



City of La Habra, California

Annual Comprehensive Financial Report

Fiscal Year Ended
June 30, 2023



City of La Habra, California
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2023



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, 2023

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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

May 16, 2024

Honorable Mayor, Members of the City Council and Citizens of the City of La Habra:

The Annual Comprehensive Financial Report of the City of La Habra (City) for the fiscal year ended June 30, 2023 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 2022-2023 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 61,835) 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 22/23 was \$8,328,929,918, which is 7.28% more than FY 21/22. Based on data from the 2017-2021 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%. It was 4.4% in February 2024.

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, 2023 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, 2023 was \$22.8 million. Of this amount, \$4.8 million is considered restricted, and \$6.6 million is assigned for specific purposes. The remaining balance of \$11.4 million represented unassigned or available portion of fund balance.

Long-Term Liabilities

As of fiscal year ended June 30, 2023, the City had several outstanding debt issues and other long-term liabilities totaling \$171.7 million (excluding deferred gain/loss on refunding), including:

- \$3.0 million in tax allocation bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$0.2 million in lease obligations and subscription liability
- \$10.9 million in certificates of participation
- \$31.4 million in water revenue bonds
- \$69.5 million in pension obligation bonds
- \$6.2 million for claims payable
- \$6.4 million for compensated absences
- \$4.3 million for pollution remediation liability
- \$4.3 million for net OPEB liability
- \$35.5 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, 2023, the capital assets (net of depreciation/amortization) of the City’s governmental activities amounted to \$117.8 million. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available. Depreciation and amortization of capital assets is recognized in the City’s financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

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

Enterprise Operation	Net Position Beginning	Operating Revenues	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Position Ending
Water	\$ 30,379,988	\$ 17,235,734	\$ 15,556,247	\$ (1,221,971)	\$ 290,103	\$ 31,127,607
Sewer	6,158,419	2,871,016	2,706,408	(22,468)	(117,245)	6,183,314
Housing Authority	4,960,358	1,738,988	863,513	(296,554)	-	5,539,279
Refuse	3,508,941	4,856,094	6,876,044	21,169	(197,858)	1,312,302
Children's Museum	465,560	629,238	580,712	(17,786)	25,000	521,300
Mobile Home Lease	5,247,286	2,930,716	2,606,361	(4,883)	-	5,566,758
	\$ 50,720,552	\$ 30,261,786	\$ 29,189,285	\$ (1,542,493)	\$ -	\$ 50,250,560

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.

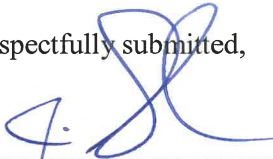
ACKNOWLEDGEMENTS

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, and Accounting Supervisor 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,

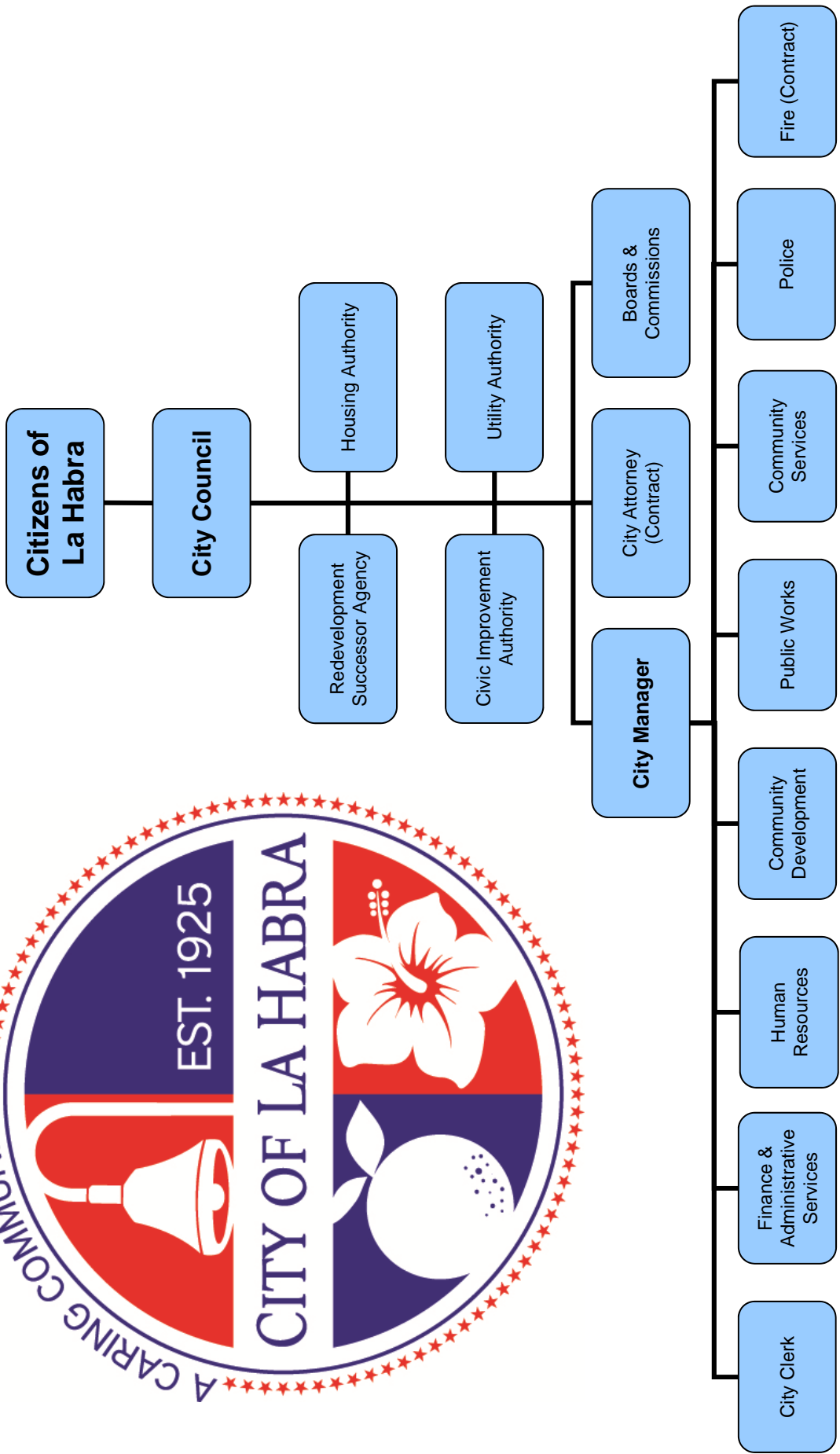


James D. Sadro
City Manager



Melvin L. Shannon
Director of Finance

City of La Habra Organization and Services



CITY OF LA HABRA, CALIFORNIA

CITY OFFICIALS AS OF JUNE 30, 2023

MEMBERS OF THE CITY COUNCIL

Mayor James Gomez
Mayor Pro Tem Daren Nigsarian
Councilmember Rose Espinoza
Councilmember Jose Medrano
Councilmember Steve Simonian

