY 2020-21</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>
Actuarially determined contribution	\$ 3,423,909	\$ 3,072,872	\$ 2,567,072	\$ 2,214,726	\$ 2,136,109	\$ 1,922,842
Contributions in relation to the actuarially determined contributions	<u>(3,423,909)</u>	<u>(3,072,872)</u>	<u>(2,567,072)</u>	<u>(2,214,726)</u>	<u>(2,136,109)</u>	<u>(1,922,842)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 13,915,189	\$ 13,773,365	\$ 13,043,260	\$ 13,848,797	\$ 13,928,651	\$ 13,577,030
Contributions as a percentage of covered payroll	24.61%	22.31%	19.68%	15.99%	15.34%	14.16%

**Notes to Schedule**

Valuation date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)	(2)	(2)
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%
Salary increases	Varies by entry age and service					
Payroll growth	2.750%	2.875%	3.000%	3.000%	3.000%	3.000%
Investment rate of return	7.000%	7.250%	7.375%	7.500%	7.500%	7.500%
Post-Retirement Mortality	(3)	(3)	(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 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, 2021**  
**Last 10 Years <sup>(1)</sup>**

Measurement Period	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>
<b>Safety Plans</b>							
Proportion of the net pension liability	0.54856%	0.54243%	0.54096%	0.51947%	0.52795%	0.53847%	0.5106100%
Proportionate share of the net pension liability	\$ 59,686,198	\$ 55,583,496	\$ 52,128,243	\$ 51,517,222	\$ 45,683,585	\$ 36,959,834	\$ 31,772,178
Covered payroll	\$ 8,130,979	\$ 7,933,244	\$ 8,300,113	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033	\$ 7,158,591
Proportionate share of the net pension liability as percentage of covered payroll	734.06%	700.64%	628.04%	592.01%	561.07%	516.34%	443.83%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	77.63%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes of Assumptions:**

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

(1) 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, 2021**  
**Last 10 Years <sup>(1)</sup>**

	<u>FY 2020-21</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>
Actuarially determined contribution	\$ 5,242,147	\$ 4,815,194	\$ 4,161,228	\$ 3,576,391	\$ 3,296,710	\$ 2,950,460
Contributions in relation to the actuarially determined contributions	<u>(5,242,147)</u>	<u>(4,815,194)</u>	<u>(4,161,228)</u>	<u>(3,576,391)</u>	<u>(3,296,710)</u>	<u>(2,950,460)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 8,137,146	\$ 8,130,979	\$ 7,933,244	\$ 8,300,113	\$ 8,702,118	\$ 8,142,184
Contributions as a percentage of covered	64.42%	59.22%	52.45%	43.09%	37.88%	36.24%

**Notes to Schedule**

Valuation date: 6/30/2018 6/30/2017 6/30/2016 6/30/2015 6/30/2014 6/30/2013

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	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)	(2)	(2)
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%
Salary increases	Varies by entry age and service					
Payroll growth	2.750%	2.875%	3.000%	3.000%	3.000%	3.000%
Investment rate of return	7.000%	7.250%	7.375%	7.50%	7.50%	7.50%
Post-Retirement Mortality	(3)	(3)	(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 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, 2021**  
**Last 10 Years<sup>(1)</sup>**

Fiscal year end	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Measurement Period	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Total OPEB Liability				
Service cost	\$ 237,727	\$ 230,803	\$ 200,241	\$ 194,000
Interest on the total OPEB liability	479,503	451,493	468,398	445,000
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	(77,850)	-	(63,237)	-
Changes in assumptions	195,027	-	(612,224)	-
Benefit payments, including refunds	(294,149)	(254,381)	(294,001)	(281,000)
Net change in total OPEB liability	540,258	427,915	(300,823)	358,000
Total OPEB liability - beginning	7,013,092	6,585,177	6,886,000	6,528,000
Total OPEB liability - ending	<u>\$ 7,553,350</u>	<u>\$ 7,013,092</u>	<u>\$ 6,585,177</u>	<u>\$ 6,886,000</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 710,296	\$ 692,132	\$ 726,001	\$ 724,000
Contributions - employee	-	-	-	-
Net investment income	96,384	128,601	116,706	105,000
Benefit payments, including refunds	(294,149)	(254,381)	(294,001)	(281,000)
Administrative expense	(3,441)	(2,197)	(2,867)	(1,000)
Net change in plan fiduciary net position	509,090	564,155	545,839	547,000
Plan fiduciary net position - beginning	2,646,994	2,082,839	1,537,000	990,000
Plan fiduciary net position - ending	<u>\$ 3,156,084</u>	<u>\$ 2,646,994</u>	<u>\$ 2,082,839</u>	<u>\$ 1,537,000</u>
Net OPEB liability - ending	<u>\$ 4,397,266</u>	<u>\$ 4,366,098</u>	<u>\$ 4,502,338</u>	<u>\$ 5,349,000</u>
Fiduciary net position as a percentage of the total OPEB liability	41.78%	37.74%	31.63%	22.32%
Covered employee payroll	\$ 21,968,030	\$ 20,719,346	\$ 22,331,468	\$ 23,756,220
Net pension liability as percentage of covered payroll	20.02%	21.07%	20.16%	22.52%

**Notes to Schedule:**

**Benefit Changes:** There were no changes in benefits.

**Changes of Assumptions:** Measurement Period FY 17-18

- Demographic assumptions were updated to CalPERS 1997-2015 Experience Study.
- Mortality improvement scale was updated to Scale MP-2018.
- Medical claims costs were developed by Axene Health Partners based on demographic data for CalPERS health plans provided by CalPERS and Axena's proprietary AHP Cost Model.
- A 2% load on the cash liability was added to estimate the ACA Excise Tax.

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

**CITY OF LA HABRA, CALIFORNIA**  
**Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan**  
**Schedule of Contribution**  
**As of June 30, 2021**  
**Last 10 Years<sup>(1)</sup>**

	<u>FY 2020-21</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Actuarially determined contribution	\$ 793,552	\$ 1,613,000	\$ 721,911	\$ 736,000
Contributions in relation to the actuarially determined contributions	(754,436)	(710,296)	(692,132)	(726,000)
Contribution deficiency (excess)	<u>\$ 39,116</u>	<u>\$ 902,704</u>	<u>\$ 29,779</u>	<u>\$ 10,000</u>
Covered employee payroll	\$ 22,048,538	\$ 21,968,030	\$ 20,719,346	\$ 22,331,468
Contributions as a percentage of covered employee payroll	3.42%	3.23%	3.34%	3.25%

**Notes to Schedule**

Valuation date: 6/30/2020 6/30/2018 6/30/2018 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 pay			
Asset valuation method	Market value, no smoothing			
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00% per annum, in aggregate			
Investment rate of return	6.75%	6.75%	6.75%	6.75%
Healthcare cost trend rates	(3)	(2)	(2)	(2)
Mortality	CalPERS 1997-2015 Experience Study	CalPERS 1997-2015 Experience Study	CalPERS 1997-2015 Experience Study	CalPERS 1997-2011 Experience Study

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

(2) Non-Medicare – 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076; Medicare – 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.

(3) Non-Medicare – 7% for 2022, decreasing to an ultimate rate of 4.0% in 2076; Medicare (Non-Kaiser) – 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076; Medicare (Kaiser) – 5% for 2022, decreasing to an ultimate rate of 4% in 2076.

**CITY OF LA HABRA, CALIFORNIA**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<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)
<b>Revenues:</b>				
Property taxes and special assessments	\$ 18,729,159	\$ 18,729,159	\$ 19,894,873	\$ 1,165,714
Sales and use tax	10,367,389	10,367,389	12,871,187	2,503,798
Transaction and use tax	5,223,819	5,223,819	6,726,948	1,503,129
Franchise tax	1,801,410	1,801,410	1,997,428	196,018
Intergovernmental	-	-	46,479	46,479
Licenses and permits	1,044,433	1,044,433	1,502,214	457,781
Charges for services	4,496,907	4,496,907	5,312,256	815,349
Fines, forfeitures, and penalties	718,750	718,750	744,201	25,451
Use of money and property	2,821,790	2,821,790	2,667,306	(154,484)
Other revenues	17,400	17,400	45,249	27,849
Total revenues	<u>45,221,057</u>	<u>45,221,057</u>	<u>51,808,141</u>	<u>6,587,084</u>
<b>Expenditures:</b>				
Current:				
General government	3,473,015	3,473,015	3,569,686	(96,671)
Public safety	31,372,147	31,372,147	31,631,514	(259,367)
Public works	5,101,806	5,101,806	5,110,912	(9,106)
Community services	3,381,653	3,409,740	3,232,285	177,455
Community development	2,054,921	2,054,921	2,290,415	(235,494)
Debt service:				
Principal	130,997	130,997	130,997	-
Interest expense	55,061	55,061	54,225	836
Total expenditures	<u>45,569,600</u>	<u>45,597,687</u>	<u>46,020,034</u>	<u>(422,347)</u>
Excess (deficiency) of revenues over expenditures	<u>(348,543)</u>	<u>(376,630)</u>	<u>5,788,107</u>	<u>6,164,737</u>
<b>Other financial sources (uses):</b>				
Transfers in	-	-	446	446
Transfers out	(106,173)	(106,173)	(3,628,341)	(3,522,168)
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>(105,173)</u>	<u>(105,173)</u>	<u>(3,627,895)</u>	<u>(3,522,722)</u>
Net change in fund balance	(453,716)	(481,803)	2,160,212	2,642,015
Fund balance, beginning of year	<u>16,888,287</u>	<u>16,888,287</u>	<u>16,888,287</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,434,571</u>	<u>\$ 16,406,484</u>	<u>\$ 19,048,499</u>	<u>\$ 2,642,015</u>

See Accompanying Note to Required Supplementary Information.

**CITY OF LA HABRA, CALIFORNIA**  
**Note to Required Supplementary Information**  
**June 30, 2021**

**(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, PEG Special Revenue Fund, and American Rescue Plan Act 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.

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
General Fund	\$ 432,867
Law Enforcement Special Revenue Fund	128,226
Service Authority for Abandoned Vehicles Special Revenue Fund	592
Traffic Improvement Special Revenue Fund	22,628

**(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	\$ 46,020,034
Adjustments:	
Principal payment for Advances to Other Funds is reported as expenditure for budgetary purposes, but as a reduction of liability for GAAP reporting	(410,000)
Total expenditures for the General Fund on a GAAP basis of accounting	\$ 45,610,034

## **SUPPLEMENTARY INFORMATION**



**CITY OF LA HABRA**  
**Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 21,043	\$ 21,043
Use of money and property	-	(63,953)	(63,953)
Total revenues	-	(42,910)	(42,910)
<b>Expenditures:</b>			
Current:			
Public works	335,730	517,653	(181,923)
Capital outlay	2,567,399	1,657,493	909,906
Total expenditures	2,903,129	2,175,146	727,983
Excess (deficiency) of revenues over (under) expenditures	(2,903,129)	(2,218,056)	685,073
<b>Other financing sources (uses):</b>			
Transfers in	-	1,521,766	1,521,766
Transfers out	-	(446)	(446)
Total other financing sources (uses)	-	1,521,320	1,521,320
Net change in fund balance	(2,903,129)	(696,736)	2,206,393
Fund balance, beginning of year	3,450,080	3,450,080	-
Fund balance, end of year	\$ 546,951	\$ 2,753,344	2,206,393



**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 Fund***

This fund accounts 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.

***SB2 Permanent Local Housing Fund***

The SB2 Permanent Local Housing Fund accounts for revenues and expenditures relating to the Senate Bill 2 fees imposed on real estate transactions by the State to provide for permanent local housing activities.

***Coronavirus Relief Fund***

The Coronavirus Relief Fund accounts for revenues and expenditures from the CARES Act made available to state and local governments by the federal government to navigate the impact of the COVID-19 outbreak.

***Public, Education, and Government (PEG) Fund***

The PEG Fund accounts for Public, Educational, and Government access fees collected by service providers through franchise agreements with the City. These fees pay for capital equipment and projects that provide for the continuation of PEG programming.

**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 Fund**

***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, 2021**

	<b>Special Revenue Funds</b>		
	<b>State Gas Tax</b>	<b>Park and Capital Development</b>	<b>Air Quality Improvement</b>
<b>Assets:</b>			
Cash and investments	\$ 5,819,833	\$ 3,184,912	\$ 155,533
Accounts receivable	-	-	1,722
Interest receivable	11,432	6,864	310
Prepaid items	-	-	-
Due from other governments	214,083	187,407	43,385
Loans receivable	-	-	-
Total assets	<u>\$ 6,045,348</u>	<u>\$ 3,379,183</u>	<u>\$ 200,950</u>
<b>Liabilities:</b>			
Accounts payable	\$ 167,613	\$ 17,405	\$ 918
Accrued liabilities	2,525	89,331	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>170,138</u>	<u>106,736</u>	<u>918</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>			
Nonspendable	-	-	-
Restricted	5,875,210	3,272,447	200,032
Unassigned	-	-	-
Total fund balances	<u>5,875,210</u>	<u>3,272,447</u>	<u>200,032</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,045,348</u>	<u>\$ 3,379,183</u>	<u>\$ 200,950</u>

**Special Revenue Funds**

<b>Law Enforcement</b>	<b>Child Development</b>	<b>Housing and Community Development</b>	<b>Employment and Training</b>	<b>Measure M</b>	<b>Public Safety Augmentation</b>
\$ 929,254	\$ 498,810	\$ 153,487	\$ -	\$ -	\$ -
-	228	-	3,305	-	-
-	-	-	-	5,765	1,017
10,402	5,042	1,739	-	-	-
103,329	504,437	278,265	727,305	4,140,793	42,978
-	-	519,639	-	-	-
<u>\$ 1,042,985</u>	<u>\$ 1,008,517</u>	<u>\$ 953,130</u>	<u>\$ 730,610</u>	<u>\$ 4,146,558</u>	<u>\$ 43,995</u>
\$ 1,205	\$ 257,905	\$ 168,720	\$ 13,213	\$ 221,294	\$ -
36,708	125,991	33,472	45,204	1,658	-
-	-	-	647,272	718,865	24,447
-	-	-	-	-	-
262,791	603,407	117,051	-	-	-
<u>300,704</u>	<u>987,303</u>	<u>319,243</u>	<u>705,689</u>	<u>941,817</u>	<u>24,447</u>
-	-	519,639	-	-	-
-	-	519,639	-	-	-
10,402	5,042	1,739	-	-	-
731,879	16,172	112,509	24,921	3,204,741	19,548
-	-	-	-	-	-
<u>742,281</u>	<u>21,214</u>	<u>114,248</u>	<u>24,921</u>	<u>3,204,741</u>	<u>19,548</u>
<u>\$ 1,042,985</u>	<u>\$ 1,008,517</u>	<u>\$ 953,130</u>	<u>\$ 730,610</u>	<u>\$ 4,146,558</u>	<u>\$ 43,995</u>

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2021**

	<b>Special Revenue Funds</b>		
	<b>Other Federal Grants</b>	<b>Traffic Safety</b>	<b>Service Authority for Abandoned Vehicles</b>
<b>Assets:</b>			
Cash and investments	\$ -	\$ 77,535	\$ -
Accounts receivable	-	174	-
Interest receivable	-	257	-
Prepaid items	-	-	-
Due from other governments	2,275	239,180	-
Loans receivable	-	-	-
Total assets	<u>\$ 2,275</u>	<u>\$ 317,146</u>	<u>\$ -</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 187,407	\$ -
Accrued liabilities	-	517	-
Due to other funds	2,275	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>2,275</u>	<u>187,924</u>	<u>-</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>			
Nonspendable	-	-	-
Restricted	-	129,222	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>129,222</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,275</u>	<u>\$ 317,146</u>	<u>\$ -</u>

**Special  
Revenue Funds**

<b>Traffic Improvement</b>	<b>General Plan Update</b>	<b>Public Art</b>	<b>SB 2 Permanent Local Housing</b>	<b>Coronavirus Relief Fund</b>	<b>PEG</b>
\$ 862,509	\$ 806,554	\$ 154,397	\$ -	\$ 20,845	\$ 382,285
-	(132)	-	-	-	-
1,781	1,508	314	-	-	599
-	-	-	56,687	-	-
-	-	-	388,867	-	-
-	-	-	-	-	-
<u>\$ 864,290</u>	<u>\$ 807,930</u>	<u>\$ 154,711</u>	<u>\$ 445,554</u>	<u>\$ 20,845</u>	<u>\$ 382,884</u>
\$ 6,666	\$ 35,193	\$ -	\$ 161,590	\$ 15,050	\$ -
-	-	-	-	5,795	-
-	-	-	283,964	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,666</u>	<u>35,193</u>	<u>-</u>	<u>445,554</u>	<u>20,845</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	56,687	-	-
857,624	772,737	154,711	-	-	382,884
-	-	-	(56,687)	-	-
<u>857,624</u>	<u>772,737</u>	<u>154,711</u>	<u>-</u>	<u>-</u>	<u>382,884</u>
<u>\$ 864,290</u>	<u>\$ 807,930</u>	<u>\$ 154,711</u>	<u>\$ 445,554</u>	<u>\$ 20,845</u>	<u>\$ 382,884</u>

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2021**

	<u>Debt</u> <u>Service Fund</u>	<u>Capital</u> <u>Projects Fund</u>	
	<u>Other</u> <u>Debt</u> <u>Service</u>	<u>Low-Moderate</u> <u>Income</u> <u>Housing Assets</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ -	\$ 314,711	\$ 13,360,665
Accounts receivable	-	-	5,297
Interest receivable	-	640	30,487
Prepaid items	-	-	73,870
Due from other governments	-	-	6,872,304
Loans receivable	-	-	519,639
Total assets	<u>\$ -</u>	<u>\$ 315,351</u>	<u>\$ 20,862,262</u>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 1,254,179
Accrued liabilities	-	-	341,201
Due to other funds	-	-	1,676,823
Advances from other funds	746,019	-	746,019
Unearned revenues	-	-	983,249
Total liabilities	<u>746,019</u>	<u>-</u>	<u>5,001,471</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	-	519,639
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>519,639</u>
<b>Fund balances:</b>			
Nonspendable	-	-	73,870
Restricted	-	315,351	16,069,988
Unassigned	<u>(746,019)</u>	<u>-</u>	<u>(802,706)</u>
Total fund balances	<u>(746,019)</u>	<u>315,351</u>	<u>15,341,152</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 315,351</u>	<u>\$ 20,862,262</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, 2021**

	<b>Special Revenue Funds</b>		
	<b>State Gas Tax</b>	<b>Park and Capital Development</b>	<b>Air Quality Improvement</b>
<b>Revenues:</b>			
Intergovernmental	\$ 2,566,071	\$ 107,564	\$ 246,432
Licenses and permits	-	81,141	-
Charges for services	-	-	-
Use of money and property	(4,801)	(22,682)	1,641
Other revenues	-	-	-
Total revenues	<u>2,561,270</u>	<u>166,023</u>	<u>248,073</u>
<b>Expenditures:</b>			
Current:			
General government	-	173,948	-
Public safety	-	-	-
Public works	182,475	-	-
Community services	-	-	32,771
Community development	-	38,822	-
Capital outlay	<u>1,031,846</u>	<u>638,972</u>	<u>73,668</u>
Total expenditures	<u>1,214,321</u>	<u>851,742</u>	<u>106,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,346,949</u>	<u>(685,719)</u>	<u>141,634</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	239,907	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>239,907</u>	<u>-</u>
Net change in fund balances	<u>1,346,949</u>	<u>(445,812)</u>	<u>141,634</u>
Fund balances, beginning of year	<u>4,528,261</u>	<u>3,718,259</u>	<u>58,398</u>
Fund balances, ending of year	<u>\$ 5,875,210</u>	<u>\$ 3,272,447</u>	<u>\$ 200,032</u>

**Special Revenue Funds**

<b>Law Enforcement</b>	<b>Child Development</b>	<b>Housing and Community Development</b>	<b>Employment and Training</b>	<b>Measure M</b>	<b>Public Safety Augmentation</b>
\$ 1,275,268	\$ 6,063,189	\$ 562,680	\$ 1,383,921	\$ 3,250,875	\$ 304,494
-	-	-	-	-	-
-	36,060	-	-	-	-
2,200	970	-	-	5,473	(7,118)
-	4,138	-	260	-	-
<u>1,277,468</u>	<u>6,104,357</u>	<u>562,680</u>	<u>1,384,181</u>	<u>3,256,348</u>	<u>297,376</u>
-	-	-	-	-	-
765,269	-	-	-	-	552,981
-	-	-	-	434,587	-
-	6,043,575	-	1,385,089	-	-
-	-	384,180	-	-	-
-	34,440	178,500	-	2,174,545	-
<u>765,269</u>	<u>6,078,015</u>	<u>562,680</u>	<u>1,385,089</u>	<u>2,609,132</u>	<u>552,981</u>
512,199	26,342	-	(908)	647,216	(255,605)
2,563	-	-	-	-	-
-	-	-	-	-	-
<u>2,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
514,762	26,342	-	(908)	647,216	(255,605)
227,519	(5,128)	114,248	25,829	2,557,525	275,153
<u>\$ 742,281</u>	<u>\$ 21,214</u>	<u>\$ 114,248</u>	<u>\$ 24,921</u>	<u>\$ 3,204,741</u>	<u>\$ 19,548</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, 2021**

	Special Revenue Funds		
	Other Federal Grants	Traffic Safety	Service Authority for Abandoned Vehicles
<b>Revenues:</b>			
Intergovernmental	\$ 4,547	\$ 311,543	\$ -
Licenses and permits	-	-	-
Charges for services	-	34,481	-
Use of money and property	-	257	(363)
Other revenues	-	-	-
Total revenues	<u>4,547</u>	<u>346,281</u>	<u>(363)</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	11,172	-
Public works	4,547	-	-
Community services	-	-	-
Community development	-	-	10,930
Capital outlay	-	-	-
Total expenditures	<u>4,547</u>	<u>11,172</u>	<u>10,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>335,109</u>	<u>(11,293)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	(300,371)	-
Total other financing sources (uses)	<u>-</u>	<u>(300,371)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>34,738</u>	<u>(11,293)</u>
Fund balances, beginning of year	<u>-</u>	<u>94,484</u>	<u>11,293</u>
Fund balances, ending of year	<u>\$ -</u>	<u>\$ 129,222</u>	<u>\$ -</u>

**Special  
Revenue Funds**

<b>Traffic Improvement</b>	<b>General Plan Update</b>	<b>Public Art</b>	<b>SB 2 Permanent Local Housing</b>	<b>Coronavirus Relief Fund</b>	<b>PEG</b>
\$ (1,148)	\$ -	\$ -	\$ 388,867	\$ 1,192,602	\$ -
-	-	-	-	-	-
104,120	154,307	-	-	-	78,401
(6,228)	(860)	(442)	-	-	6,644
-	-	-	-	-	-
<u>96,744</u>	<u>153,447</u>	<u>(442)</u>	<u>388,867</u>	<u>1,192,602</u>	<u>85,045</u>
-	-	-	-	-	-
-	-	-	-	-	-
56,893	-	-	-	-	-
-	-	-	-	1,001,655	-
-	127,310	-	181,033	-	-
<u>312,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,315</u>	<u>-</u>
<u>369,489</u>	<u>127,310</u>	<u>-</u>	<u>181,033</u>	<u>1,017,970</u>	<u>-</u>
<u>(272,745)</u>	<u>26,137</u>	<u>(442)</u>	<u>207,834</u>	<u>174,632</u>	<u>85,045</u>
-	60,464	-	-	-	297,839
-	-	-	-	-	-
<u>-</u>	<u>60,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,839</u>
<u>(272,745)</u>	<u>86,601</u>	<u>(442)</u>	<u>207,834</u>	<u>174,632</u>	<u>382,884</u>
<u>1,130,369</u>	<u>686,136</u>	<u>155,153</u>	<u>(207,834)</u>	<u>(174,632)</u>	<u>-</u>
<u>\$ 857,624</u>	<u>\$ 772,737</u>	<u>\$ 154,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,884</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, 2021**