CITY MANAGER

James D. Sadro

CITY ATTORNEY

Richard Jones

ASSISTANT CITY CLERK

Rhonda Barone

DIRECTOR OF FINANCE

Melvin Shannon

DIRECTOR OF HUMAN RESOURCES

Elvie Balderrama

DIRECTOR OF COMMUNITY DEVELOPMENT

Susan Kim

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
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of La Habra
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of La Habra
La Habra, California

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Changes in Accounting Principle

As discussed in Note 1(d)(17) to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology (SBITA)*. Our opinions are not modified with respect to this matter.

Restatement for Correction of Error

As discussed in Note 3(f) to the financial statements, net position of the fiduciary funds as of July 1, 2022, was restated to correct the reporting of custodial funds. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 defined benefit postemployment healthcare plan and the budgetary comparison schedules for the General fund, State Gas Tax Special Revenue Fund, American Rescue Plan Act Special Revenue Fund, and Measure M Special Revenue Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual non-major fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of La Habra

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, 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 City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
May 16, 2024

Management's Discussion and Analysis

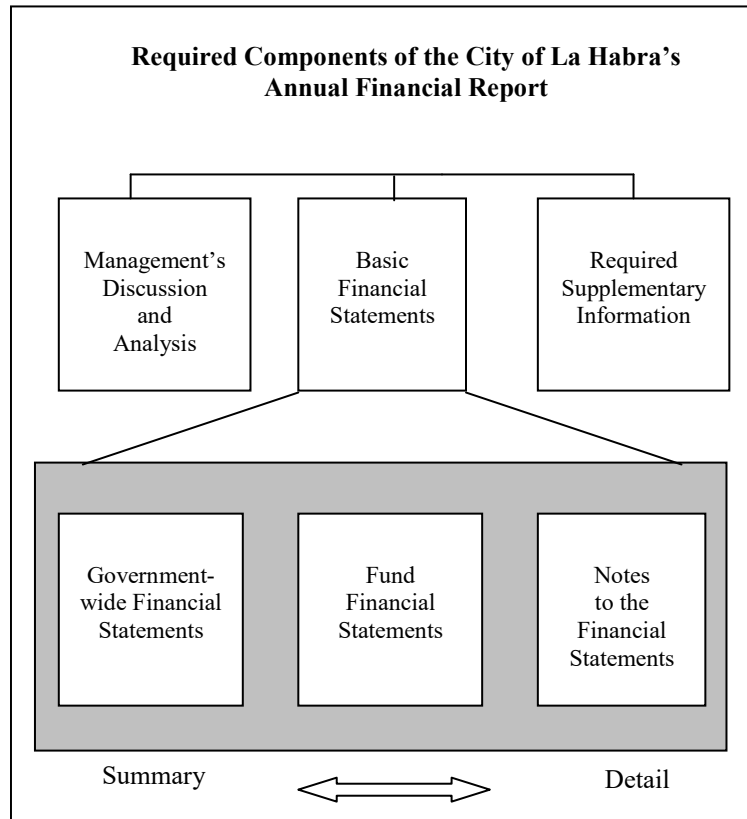
In an effort to provide insight and perspective to the City of La Habra's (City) annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2023. The intent of this discussion is to assist the reader to better 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, 2023, and 2022, respectively:

**TABLE 1
STATEMENTS OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Change (\$)	Change (%)
	FY 22/23	FY 21/22	FY 22/23	FY 21/22	FY 22/23	FY 21/22		
Assets								
Current and other assets	\$ 88,879,559	\$ 80,643,306	\$ 47,897,557	\$ 45,676,968	\$ 136,777,116	\$ 126,320,274	\$ 10,456,842	8.3%
Capital assets	117,788,729	115,425,696	54,240,582	55,154,007	172,029,311	170,579,703	1,449,608	0.8%
Total Assets	206,668,288	196,069,002	102,138,139	100,830,975	308,806,427	296,899,977	11,906,450	4.0%
Deferred outflow of resources	51,347,962	85,573,737	3,970,816	7,233,550	55,318,778	92,807,287	(37,488,509)	-40.4%
Liabilities								
Current liabilities	24,324,942	29,266,967	4,831,651	4,959,551	29,156,593	34,226,518	(5,069,925)	-14.8%
Noncurrent liabilities	108,653,267	134,288,758	51,517,400	51,225,701	160,170,667	185,514,459	(25,343,792)	-13.7%
Total Liabilities	132,978,209	163,555,725	56,349,051	56,185,252	189,327,260	219,740,977	(30,413,717)	-13.8%
Deferred inflow of resources	46,884,753	38,687,821	169,016	2,203,181	47,053,769	40,891,002	6,162,767	15.1%
Net position								
Net investment in capital assets	114,708,465	114,372,116	22,421,053	25,352,673	137,129,518	139,724,789	(2,595,271)	-1.9%
Restricted	24,749,680	22,920,635	1,167,564	734,045	25,917,244	23,654,680	2,262,564	9.6%
Unrestricted	(61,304,857)	(57,893,558)	26,002,271	23,589,374	(35,302,586)	(34,304,184)	(998,402)	2.9%
Total Net Position	\$ 78,153,288	\$ 79,399,193	\$ 49,590,888	\$ 49,676,092	\$ 127,744,176	\$ 129,075,285	\$ (1,331,109)	-1.0%

Assets and Deferred Outflow of Resources

The City's *combined* assets of \$308.8 million as of June 30, 2023 comprised of \$136.8 million in current and other assets and \$172.0 million in capital assets. Deferred outflows of resources of \$55.3 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 \$51.6 million of the balance.