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Other Debt Service</u>	<u>Low-Moderate Income Housing Assets</u>	<u>Total</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ 17,656,905
Licenses and permits	-	-	81,141
Charges for services	-	-	407,369
Use of money and property	-	(1,404)	(26,713)
Other revenues	-	94,417	98,815
Total revenues	<u>-</u>	<u>93,013</u>	<u>18,217,517</u>
<b>Expenditures:</b>			
Current:			
General government	25,710	-	199,658
Public safety	-	-	1,329,422
Public works	-	-	678,502
Community services	-	-	8,463,090
Community development	-	109,113	851,388
Capital outlay	-	-	4,460,882
Total expenditures	<u>25,710</u>	<u>109,113</u>	<u>15,982,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,710)</u>	<u>(16,100)</u>	<u>2,234,575</u>
<b>Other financing sources (uses):</b>			
Transfers in	106,173	-	706,946
Transfers out	-	-	(300,371)
Total other financing sources (uses)	<u>106,173</u>	<u>-</u>	<u>406,575</u>
Net change in fund balances	<u>80,463</u>	<u>(16,100)</u>	<u>2,641,150</u>
Fund balances, beginning of year	<u>(826,482)</u>	<u>331,451</u>	<u>12,700,002</u>
Fund balances, ending of year	<u>\$ (746,019)</u>	<u>\$ 315,351</u>	<u>\$ 15,341,152</u>



**CITY OF LA HABRA, CALIFORNIA**  
**State Gas Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 2,599,475	\$ 2,566,071	\$ (33,404)
Use of money and property	49,100	(4,801)	(53,901)
Total revenues	<u>2,648,575</u>	<u>2,561,270</u>	<u>(87,305)</u>
<b>Expenditures:</b>			
Current:			
Public works	292,445	182,475	109,970
Capital outlay	7,408,576	1,031,846	6,376,730
Total expenditures	<u>7,701,021</u>	<u>1,214,321</u>	<u>6,486,700</u>
Net change in fund balance	(5,052,446)	1,346,949	6,399,395
Fund balance, beginning of year	<u>4,528,261</u>	<u>4,528,261</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (524,185)</u></u>	<u><u>\$ 5,875,210</u></u>	<u><u>\$ 6,399,395</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Park and Capital Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 2,533,595	\$ 107,564	\$ (2,426,031)
Licenses and permits	265,000	81,141	(183,859)
Use of money and property	41,700	(22,682)	(64,382)
Total Revenues	<u>2,840,295</u>	<u>166,023</u>	<u>(2,674,272)</u>
<b>Expenditures:</b>			
Current:			
General government	-	173,948	(173,948)
Community development	53,489	38,822	14,667
Capital outlay	3,952,015	638,972	3,313,043
Total Expenditures	<u>4,005,504</u>	<u>851,742</u>	<u>3,153,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,165,209)</u>	<u>(685,719)</u>	<u>479,490</u>
<b>Other financing sources:</b>			
Transfers in	-	239,907	239,907
Total other financing sources (uses)	<u>-</u>	<u>239,907</u>	<u>239,907</u>
Net change in fund balance	(1,165,209)	(445,812)	719,397
Fund balance, beginning of year	<u>3,718,259</u>	<u>3,718,259</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,553,050</u>	<u>\$ 3,272,447</u>	<u>\$ 719,397</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Air Quality Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 142,340	\$ 246,432	\$ 104,092
Use of money and property	500	1,641	1,141
Total revenues	<u>142,840</u>	<u>248,073</u>	<u>105,233</u>
<b>Expenditures:</b>			
Current:			
Community services	170,000	32,771	137,229
Capital outlay	-	73,668	(73,668)
Total Expenditures	<u>170,000</u>	<u>106,439</u>	<u>63,561</u>
Net change in fund balance	(27,160)	141,634	168,794
Fund balance, beginning of year	<u>58,398</u>	<u>58,398</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 31,238</u></u>	<u><u>\$ 200,032</u></u>	<u><u>\$ 168,794</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Law Enforcement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 649,978	\$ 1,275,268	\$ 625,290
Use of money and property	5,650	2,200	(3,450)
	<u>655,628</u>	<u>1,277,468</u>	<u>621,840</u>
<b>Expenditures:</b>			
Current:			
Public safety	637,043	765,269	(128,226)
Total Expenditures	<u>637,043</u>	<u>765,269</u>	<u>(128,226)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,585</u>	<u>512,199</u>	<u>493,614</u>
<b>Other financing sources:</b>			
Transfers in	<u>-</u>	<u>2,563</u>	<u>2,563</u>
Net change in fund balance	18,585	514,762	496,177
Fund balance, beginning of year	<u>227,519</u>	<u>227,519</u>	<u>-</u>
Fund balance, end of year	<u>\$ 246,104</u>	<u>\$ 742,281</u>	<u>\$ 496,177</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Child Development Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 6,037,456	\$ 6,063,189	\$ 25,733
Charges for services	60,000	36,060	(23,940)
Use of money and property	-	970	970
Other revenues	173,400	4,138	(169,262)
Total revenues	<u>6,270,856</u>	<u>6,104,357</u>	<u>(166,499)</u>
<b>Expenditures:</b>			
Current:			
Community services	6,270,856	6,043,575	227,281
Capital outlay	-	34,440	(34,440)
Total expenditures	<u>6,270,856</u>	<u>6,078,015</u>	<u>192,841</u>
Net change in fund balance	-	26,342	26,342
Fund balance, beginning of year	<u>(5,128)</u>	<u>(5,128)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (5,128)</u></u>	<u><u>\$ 21,214</u></u>	<u><u>\$ 26,342</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Housing and Community Development Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 680,282	\$ 562,680	\$ (117,602)
<b>Expenditures:</b>			
Current:			
Community development	526,085	384,180	141,905
Capital outlay	866,489	178,500	687,989
Total expenditures	1,392,574	562,680	829,894
Net change in fund balance	(712,292)	-	712,292
Fund balance, beginning of year	114,248	114,248	-
Fund balance, end of year	\$ (598,044)	\$ 114,248	\$ 712,292

**CITY OF LA HABRA, CALIFORNIA**  
**Employment and Training Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 1,434,934	\$ 1,383,921	\$ (51,013)
Other revenues	-	260	260
	1,434,934	1,384,181	(50,753)
<b>Expenditures:</b>			
Current:			
Community services	1,434,934	1,385,089	49,845
Net change in fund balance	-	(908)	(908)
Fund balance, beginning of year	25,829	25,829	-
Fund balance, end of year	\$ 25,829	\$ 24,921	\$ (908)

**CITY OF LA HABRA, CALIFORNIA**  
**Measure M Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 3,864,785	\$ 3,250,875	\$ (613,910)
Use of money and property	22,100	5,473	(16,627)
Total Revenues	3,886,885	3,256,348	(630,537)
<b>Expenditures:</b>			
Current:			
Public works	526,370	434,587	91,783
Capital outlay	5,865,912	2,174,545	3,691,367
Total expenditures	6,392,282	2,609,132	3,783,150
Net change in fund balance	(2,505,397)	647,216	3,152,613
Fund balance, beginning of year	2,557,525	2,557,525	-
Fund balance, end of year	\$ 52,128	\$ 3,204,741	\$ 3,152,613

**CITY OF LA HABRA, CALIFORNIA**  
**Public Safety Augmentation Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 250,000	\$ 304,494	\$ 54,494
Use of money and property	5,300	(7,118)	(12,418)
Total revenues	<u>255,300</u>	<u>297,376</u>	<u>42,076</u>
<b>Expenditures:</b>			
Current:			
Public safety	<u>573,300</u>	<u>552,981</u>	<u>20,319</u>
Total expenditures	<u>573,300</u>	<u>552,981</u>	<u>20,319</u>
Net change in fund balance	(318,000)	(255,605)	62,395
Fund balance, beginning of year	<u>275,153</u>	<u>275,153</u>	-
Fund balance, end of year	<u><u>\$ (42,847)</u></u>	<u><u>\$ 19,548</u></u>	<u><u>\$ 62,395</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Other Federal Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 1,657,835	\$ 4,547	\$ (1,653,288)
Total revenues	<u>1,657,835</u>	<u>4,547</u>	<u>(1,653,288)</u>
<b>Expenditures:</b>			
Current:			
Public works	309,636	4,547	305,089
Capital outlay	<u>818,199</u>	<u>-</u>	<u>818,199</u>
Total expenditures	<u>1,127,835</u>	<u>4,547</u>	<u>1,123,288</u>
Excess (deficiency) of revenues over expenditures	<u>530,000</u>	<u>-</u>	<u>(530,000)</u>
Net change in fund balance	530,000	-	(530,000)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 530,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (530,000)</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Traffic Safety Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 2,537,537	\$ 311,543	\$ (2,225,994)
Charges for services	15,000	34,481	19,481
Use of money and property	1,200	257	(943)
	<u>2,553,737</u>	<u>346,281</u>	<u>(2,207,456)</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	11,172	(11,172)
Capital outlay	2,129,000	-	2,129,000
	<u>2,456,837</u>	<u>11,172</u>	<u>2,445,665</u>
Excess (deficiency) of revenues over expenditures	<u>96,900</u>	<u>335,109</u>	<u>238,209</u>
<b>Other financing uses:</b>			
Transfer out	-	(300,371)	(300,371)
Net change in fund balance	96,900	34,738	(62,162)
Fund balance, beginning of year	<u>94,484</u>	<u>94,484</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 191,384</u></u>	<u><u>\$ 129,222</u></u>	<u><u>\$ (62,162)</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Service Authority for Abandoned Vehicles Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ (363)	\$ (363)
<b>Expenditures:</b>			
Current:			
Community development	10,338	10,930	(592)
Net change in fund balance	(10,338)	(11,293)	(955)
Fund balance, beginning of year	11,293	11,293	-
Fund balance, end of year	\$ 955	\$ -	\$ (955)

**CITY OF LA HABRA, CALIFORNIA**  
**Traffic Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ (1,148)	\$ (1,148)
Charges for services	130,000	104,120	\$ (25,880)
Use of money and property	39,450	(6,228)	(45,678)
	<u>169,450</u>	<u>96,744</u>	<u>(72,706)</u>
<b>Expenditures:</b>			
Current:			
Public works	-	56,893	(56,893)
Capital outlay	346,861	312,596	34,265
	<u>346,861</u>	<u>369,489</u>	<u>(22,628)</u>
Net change in fund balance	(177,411)	(272,745)	(95,334)
Fund balance, beginning of year	<u>1,130,369</u>	<u>1,130,369</u>	<u>-</u>
Fund balance, end of year	<u>\$ 952,958</u>	<u>\$ 857,624</u>	<u>\$ (95,334)</u>

**CITY OF LA HABRA, CALIFORNIA**  
**SB 2 Permanent Local Housing Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 408,310	\$ 388,867	\$ (19,443)
<b>Expenditures:</b>			
Current:			
Community development	408,310	181,033	227,277
Net change in fund balance	-	207,834	207,834
Fund balance, beginning of year	(207,834)	(207,834)	-
Fund balance, end of year	\$ (207,834)	\$ -	\$ 207,834

**CITY OF LA HABRA, CALIFORNIA**  
**Coronavirus Relief Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 1,018,068	\$ 1,192,602	\$ 174,534
Total revenues	<u>1,018,068</u>	<u>1,192,602</u>	<u>174,534</u>
<b>Expenditures:</b>			
Current:			
Community services	1,001,753	1,001,655	98
Capital outlay	16,315	16,315	-
Total expenditures	<u>1,018,068</u>	<u>1,017,970</u>	<u>98</u>
Net change in fund balance	-	174,632	174,632
Fund balance, beginning of year	<u>(174,632)</u>	<u>(174,632)</u>	-
Fund balance, end of year	<u><u>\$ (174,632)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 174,632</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Other Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government	\$ 106,173	\$ 25,710	\$ 80,463
Total expenditures	<u>106,173</u>	<u>25,710</u>	<u>80,463</u>
Excess (deficiency) of revenues over (under) expenditures	(106,173)	(25,710)	80,463
<b>Other financing sources:</b>			
Transfers in	<u>106,173</u>	<u>106,173</u>	<u>-</u>
Net change in fund balance	-	80,463	80,463
Fund balance, beginning of year	<u>(826,482)</u>	<u>(826,482)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (826,482)</u></u>	<u><u>\$ (746,019)</u></u>	<u><u>\$ 80,463</u></u>