Liabilities and Deferred Inflow of Resources

As of June 30, 2023, the City's ended the year with \$189.3 million in *combined* liabilities. Approximately 18.7% or \$35.5 million of the liability was net pension liability, and approximately 59.1% or \$111.9 million was bond and certificate of participation obligations. The remaining 22.1% or \$41.9 million was relating to various obligations such as leases payable, claims payable, net OPEB liability, compensated absences, etc. Deferred inflows of resources of \$47.1 million represented deferred amount from pension, OPEB, and leases. The majority of the balance was deferred amount from pension, which represented \$45.8 million of the balance.

Net Investment in Capital Assets

The City's *combined* net position for the fiscal year ended June 30, 2023, as shown above, was \$127.7 million. \$137.1 million represents capital assets such as land, buildings, machinery, equipment, and infrastructure, less depreciation/ amortization 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

\$25.9 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 pension rate program increased by \$1.5 million primarily due to the Section 115 Pension Trust deposits in accordance with the Pension Funding Policy.

Unrestricted Net Position

The unrestricted net position of the City's business-type activities totals \$26.0 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 \$61.3 million balance of unrestricted net position in the governmental activities. The negative unrestricted net position is primarily the result of the City's obligations relating to pension.

Changes in Net Position

The condensed summary of activities (Table 2) shows that the City's total net position decreased by \$1.3 million to \$127.7 million during the year with Governmental Activities net position decrease of \$1.2 million and the Business-type Activities net position decrease of \$0.1 million.

Approximately 55.1% of the City's governmental revenue is generated through taxes collected (property, sales and use, transaction and use, and franchise), and almost 100% of the City's business-type revenue is generated through charges for services.

TABLE 2
CHANGES IN NET POSITION

	Government Activities		Business-Type Activities		Total	
	<u>FY 22/23</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 21/22</u>
Revenues						
Program Revenues						
Charges for Services	\$ 9,830,722	\$ 8,712,079	\$ 30,261,786	\$ 30,946,605	\$ 40,092,508	\$ 39,658,684
Operating Grants and Contributions	18,072,066	11,873,560	-	-	18,072,066	11,873,560
Capital Grants and Contributions	6,133,751	4,949,920	-	-	6,133,751	4,949,920
General Revenues						
Property Taxes	22,428,672	20,994,665	-	-	22,428,672	20,994,665
Sales and Use Taxes	14,546,390	14,577,122	-	-	14,546,390	14,577,122
Transaction and Use Taxes	7,780,968	7,621,355	-	-	7,780,968	7,621,355
Franchise Tax	2,391,564	2,156,690	-	-	2,391,564	2,156,690
Grants and Contributions not Restricted to Specific Programs	119,916	126,522	-	-	119,916	126,522
Income from Property and Investments	3,252,120	845,414	66,028	(636,716)	3,318,148	208,698
Gain on sale of capital assets	20,994	44,511	-	-	20,994	44,511
Other General Revenues	1,008,910	1,062,642	5,782	44,158	1,014,692	1,106,800
Total Revenues	85,586,073	72,964,480	30,333,596	30,354,047	115,919,669	103,318,527
Expenses						
General Government	3,785,227	5,464,741	-	-	3,785,227	5,464,741
Public Safety	53,428,983	44,085,563	-	-	53,428,983	44,085,563
Public Works	10,778,966	10,200,838	-	-	10,778,966	10,200,838
Community Services	12,975,016	11,606,304	-	-	12,975,016	11,606,304
Community Development	4,044,949	2,434,719	-	-	4,044,949	2,434,719
Interest on Long-Term Debt	1,818,837	1,380,758	-	-	1,818,837	1,380,758
Water	-	-	16,694,943	16,127,999	16,694,943	16,127,999
Sewer	-	-	2,641,793	2,829,901	2,641,793	2,829,901
Refuse	-	-	6,863,078	4,794,598	6,863,078	4,794,598
Housing Authority	-	-	1,042,915	1,114,405	1,042,915	1,114,405
Children's Museum	-	-	569,710	724,913	569,710	724,913
Mobile Home Lease	-	-	2,606,361	2,569,452	2,606,361	2,569,452
Total Expenses	86,831,978	75,172,923	30,418,800	28,161,268	117,250,778	103,334,191
Excess (deficiency) before Transfers	(1,245,905)	(2,208,443)	(85,204)	2,192,779	(1,331,109)	(15,664)
Transfers	-	177,587	-	(177,587)	-	-
Change in Net Position	(1,245,905)	(2,030,856)	(85,204)	2,015,192	(1,331,109)	(15,664)
Net Position - Beginning of Year	79,399,193	81,430,049	49,676,092	47,660,900	129,075,285	129,090,949
Net Position - End of year	\$ 78,153,288	\$ 79,399,193	\$ 49,590,888	\$ 49,676,092	\$ 127,744,176	\$ 129,075,285

Governmental Activities

The decrease in net position for *governmental* activities was \$1.2 million, caused as a result of total revenues for *governmental* activities of \$85.6 million being offset by \$86.8 million in total costs for *governmental* activities.

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

- Property tax grew by \$1.4 million or 6.84% compared to prior year as a result of increase in property taxable values and volumes of real estate transaction especially in the residential class of property.
- Sales and transaction taxes stayed relative flat with increase of 0.1 million or 0.6% increase over prior fiscal year. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior.
- Income from property and investments increased by \$2.4 million compared to prior year due to higher interest rate.
- Deferred inflow of resources adjustment relating to public safety pension plan caused public safety expense to increase by \$9.4 million.
- Operating and capital grants increased by \$5.6 million and \$1.2 million respectively due to ARPA grant spending and earning during the fiscal year.

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.