**CITY OF LA HABRA, CALIFORNIA**  
**Low-Moderate Income Housing Assets Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ 8,450	\$ (1,404)	\$ (9,854)
Other revenues	6,000	94,417	88,417
Total revenues	14,450	93,013	78,563
<b>Expenditures:</b>			
Current:			
Community development	169,200	109,113	60,087
Net change in fund balance	(154,750)	(16,100)	138,650
Fund balance, beginning of year	331,451	331,451	-
Fund balance, end of year	\$ 176,701	\$ 315,351	\$ 138,650

**NONMAJOR ENTERPRISE FUNDS**



## **NONMAJOR ENTERPRISE FUNDS**

### ***Children's Museum Fund***

The Children's Museum Fund accounts for all revenues, expenses 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 revenues and expenses 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, 2021**

	<b>Children's Museum</b>	<b>Mobile Home Lease</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 424,552	\$ 2,597,335	\$ 3,021,887
Accounts receivable, net	1,047	24,436	25,483
Interest receivable	900	4,913	5,813
Prepaid items	-	22,331	22,331
Due from other governments	95,202	-	95,202
Total current assets	521,701	2,649,015	3,170,716
Noncurrent assets:			
Capital assets, not being depreciated	20,446	31,624	52,070
Capital assets, being depreciated net of depreciation	166,285	2,311,433	2,477,718
Total assets	708,432	4,992,072	5,700,504
<b>Deferred outflows of resources:</b>			
Deferred amount from pension plans	37,825	-	37,825
Total deferred outflows of resources	37,825	-	37,825
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	9,413	3,732	13,145
Accrued liabilities	10,658	-	10,658
Total current liabilities	20,071	3,732	23,803
Noncurrent Liabilities:			
Net pension liability	515,227	-	515,227
Total noncurrent liabilities	515,227	-	515,227
Total liabilities	535,298	3,732	539,030
<b>Deferred inflows of resources:</b>			
Deferred amount from pension plans	102	-	102
Total deferred inflows of resources	102	-	102
<b>Net position:</b>			
Net investment in capital assets	186,731	2,343,057	2,529,788
Unrestricted	24,126	2,645,283	2,669,409
Total net position	\$ 210,857	\$ 4,988,340	\$ 5,199,197

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2021**

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 148,682	\$ 2,847,102	\$ 2,995,784
Intergovernmental	37,686	-	37,686
Total operating revenues	<u>186,368</u>	<u>2,847,102</u>	<u>3,033,470</u>
<b>Operating expenses:</b>			
Contractual services	99,889	556,589	656,478
Wages and fringe benefits	177,286	-	177,286
Equipment and maintenance	3,501	117,071	120,572
Materials and supplies	5,122	-	5,122
Utilities	16,285	304,458	320,743
Depreciation	30,683	140,931	171,614
Administration	78,237	1,415,011	1,493,248
Total operating expenses	<u>411,003</u>	<u>2,534,060</u>	<u>2,945,063</u>
Operating income (loss)	<u>(224,635)</u>	<u>313,042</u>	<u>88,407</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	4,397	20,597	24,994
Net increase (decrease) in fair value of investment	(6,781)	(26,458)	(33,239)
Total nonoperating revenues	<u>(2,384)</u>	<u>(5,861)</u>	<u>(8,245)</u>
Income (loss) before transfers	(227,019)	307,181	80,162
Transfers in	92,500	-	92,500
Change in net position	(134,519)	307,181	172,662
Net position, beginning of year	<u>345,376</u>	<u>4,681,159</u>	<u>5,026,535</u>
Net position, end of year	<u>\$ 210,857</u>	<u>\$ 4,988,340</u>	<u>\$ 5,199,197</u>

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2021**

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 142,355	\$ 2,835,811	\$ 2,978,166
Receipts from interfund services provided	95,202	-	95,202
Payments to suppliers	(140,541)	(1,946,008)	(2,086,549)
Payments for internal services used	(58,908)	(448,968)	(507,876)
Payments for employees' salaries and benefits	(168,905)	-	(168,905)
Net cash provided by (used in) operating activities	<u>(130,797)</u>	<u>440,835</u>	<u>310,038</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	<u>92,500</u>	<u>-</u>	<u>92,500</u>
Net cash provided by (used in) noncapital financing activities	<u>92,500</u>	<u>-</u>	<u>92,500</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	<u>(20,445)</u>	<u>(83,602)</u>	<u>(104,047)</u>
Net cash (used in) capital and related financing activities	<u>(20,445)</u>	<u>(83,602)</u>	<u>(104,047)</u>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(6,781)	(26,458)	(33,239)
Interest on investments	<u>4,765</u>	<u>21,451</u>	<u>26,216</u>
Net cash provided by (used in) investing activities	<u>(2,016)</u>	<u>(5,007)</u>	<u>(7,023)</u>
Net increase (decrease) in cash and cash equivalents	(60,758)	352,226	291,468
Cash and cash equivalents, beginning of year	<u>485,310</u>	<u>2,245,109</u>	<u>2,730,419</u>
Cash and cash equivalents, end of year	<u>\$ 424,552</u>	<u>\$ 2,597,335</u>	<u>\$ 3,021,887</u>
Cash and cash equivalents:			
Cash and investments	<u>\$ 424,552</u>	<u>\$ 2,597,335</u>	<u>\$ 3,021,887</u>
Total cash and cash equivalents	<u>\$ 424,552</u>	<u>\$ 2,597,335</u>	<u>\$ 3,021,887</u>

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds (Continued)**  
**For the Year Ended June 30, 2021**

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating Income (Loss)	\$ (224,635)	\$ 313,042	\$ 88,407
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	30,683	140,931	171,614
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(942)	(11,291)	(12,233)
(Increase) decrease in from other governments	52,131	-	52,131
(Increase) decrease in prepaid items	-	(845)	(845)
Increase (decrease) in accounts payable	3,585	(1,002)	2,583
Increase (decrease) in accrued liabilities	5,981	-	5,981
Increase (decrease) in net pension & OPEB liability and related deferred inflows and outflows of resources	2,400	-	2,400
Total adjustments	<u>93,838</u>	<u>127,793</u>	<u>221,631</u>
Net cash provided by (used in) operating activities	<u>\$ (130,797)</u>	<u>\$ 440,835</u>	<u>\$ 310,038</u>

**INTERNAL SERVICE FUNDS**



## INTERNAL SERVICE FUNDS

### ***Fleet Management Fund***

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

### ***Risk Management Fund***

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

### ***Information 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, 2021**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 509,346	\$ 7,059,924	\$ 2,228,891
Interest receivable	822	14,041	4,409
Prepays	-	-	-
Inventory	56,063	-	-
Total current assets	<u>566,231</u>	<u>7,073,965</u>	<u>2,233,300</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Capital assets, net of accumulated depreciation	-	-	437,133
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>437,133</u>
Total assets	<u>566,231</u>	<u>7,073,965</u>	<u>2,670,433</u>
<b>Deferred outflows of resources:</b>			
Unamortized loss on refunding of debt	-	-	-
Deferred amount from pension plans	112,055	73,500	140,683
Total deferred outflows of resources	<u>112,055</u>	<u>73,500</u>	<u>140,683</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	12,581	59,318	28,960
Accrued liabilities	13,480	11,415	24,333
Accrued interest	-	-	-
Due to other funds	-	-	-
Claims payable, current	-	1,447,321	-
Certificates of participation, current	-	-	-
Compensated absences, current	-	-	-
Lease financing, current	-	-	-
Total current liabilities	<u>26,061</u>	<u>1,518,054</u>	<u>53,293</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	3,235,327	-
Certificates of participation, noncurrent	-	-	-
Lease financing, noncurrent	-	-	-
Net pension liability	634,720	484,752	1,186,571
Total noncurrent liabilities	<u>634,720</u>	<u>3,720,079</u>	<u>1,186,571</u>
Total liabilities	<u>660,781</u>	<u>5,238,133</u>	<u>1,239,864</u>
<b>Deferred inflows of resources:</b>			
Deferred amount from pension plans	302	198	379
Total deferred inflows of resources	<u>302</u>	<u>198</u>	<u>379</u>
<b>Net position:</b>			
Net investment in capital assets	-	-	437,133
Unrestricted	17,203	1,909,134	1,133,740
Total net position	<u>\$ 17,203</u>	<u>\$ 1,909,134</u>	<u>\$ 1,570,873</u>

<b>Civic Improvement Authority</b>	<b>Fleet Replacement</b>	<b>Employee Benefits</b>	<b>Other Post Employment Benefit set-aside</b>	<b>Totals</b>
\$ -	\$ 1,776,091	\$ 1,916,590	\$ 39,649	\$ 13,530,491
91	2,647	1,648	841	24,499
-	66,217	-	-	66,217
-	-	-	-	56,063
<b>91</b>	<b>1,844,955</b>	<b>1,918,238</b>	<b>40,490</b>	<b>13,677,270</b>
671,388	-	-	-	671,388
1,636,019	-	-	-	1,636,019
-	1,249,906	-	-	1,687,039
<b>2,307,407</b>	<b>1,249,906</b>	<b>-</b>	<b>-</b>	<b>3,994,446</b>
<b>2,307,498</b>	<b>3,094,861</b>	<b>1,918,238</b>	<b>40,490</b>	<b>17,671,716</b>
34,024	-	-	-	34,024
-	-	-	-	326,238
<b>34,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>360,262</b>
-	-	7,710	-	108,569
-	2,100	-	-	51,328
25,145	-	-	-	25,145
39,014	-	-	-	39,014
-	-	-	-	1,447,321
435,000	-	-	-	435,000
-	-	1,518,529	-	1,518,529
83,094	-	-	-	83,094
<b>582,253</b>	<b>2,100</b>	<b>1,526,239</b>	<b>-</b>	<b>3,708,000</b>
-	-	-	-	3,235,327
452,351	-	-	-	452,351
662,925	-	-	-	662,925
-	-	-	-	2,306,043
<b>1,115,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,656,646</b>
<b>1,697,529</b>	<b>2,100</b>	<b>1,526,239</b>	<b>-</b>	<b>10,364,646</b>
-	-	-	-	879
-	-	-	-	879
-	1,249,906	-	-	1,687,039
643,993	1,842,855	391,999	40,490	5,979,414
<b>\$ 643,993</b>	<b>\$ 3,092,761</b>	<b>\$ 391,999</b>	<b>\$ 40,490</b>	<b>\$ 7,666,453</b>

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,069,807	\$ 3,053,641	\$ 1,670,519
<b>Operating expenses:</b>			
Contractual services	132,197	229,365	73,768
Wages and fringe benefits	525,181	376,880	799,303
Benefits and claims	-	711,492	-
Equipment and maintenance	40,658	-	535,381
Materials and supplies	429,896	-	3,414
Utilities	23,887	-	246,215
Depreciation	-	-	155,732
Administration	29,079	1,263,542	33,574
Total operating expenses	<u>1,180,898</u>	<u>2,581,279</u>	<u>1,847,387</u>
Operating income (loss)	<u>(111,091)</u>	<u>472,362</u>	<u>(176,868)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	4,627	65,223	23,933
Interest (expense)	-	-	-
Gain (loss) on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	<u>(4,402)</u>	<u>(76,781)</u>	<u>(10,442)</u>
Total nonoperating revenues	<u>225</u>	<u>(11,558)</u>	<u>13,491</u>
Income (loss) before transfers	(110,866)	460,804	(163,377)
Transfers in	<u>100,000</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(10,866)</u>	<u>460,804</u>	<u>(163,377)</u>
Net position, beginning of year	<u>28,069</u>	<u>1,448,330</u>	<u>1,734,250</u>
Net position, end of year	<u>\$ 17,203</u>	<u>\$ 1,909,134</u>	<u>\$ 1,570,873</u>