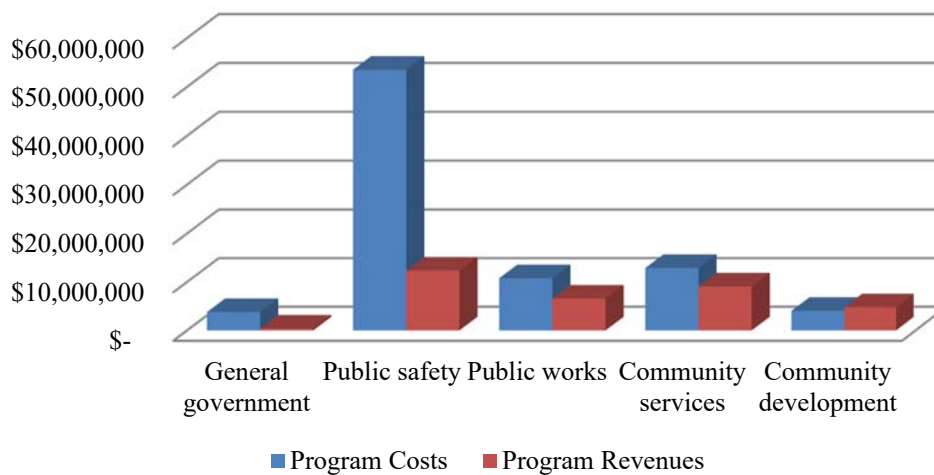
Community Services is comprised of six divisions (Building Maintenance, Child Development, Children's Museum, Employment and Training, Recreation, and Senior and Social Services) providing various programs, services, and special events for the citizens

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 22/23	FY 21/22	FY 22/23	FY 21/22	FY 22/23	FY 21/22
General government	\$ 3,785,227	\$ 5,464,741	\$ 876,481	\$ 768,104	\$ 2,908,746	\$ 4,696,637
Public safety	53,428,983	44,085,563	12,106,222	5,326,439	41,322,761	38,759,124
Public works	10,778,966	10,200,838	6,580,697	5,221,450	4,198,269	4,979,388
Community services	12,975,016	11,606,304	9,086,869	10,263,280	3,888,147	1,343,024
Community development	4,044,949	2,434,719	5,386,270	3,956,286	(1,341,321)	(1,521,567)
Totals	\$ 85,013,141	\$ 73,792,165	\$ 34,036,539	\$ 25,535,559	\$ 50,976,602	\$ 48,256,606

**Program Costs VS Program Revenues
Governmental Activities FY 22/23**



Business-Type Activities

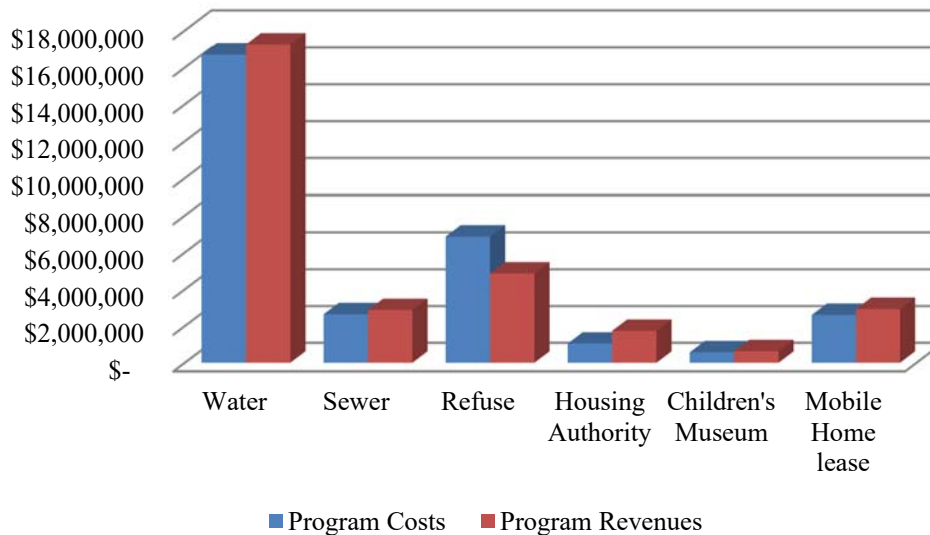
As of June 30, 2023, the revenues of the business-type activities decreased by 2.2%, or \$0.7 million (\$30.2 million in 2023 compared to \$30.9 million in 2022) and expenses increased by 8.0%, or \$2.3 million (\$30.4 million in 2023 compared to \$28.1 million in 2022). The primary factors driving these results include:

- Utility rate increased in January 2023, but water consumption decreased by 12.1% due to historically high rain fall resulted in decrease of \$1.4 million or 6.7% in utility revenues (Water and Sewer). Refuse rate also increased in January 2023 to reflect the full organic waste disposal. This resulted in \$0.4 million increase in Refuse revenue.
- Housing Authority revenue increased by \$0.6 million due to affordable housing development fees.
- Refuse expenses increased by \$2.0 million due mainly to pollution remediation liability adjustment. The estimated cost to fully remediate the property has increased by \$1.5 million.

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

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 22/23	FY 21/22	FY 22/23	FY 21/22	FY 22/23	FY 21/22
Water	\$ 16,694,943	\$ 16,127,999	\$ 17,235,734	\$ 18,661,034	\$ (540,791)	\$ (2,533,035)
Sewer	2,641,793	2,829,901	2,871,016	2,882,992	(229,223)	(53,091)
Refuse	6,863,078	4,794,598	4,856,094	4,476,406	2,006,984	318,192
Housing Authority	1,042,915	1,114,405	1,738,988	1,122,311	(696,073)	(7,906)
Children's Museum	569,710	724,913	629,238	939,046	(59,528)	(214,133)
Mobile Home lease	2,606,361	2,569,452	2,930,716	2,864,816	(324,355)	(295,364)
Totals	\$ 30,418,800	\$ 28,161,268	\$ 30,261,786	\$ 30,946,605	\$ 157,014	\$ (2,785,337)

**Program Costs VS Program Revenues
Business-Type Activities FY 22/23**



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, 2023, the City's governmental funds reported combined ending fund balances of \$46.4 million, an increase of \$12.5 million compared to the beginning fund balance. The following fund balances are considered to be non-spendable, restricted, or assigned for the City:

- \$0.1 non-spendable for prepaid items
- \$4.8 million restricted for Pension Rate Program
- \$16.6 million restricted for special revenue funds
- \$0.1 million assigned for Facility Improvement Program

- \$2.1 million assigned for Land Acquisition Program
- \$0.5 million assigned for Special Events Program
- \$4.0 million assigned for Pension Rate Program
- \$10.7 million assigned for capital projects fund

The General Fund is the chief operating fund of the City and, as of June 30, 2023, had a total fund balance of \$22.8 million. The revenue outperformed the projection by \$5.1 million. The increase in revenue was primarily due to property tax grew by \$1.1 million or 5.1% compared to budget as a result of increase in property taxable values and volumes of real estate transaction especially in the residential class of property. Sales and transaction taxes stayed relative flat with increase of 0.1 million or 0.6% increase over prior fiscal year. Elevated inflation and interest rates led to higher cost of goods resulting in consumers not spending as much as they had prior. Charges for services and fines, forfeitures, and penalties also came in approximately \$2.0 million higher than budget estimates. During the year, the General Fund transferred \$9.0 million to the City's general Capital Projects Fund various capital projects. At Council direction, the General Fund transferred \$5.1 million of the surplus to special revenue funds, debt service fund, and internal service funds. As a result, the General Fund' fund balance increased over the prior fiscal year by \$3.9 million.