<b>Civic Improvement Authority</b>	<b>Fleet Replacement</b>	<b>Employee Benefits</b>	<b>Other Post Employment Benefit set-aside</b>	<b>Totals</b>
\$ -	\$ 191,993	\$ -	\$ 445,896	\$ 6,431,856
1,000	-	34,961	414,000	885,291
-	72,316	955,714	-	2,729,394
-	-	-	-	711,492
-	18,286	-	-	594,325
-	-	-	-	433,310
-	80	-	-	270,182
-	364,647	-	-	520,379
-	3,684	-	-	1,329,879
1,000	459,013	990,675	414,000	7,474,252
(1,000)	(267,020)	(990,675)	31,896	(1,042,396)
86,600	13,697	14,036	1,849	209,965
(104,914)	-	-	-	(104,914)
-	2,850	-	-	2,850
(1,014)	(18,328)	(13,926)	(4,061)	(128,954)
(19,328)	(1,781)	110	(2,212)	(21,053)
(20,328)	(268,801)	(990,565)	29,684	(1,063,449)
-	500,000	1,100,000	-	1,700,000
(20,328)	231,199	109,435	29,684	636,551
664,321	2,861,562	282,564	10,806	7,029,902
\$ 643,993	\$ 3,092,761	\$ 391,999	\$ 40,490	\$ 7,666,453

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 34,713	\$ 1,515	\$ -
Receipts from interfund services provided	1,043,625	3,053,292	1,671,226
Payments to suppliers	(646,277)	(2,166,261)	(1,066,706)
Payments for interfund services used	(37,740)	(2,412)	(31,872)
Payments for employees' salaries and benefits	<u>(506,754)</u>	<u>(363,444)</u>	<u>(771,498)</u>
Net cash provided by (used in) operating activities	<u>(112,433)</u>	<u>522,690</u>	<u>(198,850)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from other funds	100,000	-	-
Receipts of advances to/from other funds	-	-	-
Receipts of due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	-	-	(181,216)
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>(181,216)</u>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(4,402)	(76,781)	(10,442)
Interest on investments	<u>4,760</u>	<u>67,685</u>	<u>23,149</u>
Net cash provided by (used in) investing activities	<u>358</u>	<u>(9,096)</u>	<u>12,707</u>
Net increase (decrease) in cash and cash equivalents	(12,075)	513,594	(367,359)
Cash and cash equivalents, beginning of year	<u>521,421</u>	<u>6,546,330</u>	<u>2,596,250</u>
Cash and cash equivalents, end of year	<u>\$ 509,346</u>	<u>\$ 7,059,924</u>	<u>\$ 2,228,891</u>
Cash and cash equivalents:			
Cash and investments	\$ 509,346	\$ 7,059,924	\$ 2,228,891
Cash and investments with fiscal agents	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 509,346</u>	<u>\$ 7,059,924</u>	<u>\$ 2,228,891</u>

<b>Civic Improvement Authority</b>	<b>Fleet Replacement</b>	<b>Employee Benefits</b>	<b>Other Post Employment Benefit set-aside</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ 36,228
-	191,993	-	445,896	6,406,032
(1,000)	(86,549)	(27,251)	-	(3,994,044)
-	(3,684)	-	-	(75,708)
-	(72,155)	(981,806)	(414,000)	(3,109,657)
(1,000)	29,605	(1,009,057)	31,896	(737,149)
-	500,000	1,100,000	-	1,700,000
490,463	-	-	-	490,463
2,381	-	-	-	2,381
492,844	500,000	1,100,000	-	2,192,844
-	(144,367)	-	-	(325,583)
(490,463)	-	-	-	(490,463)
(81,500)	-	-	-	(81,500)
(571,963)	(144,367)	-	-	(897,546)
(1,014)	(18,328)	(13,926)	(4,061)	(128,954)
86,752	14,598	14,885	1,935	213,764
85,738	(3,730)	959	(2,126)	84,810
5,619	381,508	91,902	29,770	642,959
665,769	1,394,583	1,824,688	9,879	13,558,920
\$ 671,388	\$ 1,776,091	\$ 1,916,590	\$ 39,649	\$ 14,201,879
\$ -	\$ 1,776,091	\$ 1,916,590	\$ 39,649	\$ 13,530,491
671,388	-	-	-	671,388
\$ 671,388	\$ 1,776,091	\$ 1,916,590	\$ 39,649	\$ 14,201,879

(Continued)

**CITY OF LA HABRA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds (Continued)**  
**For the Year Ended June 30, 2021**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (111,091)	\$ 472,362	\$ (176,868)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	155,732
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in accounts receivable	-	1,166	707
(Increase) decrease in due from other governments	8,531	-	-
(Increase) decrease in inventory	(20,289)	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	(8,011)	43,525	(206,226)
Increase (decrease) in accrued liabilities	108	2,063	4,604
Increase (decrease) in claims liabilities	-	(7,799)	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension & OPEB liability and related deferred inflows and outflows of resources	18,319	11,373	23,201
Total adjustments	<u>(1,342)</u>	<u>50,328</u>	<u>(21,982)</u>
Net cash provided by (used in) operating activities	<u>\$ (112,433)</u>	<u>\$ 522,690</u>	<u>\$ (198,850)</u>
<b>Noncash Capital and Related Financing Transactions</b>			
Amortization of unamortized loss on refunding of debt	\$ -	\$ -	\$ -
Amortization of bond discount (premium)	-	-	-

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ (1,000)	\$ (267,020)	\$ (990,675)	\$ 31,896	\$ (1,042,396)
-	364,647	-	-	520,379
-	-	-	-	1,873
-	-	-	-	8,531
-	-	-	-	(20,289)
-	(66,217)	-	-	(66,217)
-	(1,966)	7,710	-	(164,968)
-	161	-	-	6,936
-	-	-	-	(7,799)
-	-	(26,092)	-	(26,092)
-	-	-	-	52,893
-	296,625	(18,382)	-	305,247
<u>\$ (1,000)</u>	<u>\$ 29,605</u>	<u>\$ (1,009,057)</u>	<u>\$ 31,896</u>	<u>\$ (737,149)</u>
\$ 29,163 2,260	\$ - -	\$ - -	\$ - -	\$ 29,163 2,260

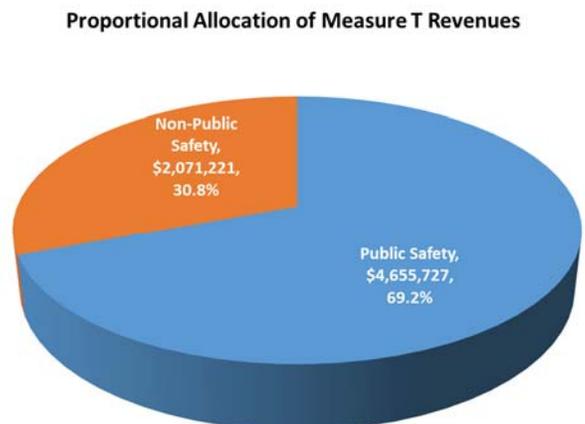
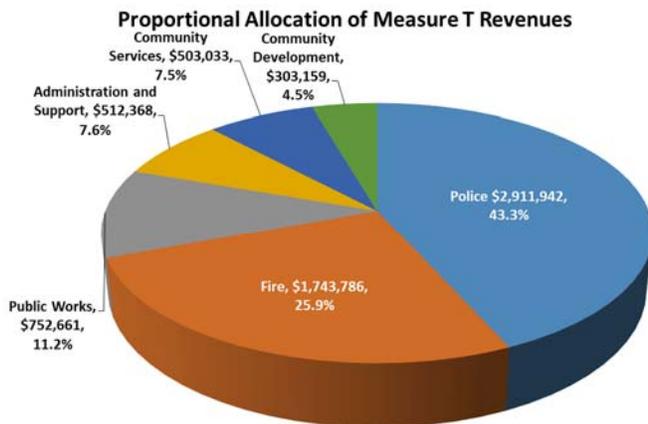
**CITY OF LA HABRA, CALIFORNIA**  
**Measure T Transaction and Use Tax: Use of Funds**  
**Year Ended June 30, 2021**

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 20/21 and the proportional allocation of the General Fund amended expenditure budget by department.

**Measure T Allocation Analysis by General Fund Department**

Department	FY 20/21 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$19,738,193	43.3%	\$2,911,942
Fire	11,820,012	25.9%	1,743,786
Public Works	5,101,806	11.2%	752,661
Administration and Support	3,473,015	7.6%	512,368
Community Services	3,409,740	7.5%	503,033
Community Development	2,054,921	4.5%	303,159
<b>Total</b>	<b>\$45,597,687</b>	<b>100.0%</b>	<b>\$6,726,948</b>



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**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2021**

**STATISTICAL SECTION**

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

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<b>Financial Trends</b>	
<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>	154-163
<b>Revenue Capacity</b>	
<i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue source, the property tax.</i>	167-171
<b>Debt Capacity</b>	
<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>	174-183
<b>Demographic and Economic Information</b>	
<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>	184-185
<b>Operating Information</b>	
<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>	188-194

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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			
	2012	2013 <sup>(1)</sup>	2014 <sup>(2)</sup>	2015
Governmental activities				
Net investment in capital assets	\$ 74,666,668	\$ 76,564,962	\$ 78,951,634	\$ 77,327,812
Restricted	8,699,455	9,844,805	7,673,024	9,119,231
Unrestricted	25,179,579	27,559,460	27,453,928	(24,069,863)
Total governmental activities net position	<u>\$ 108,545,702</u>	<u>\$ 113,969,227</u>	<u>\$ 114,078,586</u>	<u>\$ 62,377,180</u>
Business-type activities				
Net investment in capital assets	\$ 14,823,632	\$ 19,564,982	\$ 22,031,524	\$ 22,780,994
Restricted	1,630,052	1,363,180	1,288,543	731,879
Unrestricted	22,095,633	19,681,735	19,176,036	17,505,632
Total business-type activities net position	<u>\$ 38,549,317</u>	<u>\$ 40,609,897</u>	<u>\$ 42,496,103</u>	<u>\$ 41,018,505</u>
Primary Government				
Net investment in capital assets	\$ 89,490,300	\$ 96,129,944	\$ 100,983,158	\$ 100,108,806
Restricted	10,329,507	11,207,985	8,961,567	9,851,110
Unrestricted	47,275,212	47,241,195	46,629,964	(6,564,231)
Total primary government net position	<u>\$ 147,095,019</u>	<u>\$ 154,579,124</u>	<u>\$ 156,574,689</u>	<u>\$ 103,395,685</u>