For fiscal year ended June 30, 2023, the State Gas Tax Special Revenue Fund balance increased by \$1.1 million, due to \$3.0 million in the Gas Tax and SB 1 Road Maintenance and Rehab Fund revenue from the State offsetting with \$1.9 million in street and road project spending. The majority of activities in the State Gas Tax Fund was related to arterial street rehabilitation and sidewalk access ramp projects.

For fiscal year ended June 30, 2023, the City spent \$8.5 million of the American Rescue Plan Act Fund for various government services, COVID-19 related programs as well as storm drain projects. The City recognized revenue for the spending portion. The remaining \$5.1 million was considered unearned and reported as liability in the governmental fund balance sheet.

For fiscal year ended June 30, 2023, the Measure M Special Revenue Fund balance decreased by \$1.2 million, due to \$1.3 million in the Measure M fair share revenue from the County offsetting with \$2.5 million in street and road project spending. The majority of activities in the Measure M Fund was related to residential street rehabilitation and street reconstruction on Lambert Road.

For fiscal year ended June 30, 2023, the General Capital Projects Fund balance increased by \$8.2 million, due to \$9.0 million transfer in from the General Fund for various future capital projects such as city facility improvement, Vista Grande Park improvement, and Children's Museum roof improvement.

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 \$0.7 million primarily due to water rate increased in January 2023, but water consumption decreased by 12.1% due to historically high rain fall resulted in decrease of \$1.4 million or 7.6% in water revenue comparing to prior year. However, 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 22/23.

The Housing Authority's net position increased by \$0.6 million due mainly to one-time affordable housing development fees.

The Refuse Enterprise Fund's net position decreased by \$2.2 million over the course of FY 22/23 because of pollution remediation liability adjustment. The estimated cost to fully remediate the property has increased by \$1.5 million.

General Fund Budgetary Highlights

At fiscal year-end, all of revenue sources had outperformed budget. Property taxes ended the year \$1.1 million or 5.1% compared to budget as a result of increase in property taxable values and volumes of real estate transaction especially in the residential class of property. Sales and transaction taxes ended the year with slight increase of \$0.7 million or 3.3% above budget. Charges for services and fines, forfeitures, and penalties also came in approximately \$2.0 million higher than budget estimates. Licenses and permits ended the year 40% or \$0.6 million above budget estimates due to higher than expected building permits driven by high volumes of home improvement projects. Use of money and property outperformed the budget estimates by 6.5% or \$0.2 million due to elevated interest rates.

The General Fund ended the year slightly below budget. This is primarily a result of salaries and benefits savings from vacant positions in various departments.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the City had recorded an investment of over \$299.6 million (before accumulated depreciation/amortization) in a broad range of capital assets categories, including park facilities, land, buildings, roads, bridges, water and sewer lines, police and fire vehicles, and other maintenance equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>FY 22/23</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 21/22</u>
Land	\$16,904,755	\$16,904,755	\$12,800,000	\$12,800,000	\$29,704,755	\$29,704,755
Land improvements	7,977,597	7,977,597	-	-	7,977,597	7,977,597
Buildings and improvements	40,239,513	39,769,342	4,251,106	4,251,106	44,490,619	44,020,448
Improvements other than buildings	1,897,888	1,749,683	273,936	273,936	2,171,824	2,023,619
Machinery and equipment	12,373,729	11,934,473	2,290,765	2,040,765	14,664,494	13,975,238
Autos and trucks	5,964,479	5,797,263	230,465	230,465	6,194,944	6,027,728
Infrastructure	124,361,608	118,967,525	64,180,357	62,285,093	188,541,965	181,252,618
Construction in progress	4,571,189	2,682,880	1,014,643	2,429,662	5,585,832	5,112,542
Right-to use lease assets	164,730	166,555	-	-	164,730	166,555
Right-to use subscription assets	149,428	149,428	-	-	149,428	149,428
(Less accumulated)	(96,816,187)	(90,524,377)	(30,800,690)	(29,157,020)	(127,616,877)	(119,681,397)
TOTALS	\$117,788,729	\$115,575,124	\$54,240,582	\$55,154,007	\$172,029,311	\$170,729,131

Governmental Capital Assets, before accumulated depreciation, increased by \$8.5 million over the prior year. The increase was attributed, primarily to arterial street rehabilitation of various locations, residential street rehabilitation park improvement projects and storm drain improvement. The cost of these projects during the FY 22/23 was \$5.1 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(f) to the financial statements (Page 66 to 67).

Long-Term Debt

At year-end, the City had \$112.9 million in bonds, certificates of participation, loans, and lease and subscription payable, a decrease of \$5.1 million from last year, as shown in the table below. The Private-Purpose Trust activities are being reported to account for the custodial responsibilities assigned to the Successor Agency pursuant to the State of California’s redevelopment agency dissolution law.

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

	Governmental Activities		Business-Type Activities		Private-Purpose Trust Activities		Total	
	FY 22/23	FY 21/22	FY 22/23	FY 21/22	FY 22/23	FY 21/22	FY 22/23	FY 21/22
Certificates of Participation	\$ -	\$ 454,611	\$ 10,876,054	\$ 11,383,446	\$ -	\$ -	\$ 10,876,054	\$ 11,838,057
Pension Obligation Bonds	65,518,646	68,228,579	3,991,354	4,156,421	-	-	69,510,000	72,385,000
Tax Allocation Bonds	-	-	-	-	3,148,177	3,462,985	3,148,177	3,462,985
Lease and subscription Liability	222,025	111,703	-	-	-	-	222,025	111,703
Revenue Bonds	-	-	31,355,545	32,460,197	-	-	31,355,545	32,460,197
Unamortized loss on refunding	-	(4,861)	(2,164,774)	(2,293,247)	-	-	(2,164,774)	(2,298,108)
TOTALS	\$65,740,671	\$68,790,032	\$44,058,179	\$45,706,817	\$ 3,148,177	\$3,462,985	\$112,947,027	\$117,959,834

More detail about the City’s long-term liabilities is presented in Notes 2(h) to the financial statements (Page 69).

Economic Factors and Future Budgets and Rates

- The City’s FY 22/23 net taxable property values totaled \$8.3 billion, approximately 33.9% more than five years ago, and it is 7.3% higher than FY 21/22.
- The City issued Pension Obligation Bonds in January 2022. This paid down most of the unfunded accrued pension liability. As a result, projected FY 23/24 CalPERS City’s contribution rates are as follows:
 - Miscellaneous plan: 10.62%
 - Public safety (Tier I): 29.09%
 - Public safety (Tier II): 21.78%
 - Public safety (PEPRA): 14.5%
- CalPERS experienced investment loss of 6.1% in 2022 therefore incurred additional unfunded liability. Projected FY 24/25 CalPERS City’s contribution rates are as follows:
 - Miscellaneous plan: 10.41% plus \$0.5 million unfunded liability payment
 - Public safety (Tier I): 29.30% plus \$0.7 million unfunded liability payment
 - Public safety (Tier II): 21.92% plus \$5,890 unfunded liability payment
 - Public safety (PEPRA): 14.72% plus \$26,038 unfunded liability payment
- The Consumer Price Index (CPI) for the Los Angeles/Long Beach/Anaheim Metropolitan Statistical Area for all urban consumers increased by 2.5 percent from June 2022 to June 2023.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 23/24, which resulted in budgeted expenditures increasing by \$3.5 million to \$58.5 million compared to the FY 22/23 adopted budget of \$55.0 million.

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

- The anticipation that modest enterprise fund rate increases will continue to be necessary over the course of the fiscal year to maintain sufficient cash flow for operations, capital reserves, and debt service coverage requirements.
- With increases in utility rates and stable water consumption, water sales revenue is expected to increase from the previous year.
- The continuing opportunity for the Utility Authority to purchase privately held Cal Domestic water shares and water rights in the San Gabriel Basin as they become available.

After three years of enduring the impacts from the COVID-19 global pandemic, the City and community has made significant strides to returning to pre-pandemic "normalcy". That said, there are still lingering effects of the pandemic on the economy including continuing impacts to the supply chain, shipping backlogs creating delays in receiving certain goods and materials, and persistently high inflation causing the prices of certain goods, supplies, commodities, along with labor costs, to remain stubbornly elevated. The result of these continued impacts has caused an increase in certain economic indicators such as higher inflation, higher fuel and commodity costs, higher interest and mortgage rates, and a continued elevated cost of housing. Partially offsetting some of this strain on the economy is historically low unemployment which, while good for the economy, is causing secondary impacts such as limiting the pool of qualified candidates to fill jobs in both the public and private sector. This, as a result, has caused wages to rise in a number of key employment sectors that creates both direct and indirect expense to the City. Additionally, if the current housing market continues to cool or if it declines in both valuation and/or sales activity, the City could see its future property tax revenues level off or decline as well. As these two sources of revenue comprise over 75 percent of the City's General Fund, any long term or persistent impacts could cause significant financial constraint for the City's general operations.

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.lahabracaca.gov".

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
June 30, 2023

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets:			
Current assets:			
Cash and investments	\$ 65,221,516	\$ 25,088,443	\$ 90,309,959
Cash and investments with fiscal agents	4,831,858	104,872	4,936,730
Accounts receivable, net	6,295,039	3,447,404	9,742,443
Interest receivable	427,886	62,538	490,424
Prepaid items	165,683	219,098	384,781
Due from other governments	9,800,858	14,707	9,815,565
Leases receivable, current	169,585	-	169,585
Internal balances	659,672	(659,672)	-
Total current assets	<u>87,572,097</u>	<u>28,277,390</u>	<u>115,849,487</u>
Noncurrent assets:			
Loans receivable	395,901	-	395,901
Leases receivable	578,336	-	578,336
Loans to Successor Agency	333,225	-	333,225
Investment in water rights stock	-	19,620,167	19,620,167
Capital assets:			
Not being depreciated	21,475,944	13,814,643	35,290,587
Being depreciated, net	96,312,785	40,425,939	136,738,724
Total noncurrent assets	<u>119,096,191</u>	<u>73,860,749</u>	<u>192,956,940</u>
Total assets	<u>206,668,288</u>	<u>102,138,139</u>	<u>308,806,427</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	-	2,164,773	2,164,773
Deferred amount from pension plans	49,936,756	1,696,563	51,633,319
Deferred amount from OPEB plan	1,411,206	109,480	1,520,686
Total deferred outflows of resources	<u>51,347,962</u>	<u>3,970,816</u>	<u>55,318,778</u>
Liabilities:			
Current liabilities:			
Accounts payable	5,080,475	2,182,007	7,262,482
Accrued liabilities	2,893,536	171,129	3,064,665
Deposits payable	914,104	258,488	1,172,592
Due to Successor Agency	114,408	-	114,408
Interest payable	744,922	315,140	1,060,062
Unearned revenue	7,881,884	128,880	8,010,764
Claims payable, current	2,003,661	-	2,003,661
Compensated absences, current	1,821,279	102,496	1,923,775
Long-term obligations, due within one year	2,870,673	1,673,511	4,544,184
Total current liabilities	<u>24,324,942</u>	<u>4,831,651</u>	<u>29,156,593</u>
Noncurrent liabilities:			
Net OPEB liability	3,964,923	317,660	4,282,583
Claims payable	4,225,282	-	4,225,282
Compensated absences	4,249,649	239,157	4,488,806
Long-term obligations, due in more than one year	62,869,998	44,549,442	107,419,440
Pollution remediation liability	-	4,258,847	4,258,847
Net pension liability	33,343,415	2,152,294	35,495,709
Total noncurrent liabilities	<u>108,653,267</u>	<u>51,517,400</u>	<u>160,170,667</u>
Total liabilities	<u>132,978,209</u>	<u>56,349,051</u>	<u>189,327,260</u>
Deferred inflows of resources:			
Deferred amount from pension plans	45,702,783	134,204	45,836,987
Deferred amount from OPEB plan	448,730	34,812	483,542
Deferred amount related to leases	733,240	-	733,240
Total deferred inflows of resources	<u>46,884,753</u>	<u>169,016</u>	<u>47,053,769</u>
Net position:			
Net investment in capital assets	114,708,465	22,421,053	137,129,518
Restricted for:			
Low-moderate income housing	371,655	1,065,000	1,436,655
Public safety	1,502,976	-	1,502,976
Public works	15,197,997	-	15,197,997
Community development	784,175	-	784,175
Community services	346,481	-	346,481
General plan update	1,181,643	-	1,181,643
Public Education & governmental (PEG)	521,697	-	521,697
COVID-19 federal stimulus	11,198	-	11,198
Pension rate program	4,831,858	102,564	4,934,422
Unrestricted	(61,304,857)	26,002,271	(35,302,586)
Total net position	<u>\$ 78,153,288</u>	<u>\$ 49,590,888</u>	<u>\$ 127,744,176</u>