Source: Finance Office, City of La Habra

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

2016	2017 <sup>(3)</sup>	2018	2019	2020	2021
\$ 87,775,876	\$ 98,908,209	\$ 109,691,038	\$ 109,213,141	\$ 110,949,024	\$ 112,489,017
13,465,394	15,849,805	13,451,730	15,535,285	16,437,287	19,789,252
(27,711,283)	(39,239,903)	(41,737,731)	(45,505,661)	(50,914,390)	(50,848,220)
<u>\$ 73,529,987</u>	<u>\$ 75,518,111</u>	<u>\$ 81,405,037</u>	<u>\$ 79,242,765</u>	<u>\$ 76,471,921</u>	<u>\$ 81,430,049</u>
\$ 22,464,681	\$ 23,274,193	\$ 22,690,776	\$ 25,795,462	\$ 23,818,741	\$ 23,680,076
841,051	1,066,402	1,003,581	951,017	859,248	806,301
19,447,151	19,171,906	19,503,712	18,431,882	21,485,432	23,174,523
<u>\$ 42,752,883</u>	<u>\$ 43,512,501</u>	<u>\$ 43,198,069</u>	<u>\$ 45,178,361</u>	<u>\$ 46,163,421</u>	<u>\$ 47,660,900</u>
\$ 110,240,557	\$ 122,182,402	\$ 132,381,814	\$ 135,008,603	\$ 134,767,765	\$ 136,169,093
14,306,445	16,916,207	14,455,311	16,486,302	17,296,535	20,595,553
(8,264,132)	(20,067,997)	(22,234,019)	(27,073,779)	(29,428,958)	(27,673,697)
<u>\$ 116,282,870</u>	<u>\$ 119,030,612</u>	<u>\$ 124,603,106</u>	<u>\$ 124,421,126</u>	<u>\$ 122,635,342</u>	<u>\$ 129,090,949</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,686,663	\$ 3,461,904	\$ 4,017,045	\$ 3,045,640
Intergovernmental	-	-	-	-
Public safety	22,890,241	23,605,899	24,505,359	25,574,530
Public works	7,129,157	7,172,065	7,430,857	10,181,891
Community services	8,457,255	9,165,755	9,459,747	10,086,222
Community development	4,632,329	4,034,985	4,592,489	2,228,511
Interest on long-term debt	923,269	266,069	206,922	251,344
Total governmental activities expenses	<u>47,718,914</u>	<u>47,706,677</u>	<u>50,212,419</u>	<u>51,368,138</u>
Business-type activities:				
Water	10,111,046	10,699,804	12,095,302	12,132,398
Sewer	1,664,713	2,012,774	1,927,963	1,908,300
Housing Authority	3,035,323	3,049,222	1,629,058	1,594,723
Other business activities	4,189,973	4,201,456	5,997,886	6,632,638
Total business-type activities expenses	<u>19,001,055</u>	<u>19,963,256</u>	<u>21,650,209</u>	<u>22,268,059</u>
Total primary government expenses	<u>\$ 66,719,969</u>	<u>\$ 67,669,933</u>	<u>\$ 71,862,628</u>	<u>\$ 73,636,197</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 100,150	\$ 100,360	\$ 105,934	\$ 431,447
Public safety	2,998,253	3,071,009	3,242,072	3,180,715
Public works	-	-	-	-
Community services	823,340	1,078,848	1,234,637	1,016,705
Community development	869,115	1,335,841	1,148,627	917,062
Operating grants and contributions	9,278,565	9,099,096	8,027,156	8,691,442
Capital grants and contributions	3,578,616	3,163,745	4,556,286	3,426,786
Total governmental activities program revenues	<u>17,648,039</u>	<u>17,848,899</u>	<u>18,314,712</u>	<u>17,664,157</u>
Business-type activities:				
Charges for services:				
Water	11,043,029	13,045,637	13,673,720	13,398,340
Sewer	1,509,749	1,541,770	1,622,818	1,627,871
Housing authority	1,582,853	1,584,262	1,577,921	1,602,845
Other business -type activities	6,278,645	6,250,703	6,360,631	6,385,815
Total business-type activities program revenues	<u>20,414,276</u>	<u>22,422,372</u>	<u>23,235,090</u>	<u>23,014,871</u>
Total primary government program revenues	<u>\$ 38,062,315</u>	<u>\$ 40,271,271</u>	<u>\$ 41,549,802</u>	<u>\$ 40,679,028</u>
Net (expense)/revenue:				
Governmental activities	\$(30,070,875)	\$(29,857,778)	\$ (31,897,707)	\$ (33,703,981)
Business-type activities	1,413,221	2,459,116	1,584,881	746,812
Total primary government net expense	<u>\$(28,657,654)</u>	<u>\$(27,398,662)</u>	<u>\$ (30,312,826)</u>	<u>\$ (32,957,169)</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,390,669	\$ 3,671,388	\$ 5,461,015	\$ 4,221,976	\$ 4,828,271	\$ 4,287,183
-	-	-	-	-	-
27,410,251	30,195,115	31,295,032	34,350,077	37,142,231	36,216,287
9,246,671	11,002,512	10,295,016	10,154,486	9,817,418	9,607,658
10,290,567	10,591,475	10,694,274	10,639,108	10,876,760	12,471,250
1,968,081	3,064,649	2,698,772	2,520,478	3,224,295	3,182,218
330,196	281,018	229,533	261,770	187,615	156,937
<u>54,636,435</u>	<u>58,806,157</u>	<u>60,673,642</u>	<u>62,147,895</u>	<u>66,076,590</u>	<u>65,921,533</u>
12,120,429	12,946,131	14,829,319	14,779,099	15,479,110	16,849,337
1,934,381	2,107,071	2,381,245	2,270,868	2,444,214	2,611,350
1,737,015	1,491,686	1,631,963	1,569,221	1,578,646	1,877,902
6,322,831	6,341,002	6,527,533	7,162,134	7,578,579	7,336,987
<u>22,114,656</u>	<u>22,885,890</u>	<u>25,370,060</u>	<u>25,781,322</u>	<u>27,080,549</u>	<u>28,675,576</u>
<u>\$ 76,751,091</u>	<u>\$ 81,692,047</u>	<u>\$ 86,043,702</u>	<u>\$ 87,929,217</u>	<u>\$ 93,157,139</u>	<u>\$ 94,597,109</u>
\$ 535,708	\$ 549,270	\$ 512,442	\$ 449,012	\$ 437,362	\$ 551,556
3,354,565	3,351,086	3,390,223	3,185,405	3,152,854	3,195,683
2,899,926	203,981	1,250,526	620,539	151,871	185,537
1,011,325	1,035,577	1,043,879	1,101,822	938,790	931,965
1,796,341	1,987,112	2,866,742	1,874,548	1,953,166	2,241,602
8,308,818	9,957,548	7,961,383	8,416,487	8,739,837	11,890,028
4,423,311	2,644,726	6,206,726	3,437,594	5,173,881	6,195,484
<u>22,329,994</u>	<u>19,729,300</u>	<u>23,231,921</u>	<u>19,085,407</u>	<u>20,547,761</u>	<u>25,191,855</u>
12,209,656	13,035,748	14,402,538	15,297,469	15,775,170	18,504,454
1,628,705	1,803,519	1,955,880	2,290,963	2,347,221	2,727,785
1,645,982	1,281,830	1,277,656	1,300,213	1,368,862	1,834,228
7,283,219	7,279,389	7,349,063	7,718,806	7,591,511	7,363,550
<u>22,767,562</u>	<u>23,400,486</u>	<u>24,985,137</u>	<u>26,607,451</u>	<u>27,082,764</u>	<u>30,430,017</u>
<u>\$ 45,097,556</u>	<u>\$ 43,129,786</u>	<u>\$ 48,217,058</u>	<u>\$ 45,692,858</u>	<u>\$ 47,630,525</u>	<u>\$ 55,621,872</u>
\$ (32,306,441)	\$ (39,076,857)	\$ (37,441,721)	\$ (43,062,488)	\$ (45,528,829)	\$ (40,729,678)
652,906	514,596	(384,923)	826,129	2,215	1,754,441
<u>\$ (31,653,535)</u>	<u>\$ (38,562,261)</u>	<u>\$ (37,826,644)</u>	<u>\$ (42,236,359)</u>	<u>\$ (45,526,614)</u>	<u>\$ (38,975,237)</u>

(Continued)

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Taxes:				
Property taxes	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491	\$ 14,389,424
Sales and use taxes	8,490,350	9,033,667	9,593,316	9,639,019
Transaction and use taxes	4,215,209	4,430,751	4,701,077	4,933,170
Franchise tax	1,561,518	1,580,176	1,607,535	1,679,113
Grants and contributions not restricted to specific programs	316,262	325,718	84,906	58,365
Income from property and investments	3,175,312	2,790,519	2,664,660	2,808,233
Gain on sale of capital assets	-	-	-	-
Other general revenues	1,123,908	1,253,294	1,094,588	1,495,060
Extraordinary gain (loss)	8,194,111	-	(1,224,331)	(257,567)
Special item	-	-	-	-
Transfers	557,409	51,592	249,824	60,000
Total governmental activities	<u>41,809,546</u>	<u>32,799,399</u>	<u>32,007,066</u>	<u>34,804,817</u>
Business-type activities:				
Income from property and investments	273,456	30,416	152,270	127,071
Other general revenues	366,303	366,303	398,879	339,689
Transfers	(557,409)	(51,592)	(249,824)	(60,000)
Total business-type activities	<u>82,350</u>	<u>345,127</u>	<u>301,325</u>	<u>406,760</u>
Total primary government	<u>\$ 41,891,896</u>	<u>\$ 33,144,526</u>	<u>\$ 32,308,391</u>	<u>\$ 35,211,577</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 11,738,671	\$ 2,941,621	\$ 109,359	\$ 1,100,836
Business-type activities	<u>1,495,571</u>	<u>2,804,243</u>	<u>1,886,206</u>	<u>1,153,572</u>
Total primary government	<u>\$ 13,234,242</u>	<u>\$ 5,745,864</u>	<u>\$ 1,995,565</u>	<u>\$ 2,254,408</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 14,996,789	\$ 16,117,190	\$ 16,538,652	\$ 17,472,895	\$ 18,694,463	\$ 19,840,482
10,997,991	9,837,648	10,730,853	10,979,334	11,329,538	12,900,404
5,040,708	5,075,039	5,629,841	5,573,483	5,749,127	6,739,488
1,653,002	1,650,001	1,784,852	1,920,476	1,978,057	2,018,080
84,051	85,223	88,300	85,255	105,618	100,870
3,042,625	2,641,722	2,534,264	3,780,123	3,865,685	2,772,146
-	-	4,673,891	-	-	-
1,340,148	1,655,926	1,222,994	1,088,650	1,035,497	1,001,739
-	-	-	-	-	-
-	6,416,232	-	-	-	-
126,177	145,000	125,000	-	-	-
<u>37,281,491</u>	<u>43,623,981</u>	<u>43,328,647</u>	<u>40,900,216</u>	<u>42,757,985</u>	<u>45,373,209</u>
220,785	48,994	42,594	811,303	810,499	(4,255)
306,565	341,028	152,897	342,860	172,346	61,890
(126,177)	(145,000)	(125,000)	-	-	-
<u>401,173</u>	<u>245,022</u>	<u>70,491</u>	<u>1,154,163</u>	<u>982,845</u>	<u>57,635</u>
<u>\$ 37,682,664</u>	<u>\$ 43,869,003</u>	<u>\$ 43,399,138</u>	<u>\$ 42,054,379</u>	<u>\$ 43,740,830</u>	<u>\$ 45,430,844</u>
\$ 4,975,050	\$ 4,547,124	\$ 5,886,926	\$ (2,162,272)	\$ (2,770,844)	\$ 4,643,531
1,054,079	759,618	(314,432)	1,980,292	985,060	1,812,076
<u>\$ 6,029,129</u>	<u>\$ 5,306,742</u>	<u>\$ 5,572,494</u>	<u>\$ (181,980)</u>	<u>\$ (1,785,784)</u>	<u>\$ 6,455,607</u>