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,785,227	\$ 656,460	\$ 220,021	\$ -
Public safety	53,428,983	4,862,993	7,243,229	-
Public works	10,778,966	381,867	65,079	6,133,751
Community services	12,975,016	989,272	8,097,597	-
Community development	4,044,949	2,940,130	2,446,140	-
Interest on long-term debt	1,818,837	-	-	-
Total governmental activities	<u>86,831,978</u>	<u>9,830,722</u>	<u>18,072,066</u>	<u>6,133,751</u>
Business-type activities:				
Water	16,694,943	17,235,734	-	-
Sewer	2,641,793	2,871,016	-	-
Refuse	6,863,078	4,856,094	-	-
Housing Authority	1,042,915	1,738,988	-	-
Children's Museum	569,710	629,238	-	-
Mobile Home Lease	2,606,361	2,930,716	-	-
Total business-type activities	<u>30,418,800</u>	<u>30,261,786</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 117,250,778</u>	<u>\$ 40,092,508</u>	<u>\$ 18,072,066</u>	<u>\$ 6,133,751</u>

General revenues:
Taxes:
Property tax
Sales and use taxes
Transaction and use taxes
Franchise tax
Grants and contributions not restricted to specific programs
Income from property and investments
Gain (loss) on sale of capital assets
Other general revenues
Transfers

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See Accompanying Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (2,908,746)	\$ -	\$ (2,908,746)
(41,322,761)	-	(41,322,761)
(4,198,269)	-	(4,198,269)
(3,888,147)	-	(3,888,147)
1,341,321	-	1,341,321
(1,818,837)	-	(1,818,837)
<u>(52,795,439)</u>	<u>-</u>	<u>(52,795,439)</u>
-	540,791	540,791
-	229,223	229,223
-	(2,006,984)	(2,006,984)
-	696,073	696,073
-	59,528	59,528
-	324,355	324,355
<u>-</u>	<u>(157,014)</u>	<u>(157,014)</u>
<u>(52,795,439)</u>	<u>(157,014)</u>	<u>(52,952,453)</u>
22,428,672	-	22,428,672
14,546,390	-	14,546,390
7,780,968	-	7,780,968
2,391,564	-	2,391,564
119,916	-	119,916
3,252,120	66,028	3,318,148
20,994	-	20,994
1,008,910	5,782	1,014,692
<u>-</u>	<u>-</u>	<u>-</u>
<u>51,549,534</u>	<u>71,810</u>	<u>51,621,344</u>
<u>(1,245,905)</u>	<u>(85,204)</u>	<u>(1,331,109)</u>
<u>79,399,193</u>	<u>49,676,092</u>	<u>129,075,285</u>
<u>\$ 78,153,288</u>	<u>\$ 49,590,888</u>	<u>\$ 127,744,176</u>



FUND FINANCIAL STATEMENTS



CITY OF LA HABRA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds		
	General	State Gas Tax	ARPA Fund
Assets:			
Cash and investments	\$ 13,774,960	\$ 8,542,555	\$ 5,957,512
Cash and investments with fiscal agent	4,800,802	-	-
Accounts receivable, net	6,255,006	-	-
Interest receivable	326,915	21,722	16,563
Prepaid items	15,403	-	-
Due from other funds	3,084,985	-	-
Due from other governments	122,022	535,335	-
Loans receivable	-	-	-
Leases receivable	747,921	-	-
Loans to Successor Agency	333,225	-	-
Deposits	-	-	-
Total assets	<u>\$ 29,461,239</u>	<u>\$ 9,099,612</u>	<u>\$ 5,974,075</u>
Liabilities, Deferred inflows of resources, and Fund balances:			
Liabilities:			
Accounts payable	\$ 1,369,133	\$ 490,963	\$ 723,273
Accrued liabilities	2,205,890	86,618	126,532
Deposits payable	187,735	-	-
Due to other funds	-	-	-
Due to Successor Agency	114,408	-	-
Unearned revenues	361,346	-	5,113,072
Total liabilities	<u>4,238,512</u>	<u>577,581</u>	<u>5,962,877</u>
Deferred inflows of resources:			
Unavailable revenues	1,686,475	-	-
Deferred inflows related to leases	733,240	-	-
Total deferred inflows of resources	<u>2,419,715</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):			
Nonspendable	15,403	-	-
Restricted	4,800,802	8,522,031	11,198
Assigned	6,626,824	-	-
Unassigned	11,359,983	-	-
Total fund balances (deficits)	<u>22,803,012</u>	<u>8,522,031</u>	<u>11,198</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,461,239</u>	<u>\$ 9,099,612</u>	<u>\$ 5,974,075</u>

See Accompanying Notes to Financial Statements.

Major Funds		Other	Total
Measure M	General Capital Projects	Nonmajor Funds	Governmental Funds
\$ -	\$ 11,545,694	\$ 9,924,374	\$ 49,745,095
-	-	-	4,800,802
-	-	33,743	6,288,749
5,816	2,024	20,032	393,072
-	-	58,426	73,829
-	-	-	3,084,985
4,420,197	50,448	4,656,643	9,784,645
-	-	395,901	395,901
-	-	-	747,921
-	-	-	333,225
-	-	-	-
<u>\$ 4,426,013</u>	<u>\$ 11,598,166</u>	<u>\$ 15,089,119</u>	<u>\$ 75,648,224</u>
\$ 368,884	\$ 47,773	\$ 1,835,583	\$ 4,835,609
111,864	9,385	263,331	2,803,620
-	726,369	-	914,104
1,504,231	-	1,580,754	3,084,985
-	-	-	114,408
-	-	2,407,466	7,881,884
<u>1,984,979</u>	<u>783,527</u>	<u>6,087,134</u>	<u>19,634,610</u>
4,214,903	50,448	2,913,167	8,864,993
-	-	-	733,240
<u>4,214,903</u>	<u>50,448</u>	<u>2,913,167</u>	<u>9,598,233</u>
-	-	58,426	73,829
-	-	8,105,672	21,439,703
-	10,764,191	-	17,391,015
(1,773,869)	-	(2,075,280)	7,510,834
<u>(1,773,869)</u>	<u>10,764,191</u>	<u>6,088,818</u>	<u>46,415,381</u>
<u>\$ 4,426,013</u>	<u>\$ 11,598,166</u>	<u>\$ 15,089,119</u>	<u>\$ 75,648,224</u>