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 9,191,664	\$ 8,716,824	\$ 8,159,022	\$ 8,169,482
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,308,531	5,732,904	6,265,883	6,333,144
Total general fund	<u>\$14,500,195</u>	<u>\$14,449,728</u>	<u>\$ 14,424,905</u>	<u>\$ 14,502,626</u>
All other governmental funds				
Nonspendable	\$ 5,454	\$ -	\$ -	\$ -
Restricted	13,204,678	9,768,600	7,598,774	8,934,777
Assigned	-	4,658,192	5,856,196	7,259,633
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$13,210,132</u>	<u>\$14,426,792</u>	<u>\$ 13,454,970</u>	<u>\$ 16,194,410</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,406,791	\$ 6,311,389	\$ 5,214,884	\$ 4,425,438	\$ 2,715,606	\$ 2,043,647
418,195	269,912	327,386	834,185	2,015,009	3,105,457
-	-	1,100,000	2,950,000	3,555,000	5,983,680
984,505	2,197,789	6,258,051	7,717,970	8,602,672	8,325,715
<u>\$ 8,809,491</u>	<u>\$ 8,779,090</u>	<u>\$ 12,900,321</u>	<u>\$ 15,927,593</u>	<u>\$ 16,888,287</u>	<u>\$ 19,458,499</u>
\$ 9,000	\$ -	\$ -	\$ 62	\$ 68,126	\$ 73,870
12,848,248	14,955,457	12,507,938	14,149,562	13,902,639	16,164,156
6,608,111	689,121	4,121,516	3,595,183	3,450,080	2,753,344
-	-	-	(904,000)	(1,270,763)	(802,706)
<u>\$ 19,465,359</u>	<u>\$ 15,644,578</u>	<u>\$ 16,629,454</u>	<u>\$ 16,840,807</u>	<u>\$ 16,150,082</u>	<u>\$ 18,188,664</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Property taxes and special assessments	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491	\$ 14,389,424
Sales and use tax	8,470,140	9,095,047	9,491,508	9,654,374
Franchise tax	1,560,043	1,581,719	1,592,572	1,660,284
Transaction and use tax	4,217,599	4,496,894	4,567,116	5,037,656
Intergovernmental	13,231,750	12,519,619	12,678,220	12,176,593
Licenses and permits	983,459	1,328,317	1,223,155	914,722
Charges for services	4,097,698	4,783,686	4,533,679	4,862,176
Fines, forfeitures and penalties	818,988	721,905	1,030,240	986,820
Use of money and property	2,336,069	2,472,141	2,308,528	2,131,932
Other revenues	-	-	-	273,181
Total revenue	<u>49,891,213</u>	<u>50,333,010</u>	<u>50,660,509</u>	<u>52,087,162</u>
<b>Expenditures</b>				
General government	2,670,225	2,768,190	2,959,220	2,774,950
Public safety	22,681,590	23,221,242	24,094,326	24,757,974
Public works	3,922,907	4,077,979	4,211,341	6,138,461
Community services	8,097,168	8,786,491	9,086,497	9,684,484
Community development	4,608,275	4,008,453	4,531,709	2,199,199
Capital outlay	2,717,895	4,710,527	5,353,232	2,258,563
Debt service:				
Principal	703,163	216,011	230,425	245,632
Interest expense	858,818	80,618	71,003	60,738
Total expenditures	<u>46,260,041</u>	<u>47,869,511</u>	<u>50,537,753</u>	<u>48,120,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,631,172</u>	<u>2,463,499</u>	<u>122,756</u>	<u>3,967,161</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	-	-	-
Proceeds from debt	-	-	-	-
Proceeds from sale of property	-	2,694	-	-
Transfers in	3,499,171	3,315,381	1,814,128	2,148,984
Transfers out	<u>(4,111,485)</u>	<u>(4,615,381)</u>	<u>(2,933,529)</u>	<u>(3,298,984)</u>
Total other financing sources (uses)	<u>(612,314)</u>	<u>(1,297,306)</u>	<u>(1,119,401)</u>	<u>(1,150,000)</u>
Special item	-	-	-	-
Extraordinary gain (loss)	<u>6,290,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 9,308,897</u>	<u>\$ 1,166,193</u>	<u>\$ (996,645)</u>	<u>\$ 2,817,161</u>
Debt service as a percentage of noncapital expenditures	3.59%	0.69%	0.67%	0.66%

Source: Finance Office, City of La Habra

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 14,996,789	\$ 16,117,190	\$ 16,538,652	\$ 17,527,982	\$ 18,749,790	\$ 19,894,873	
10,690,774	10,235,873	10,234,115	11,373,624	11,344,359	12,871,187	
1,662,712	1,680,204	1,775,865	1,910,805	1,983,537	1,997,428	
4,994,922	5,063,240	5,381,995	5,854,399	5,752,140	6,726,948	
12,816,180	11,994,355	14,281,399	11,909,924	13,992,385	18,035,505	
4,394,608	1,553,900	3,140,795	1,984,329	1,367,235	1,583,355	
5,275,163	5,296,267	5,718,793	5,217,261	5,367,980	5,719,625	
1,133,348	1,140,276	938,095	848,817	733,065	744,201	
2,603,900	2,246,883	3,152,638	4,849,412	3,415,365	2,670,807	
125,172	194,236	423,269	308,824	204,721	144,064	
<u>58,693,568</u>	<u>55,522,424</u>	<u>61,585,616</u>	<u>61,785,377</u>	<u>62,910,577</u>	<u>70,387,993</u>	
2,923,628	3,196,147	3,009,121	3,042,493	3,246,507	3,359,344	
26,535,529	27,512,220	27,739,273	29,963,502	31,922,341	32,960,936	
5,955,786	7,034,702	6,276,417	6,452,778	6,241,368	6,307,067	
9,863,500	10,150,275	9,798,354	9,845,302	10,000,401	12,006,452	
2,050,109	2,921,703	2,427,694	2,319,552	2,970,478	3,141,803	
13,851,464	14,994,359	11,729,060	4,505,752	5,749,699	6,118,375	
261,639	278,585	296,419	384,575	248,356	130,997	
69,753	68,076	51,933	83,699	61,458	54,225	
<u>61,511,408</u>	<u>66,156,067</u>	<u>61,328,271</u>	<u>56,597,653</u>	<u>60,440,608</u>	<u>64,079,199</u>	
<u>(2,817,840)</u>	<u>(10,633,643)</u>	<u>257,345</u>	<u>5,187,724</u>	<u>2,469,969</u>	<u>6,308,794</u>	
-	-	-	-	-	-	
-	-	1,430,097	-	-	-	
2,620	741,229	5,593,665	1,733	-	-	
11,100,887	6,056,274	3,981,698	1,007,504	360,538	2,229,158	
<u>(11,317,131)</u>	<u>(6,431,274)</u>	<u>(6,156,698)</u>	<u>(2,958,336)</u>	<u>(2,560,538)</u>	<u>(3,929,158)</u>	
<u>(213,624)</u>	<u>366,229</u>	<u>4,848,762</u>	<u>(1,949,099)</u>	<u>(2,200,000)</u>	<u>(1,700,000)</u>	
-	6,416,232	-	-	-	-	
-	-	-	-	-	-	
<u>\$ (3,031,464)</u>	<u>\$ (3,851,182)</u>	<u>\$ 5,106,107</u>	<u>\$ 3,238,625</u>	<u>\$ 269,969</u>	<u>\$ 4,608,794</u>	
0.70%	0.66%	0.70%	0.90%	0.58%	0.32%	



**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
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%
2019	5,116,092,086	870,102,894	422,864,012	211,960,663	6,621,019,655	0.16951%
2020	5,544,384,501	911,214,018	440,699,175	213,251,126	7,109,548,820	0.16872%
2021	5,832,142,064	959,496,576	461,827,417	201,031,731	7,454,497,788	0.16928%

(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			
	2012	2013	2014	2015
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	0.05362	0.06125	0.05885	0.05654
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350
Total Direct & Overlapping <sup>1</sup> Tax Rate	<u>1.05732</u>	<u>1.06475</u>	<u>1.06235</u>	<u>1.06004</u>
Total Direct Rate <sup>2</sup>	<u>0.22158</u>	<u>0.21919</u>	<u>0.16576</u>	<u>0.16583</u>

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

<sup>1</sup> 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.

<sup>2</sup> 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					
2016	2017	2018	2019	2020	2021
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.06821	0.08423	0.08979	0.08814	0.11438	0.12
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
1.07171	1.08773	1.09329	1.09164	1.11788	1.12654
0.16609	0.16613	0.16611	0.16951	0.16872	0.16928

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

Taxpayer	2021		2012	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CVS Pharmacy Inc	\$ 136,079,881	1.83%	\$ -	0.00%
La Habra Associates LLC	102,302,816	1.37%	-	0.00%
Fairfield 951 Beach LLC	86,028,878	1.15%	-	0.00%
La Habra Westridge Partnership LP	71,029,352	0.95%	-	0.00%
Bex Portfolio Inc	51,143,078	0.69%	-	0.00%
Carefree Communities CA LLC	41,205,266	0.55%	-	0.00%
Ralphs Grocery Company	32,176,515	0.43%	-	0.00%
Costco Wholesale Corporation	32,004,992	0.43%	-	0.00%
Monterra Springs LLC	31,942,360	0.43%	-	0.00%
Bank First Security of Utah Trust	31,810,535	0.43%	-	0.00%
La Habra Associates LLC	-	0.00%	87,207,373	1.82%
CVS Pharmacy Inc	-	0.00%	78,366,751	1.64%
La Habra Westridge Partnership LP	-	0.00%	60,524,803	1.26%
Ralphs Grocery Company	-	0.00%	29,211,411	0.61%
Bank First Security of Utah Trust	-	0.00%	27,049,964	0.56%
Essex Hillsborough Park LP	-	0.00%	24,900,954	0.52%
Costco Wholesale Corporation	-	0.00%	21,459,784	0.45%
Garfield Beach CVS LLC	-	0.00%	20,990,559	0.44%
Clipperton Partners	-	0.00%	18,909,239	0.39%
Westridge Golf Inc	-	0.00%	18,327,899	0.38%
Top Ten Assessed Value	\$ 615,723,673	8.26%	\$ 386,948,737	8.07%
Total Assessed Value	<u>\$ 7,454,497,788</u>		<u>\$ 4,792,417,258</u>	

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

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date (1)	
		Fiscal Year of Levy Amount	Percent of Levy		Amount	Percent of Levy
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%
2019	10,990,054	10,688,629	97.26%	80,116	10,768,745	97.99%
2020	11,622,897	11,335,297	97.53%	100,012	11,435,309	98.39%
2021	12,179,963	11,892,233	97.64%	90,456	11,982,689	98.38%

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				Total Governmental Long-term Debt
	Certificates of Participation	Notes Payable	Loan Payable	Contract and Lease Payable	
2012	\$ 3,947,011	\$ 440,321	\$ 601,581	\$ 835,402	\$ 5,824,315
2013	3,669,271	391,547	518,682	751,064	5,330,564
2014	3,381,531	340,405	432,476	693,341	4,847,753
2015	3,073,791	286,780	342,831	590,979	4,294,381
2016	2,751,051	230,552	249,642	6,078,757	9,310,002
2017	2,413,311	171,594	152,704	5,956,068	8,693,677
2018	2,060,571	109,774	51,899	1,652,371	3,874,615
2019	1,687,831	44,953	-	2,288,516	4,021,300
2020	1,295,091	-	-	2,007,595	3,302,686
2021	887,351	-	-	1,796,135	2,683,486

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.

Source: HdL Coren & Cone

Fiscal Year Ended June 30	Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	Certificates of Participation	Revenue Bonds	Total Business-type Activities			
2012	\$ 13,914,290	\$ 25,655,000	\$ 39,569,290	\$ 45,393,605	3.03%	\$ 746
2013	13,688,731	25,205,000	38,893,731	44,224,295	2.99%	723
2014	14,792,948	40,352,412	55,145,360	59,993,113	4.13%	972
2015	14,502,389	39,571,957	54,074,346	58,368,727	3.89%	946
2016	14,206,831	38,781,502	52,988,333	62,298,335	3.96%	1,004
2017	13,901,272	37,966,047	51,867,319	60,560,996	3.66%	975
2018	13,585,713	37,125,592	50,711,305	54,585,920	3.24%	869
2019	13,255,154	36,250,137	49,505,291	53,526,591	2.99%	842
2020	12,914,597	34,564,501	47,479,098	50,781,784	2.72%	801
2021	11,880,838	33,529,849	45,410,687	48,094,173	2.61%	766

**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	Per Capita
	General Obligation Bonds	Tax Allocation Bonds (2)	Total		
2012	n/a	\$ -	\$ -	-	-
2013	n/a	-	-	-	-
2014	n/a	-	-	-	-
2015	n/a	-	-	-	-
2016	n/a	-	-	-	-
2017	n/a	-	-	-	-
2018	n/a	-	-	-	-
2019	n/a	-	-	-	-
2020	n/a	-	-	-	-
2021	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).

**CITY OF LA HABRA, CALIFORNIA**  
**Direct and Overlapping Debt**  
**June 30, 2021**

2020-21 Assessed Valuation	\$ 7,451,957,666
Redevelopment Incremental Valuation	-
Adjusted Assessed Valuation	\$ 7,451,957,666

	%age Applicable (1)	Outstanding Debt June 30, 2021	Estimated Share of Overlapping Debt June 30, 2021
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.228%	\$ 26,830,000	\$ 61,172
North Orange County Joint Community College District	5.114%	245,604,001	12,560,189
Fullerton Joint Union High School District	18.913%	193,065,000	36,514,383
La Habra City School District	81.015%	36,431,136	29,514,685
Lowell Joint School District	37.091%	46,700,000	17,321,497
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 95,971,926</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	1.137%	\$ 381,885,000	\$ 4,342,032
Orange County Pension Obligations	1.137%	485,318,204	5,518,068
Orange County Board of Education Certificates of Participation	1.137%	12,310,000	139,965
North Orange County Regional Occupation Program Certificate of Participation	5.262%	8,590,000	452,006
Fullerton Joint Union High School District Certificates of Participation	18.913%	17,275,000	3,267,221
City of La Habra Lease Agreements	100.000%	1,796,135	1,796,135
City of La Habra Certificate of Participation	100.000%	12,768,189	12,768,189
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 28,283,616</b>
<b><u>OVERLAPPING TAX INCREMTN DEBT (Successor Agency):</u></b>	100.000%	\$ 3,762,793	<b>\$ 3,762,793</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 14,564,324</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 113,454,011</b>
<b>COMBINED TOTAL DEBT (2)</b>		<b>\$ 1,472,335,458</b>	<b>\$ 128,018,335</b>

(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 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.29%

Ratios to Adjusted Assessed Valuation:

**Total Direct Debt ( \$14,564,324).....0.20%**

Combined Total Debt.....1.72%

Ratios to Redevelopment Incremental Valuation (\$634,330,863):

Total Overlapping Tax Increment Debt..... 0.59%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2012	2013	2014	2015
Total Assessed Value of all Real and Personal Property	\$ 4,792,478,144	\$4,857,042,662	\$4,979,748,482	\$5,318,494,761
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	718,871,722	728,556,399	746,962,272	797,774,214
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 718,871,722</u>	<u>\$ 728,556,399</u>	<u>\$ 746,962,272</u>	<u>\$ 797,774,214</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

2016	2017	2018	2019	2020	2021
\$5,658,515,566	\$5,934,157,097	\$6,243,448,029	\$6,621,019,655	\$7,109,548,820	\$7,454,497,788
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
848,777,335	890,123,565	936,517,204	993,152,948	1,066,432,323	1,118,174,668
<u>\$ -</u>	<u>\$ -</u>				
<u>\$ 848,777,335</u>	<u>\$ 890,123,565</u>	<u>\$ 936,517,204</u>	<u>\$ 993,152,948</u>	<u>\$ 1,066,432,323</u>	<u>\$ 1,118,174,668</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	
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	13,420,657	7,693,460	5,727,197	735,000	1,818,092	2.24
2016	12,242,139	7,669,465	4,572,674	745,000	1,796,236	1.80
2017	13,093,298	8,520,169	4,573,129	770,000	1,773,089	1.80
2018	14,470,730	10,458,292	4,012,438	795,000	1,744,302	1.58
2019	15,649,358	10,338,523	5,310,835	830,000	1,710,520	2.09
2020	16,086,963	11,219,139	4,867,824	860,000	1,520,600	2.04
2021	18,520,416	12,769,391	5,751,025	875,000	1,390,848	2.54

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	
\$ 2,633,169	\$ 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
2,892,143	1,394,088	1,498,055	340,000	685,413	1.46
2,920,464	1,551,716	1,368,748	350,000	672,038	1.34
2,841,241	1,575,412	1,265,829	365,000	452,717	1.55



**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>
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%
2018	63,542	1,787,426	28,129	3.1%
2019	63,371	1,867,702	29,472	2.9%
2020	62,808	1,843,375	29,349	9.4%

Source: HdL Coren & Cone

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

Employer	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	828	7.43%	887	3.09%
Wal-Mart/Sams Stores Inc.	710	6.37%	554	1.93%
City of La Habra	358	3.21%	393	1.37%
Costco	337	3.02%	255	0.89%
Target Stores	262	2.35%	190	0.66%
Amazon Fresh	229	2.06%		
Northgate Market	213	1.91%		
The Kroger Co./La Habra Bakery	200	1.79%	235	0.82%
Home Depot	198	1.78%	154	0.54%
JC Ford Company	185	1.66%		
Lowe's Home Centers Inc.			128	0.45%
Kohl's Department Stores Inc.			135	0.47%
Preferred Emploment			542	1.89%

"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**

<b>Function/Department</b>	Full-time Equivalent Employees									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City Manager	3.75	3.75	4.75	2.59	2.59	2.59	2.59	1.94	1.94	3.19
City Clerk	2.53	2.75	2.75	4.90	4.31	4.41	4.41	3.70	3.69	2.47
Community Development	30.70	32.85	21.76	21.19	23.03	19.93	20.61	19.07	16.89	18.29
Community Services	94.50	101.67	103.23	111.39	118.12	122.95	89.45	87.84	88.06	91.22
Finance/Administrative Services	22.45	23.82	23.04	23.08	22.54	22.74	23.74	23.26	22.77	22.57
Police	121.76	119.21	120.44	124.16	123.52	125.05	124.78	122.24	121.99	117.98
Public Works	54.50	45.22	65.34	69.58	69.80	70.31	72.03	70.85	68.96	68.02
Children's Museum	<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>	<u>9.00</u>	<u>9.31</u>	<u>8.61</u>
<b>Total</b>	<u><b>336.38</b></u>	<u><b>338.80</b></u>	<u><b>347.60</b></u>	<u><b>363.47</b></u>	<u><b>372.64</b></u>	<u><b>376.71</b></u>	<u><b>348.97</b></u>	<u><b>337.90</b></u>	<u><b>333.61</b></u>	<u><b>332.35</b></u>

Source: City of La Habra, Finance Department

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police:</b>										
Arrests	2,285	2,238	2,039	2,015	2,141	2,134	1,858	1,587	1,640	1,385
Crime Reports	6,909	6,465	6,334	6,261	6,948	6,933	6,679	4,531	7,914	6,325
Moving citations issued	5,070	5,859	7,845	6,439	6,569	6,767	6,446	5,254	4,940	7,891
Parking citations issued	8,389	10,452	11,644	12,979	16,756	16,405	13,628	12,653	9,681	15,982
<b>Fire</b>										
Number of emergency calls	3,527	3,549	3,697	3,984	4,309	4,259	4,305	4,208	4,301	4,620
<b>Public Works</b>										
Street resurfacing, centerline (miles)	11	11	8	-	-	-	3	1	10	4
<b>Community development</b>										
Building Permits Issued	1,786	1,818	1,818	1,871	2,593	1,878	2,125	1,878	1,690	1,943
Building Inspections	3,422	3,170	3,170	3,200	4,260	3,843	4,116	4,010	2,879	3,075
Building Plan Checks	166	191	191	351	453	382	360	462	428	546
<b>Parks and recreation:</b>										
Number of Parks	24	25	25	25	25	25	25	25	25	25
Park Acreage	133.66	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37
<b>Municipal Water Department</b>										
Number of Accounts	12,325	12,400	12,857	12,870	12,915	12,945	12,951	12,961	13,002	13,443
Average daily consumption (thousands of gallons)	7,435	8,092	8,257	7,978	6,688	6,864	7,604	6,973	6,995	7,647

Source: City of La Habra, Finance Department

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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, centerline (miles)	108	108	108	108	108	108	113	111	111	111
Streetlights	2,537	2,540	2,523	2,527	2,529	2,531	2,542	2,542	2,648	2,648
Traffic signals	34	34	35	35	35	35	35	35	35	35
Parks and recreation:										
Parks	24	25	25	25	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	130	130	158	158	158	158	158	158	158	158
Sewer										
Sanitary sewers (miles)	108	108	126	126	126	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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Services										
Residential	\$ 11,237	\$ 11,307	\$ 11,757	\$ 11,774	\$ 11,825	\$ 11,847	\$ 11,839	\$ 11,842	\$ 11,880	\$ 12,270
Commercial/Industrial	795	799	801	797	793	794	806	807	807	837
Schools/Other	293	294	299	299	297	304	306	312	315	336
Total	<u>\$ 12,325</u>	<u>\$ 12,400</u>	<u>\$ 12,857</u>	<u>\$ 12,870</u>	<u>\$ 12,915</u>	<u>\$ 12,945</u>	<u>\$ 12,951</u>	<u>\$ 12,961</u>	<u>\$ 13,002</u>	<u>\$ 13,443</u>

Source: City of La Habra

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

Effective: 1/1/20 & 1/1/21

Meter Size	2020				2021			
	Monthly Meter Charge	Water Consumption Charge			Monthly Meter Charge	Water Consumption Charge		
		Residential				Residential		
5/8 inch	\$ 16.50	Tier 1: 0-8 ccf	\$ 2.33	\$ 17.99	Tier 1: 0-8 ccf	\$ 2.54		
3/4 inch	22.82	Tier 2: 9-16 ccf	\$ 3.80	24.87	Tier 2: 9-16 ccf	\$ 4.14		
1 inch	35.45	Tier 3: 16+ ccf	\$ 5.51	38.64	Tier 3: 16+ ccf	\$ 6.01		
1-1/2 inches	67.05	Multi-Family			73.08	Multi-Family		
2 inches	104.96	Uniform Tier	\$ 3.40	114.41	Uniform Tier	\$ 3.71		
3 inches	193.42	Commercial			210.83	Commercial		
4 inches	319.80	Uniform Tier	\$ 3.46	348.58	Uniform Tier	\$ 3.77		
6 inches	635.74	Municipal			692.96	Municipal		
8 inches	1,014.87	Uniform Tier	\$ 4.21	1,106.21	Uniform Tier	\$ 4.59		
		Irrigation				Irrigation		
		Uniform Tier	\$ 4.95		Uniform Tier	\$ 5.40		

Source: City of La Habra

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

Water Agency	FY 2020				FY 2021			
	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)	1-8	\$ 2.33	\$ 16.50		1-8	\$ 2.54	\$ 17.99	
La Habra (Tiered Rate)	9-16	3.80			9-16	4.14		
La Habra (Tiered Rate)	16-25	5.51		\$ 115.13	16-25	6.01		\$ 125.52
Brea (Tiered Rate)	1-10	3.59	15.93		1-10	3.59	15.93	
Brea (Tiered Rate)	11-20	4.69			11-20	4.69		
Brea (Tiered Rate)	21-25	6.18		129.63	21-25	6.18		129.63
Fullerton (Tiered Rate)	1-10	2.28	26.07		1-10	2.60	29.72	
Fullerton (Tiered Rate)	11-17	2.28			11-17	2.60		
Fullerton (Tiered Rate)	18-25	4.58		101.47	18-25	5.30		116.32
La Habra Heights (Lower Zone)	25	2.02	38.89	89.39	25	2.12	41.62	94.62
La Habra Heights (Higher Zone)	25	2.26	38.89	95.39	25	2.37	41.62	100.87
Suburban Water System	1-20	2.81	13.53		1-20	2.92	14.05	
Suburban Water System (La Mirada & Whittier)	5	3.17		85.64	5	3.30		88.96
Whittier (3/4 meter - Tierd Rate)	1-22	2.08	32.92		1-22	2.19	69.13	
Whittier (3/4 meter - Tierd Rate)	23-25	3.41		88.91	23-25	3.58		128.05

Source: City of La Habra

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

Customer	2021		2020	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
Westridge Golf, Inc.	132,042	3.54%		
City of La Habra	97,754	2.62%		
Tapestry	62,538	1.68%		
La Habra School District	50,585	1.36%		
Heritage HOA	32,536	0.87%		
Brooklake Apartments	29,033	0.78%		
Westridge Community Association	27,064	0.73%		
Friendly Village	23,205	0.62%		
Lake Park - La Habra	22,749	0.61%		
La Habra Assoc LLC	22,686	0.61%		
City of La Habra			91,215	2.67%
Westridge Golf, Inc.			53,341	1.56%
La Habra School District			43,153	1.26%
Heritage HOA			29,977	0.88%
Tapestry			29,213	0.86%
Brooklake Apartments			26,994	0.79%
Friendly Village			22,097	0.65%
Westridge Community Association			21,774	0.64%
Sunny Hills HOA			21,320	0.62%
Village Green Apartment			20,525	0.60%
Total Consumption in 100 CCF		<u>3,731,033</u>		<u>3,413,163</u>

Source: City of La Habra