CITY OF LA HABRA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Total fund balances, governmental funds \$ 46,415,381

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

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

Capital assets	\$ 203,191,259	
Accumulated depreciation/ amortization	<u>(87,913,944)</u>	115,277,315

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. 8,617,830

Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds. (730,776)

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. 8,864,993

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

Pension obligation bonds	\$ (64,271,612)	
Compensated absences	<u>(4,249,649)</u>	(68,521,261)

The net pension liabilities 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	\$ 48,954,094	
Deferred inflows of resources from pension	(45,625,052)	
Net pension liability	<u>(32,096,789)</u>	(28,767,747)

The net OPEB liabilities 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	\$ 1,411,206	
Deferred inflows of resources from OPEB	(448,730)	
Net OPEB liability	<u>(3,964,923)</u>	<u>(3,002,447)</u>

Net position of governmental activities \$ 78,153,288

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, 2023

	Major Funds		
	General	State Gas Tax	ARPA Fund
Revenues:			
Property taxes and special assessments	\$ 22,485,337	\$ -	\$ -
Sales and use tax	14,553,839	-	-
Transaction and use tax	7,779,709	-	-
Franchise tax	2,227,559	-	-
Intergovernmental	64,352	2,998,932	8,488,166
Licenses and permits	2,085,832	-	-
Charges for services	6,070,021	-	-
Fines, forfeitures, and penalties	1,581,075	-	-
Use of money and property	3,358,922	(1,171)	201,866
Other revenues	57,452	-	-
Total revenues	<u>60,264,098</u>	<u>2,997,761</u>	<u>8,690,032</u>
Expenditures:			
Current:			
General government	3,760,654	-	-
Public safety	26,877,604	-	5,648,272
Public works	5,556,650	323,929	-
Community services	3,905,510	-	1,204,856
Community development	2,702,881	-	-
Capital outlay	79,980	1,547,595	1,635,038
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>42,883,279</u>	<u>1,871,524</u>	<u>8,488,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,380,819</u>	<u>1,126,237</u>	<u>201,866</u>
Other financing sources (uses):			
Transfers in	643,519	-	-
Transfers out	(14,102,885)	-	-
Total other financing sources (uses)	<u>(13,459,366)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,921,453</u>	<u>1,126,237</u>	<u>201,866</u>
Fund balances (deficits), beginning of year	<u>18,881,559</u>	<u>7,395,794</u>	<u>(190,668)</u>
Fund balances (deficits), end of year	<u>\$ 22,803,012</u>	<u>\$ 8,522,031</u>	<u>\$ 11,198</u>

See Accompanying Notes to Financial Statements.

Major Funds		Other	Total
Measure M	General Capital Projects	Nonmajor Funds	Governmental Funds
\$ -	\$ -	\$ -	\$ 22,485,337
-	-	-	14,553,839
-	-	-	7,779,709
-	-	-	2,227,559
1,251,960	-	11,264,638	24,068,048
-	-	369,799	2,455,631
-	-	472,296	6,542,317
-	-	-	1,581,075
36,121	16,511	49,585	3,661,834
-	-	165,104	222,556
<u>1,288,081</u>	<u>16,511</u>	<u>12,321,422</u>	<u>85,577,905</u>
-	-	111,581	3,872,235
-	-	1,443,668	33,969,544
301,835	344,514	25,617	6,552,545
-	-	7,071,112	12,181,478
-	-	1,669,147	4,372,028
2,207,311	464,145	1,748,919	7,682,988
-	-	2,695,076	2,695,076
-	-	1,798,993	1,798,993
<u>2,509,146</u>	<u>808,659</u>	<u>16,564,113</u>	<u>73,124,887</u>
<u>(1,221,065)</u>	<u>(792,148)</u>	<u>(4,242,691)</u>	<u>12,453,018</u>
-	8,982,393	4,579,958	14,205,870
-	-	(109,466)	(14,212,351)
-	8,982,393	4,470,492	(6,481)
<u>(1,221,065)</u>	<u>8,190,245</u>	<u>227,801</u>	<u>12,446,537</u>
<u>(552,804)</u>	<u>2,573,946</u>	<u>5,861,017</u>	<u>33,968,844</u>
<u>\$ (1,773,869)</u>	<u>\$ 10,764,191</u>	<u>\$ 6,088,818</u>	<u>\$ 46,415,381</u>

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, 2023

Net change in fund balances - total governmental funds: \$ 12,446,537

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/ amortization expense. This is the amount by which capital outlays exceeded depreciation/ amortization expense in the current period.

Capital outlay	\$ 7,682,988	
Additional capitalized expenses	251,921	
Depreciation/ amortization expense	<u>(5,711,415)</u>	2,223,494

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	\$ 2,695,076	
Lease termination	74,987	
Increase in compensated absences	(394,508)	
Decrease in net OPEB liability and related deferred inflows and outflows of resources	268,667	
Increase in net pension liability and related deferred inflows and outflows of resources	<u>(19,224,237)</u>	(16,580,015)

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year. (35,786)

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. 30,215

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 669,650

Change in net position of governmental activities \$ (1,245,905)

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Assets:			
Current assets:			
Cash and investments	\$ 13,301,590	\$ 2,776,092	\$ 1,992,890
Accounts receivable, net	2,197,712	337,979	-
Interest receivable	30,909	7,309	5,618
Prepaid items	219,098	-	-
Due from other governments	-	-	-
Total current assets	<u>15,749,309</u>	<u>3,121,380</u>	<u>1,998,508</u>
Noncurrent assets:			
Cash and investments with fiscal agents	66,693	18,660	4,795
Water rights stock	19,620,167	-	-
Capital assets, not being depreciated	236,044	145,562	12,800,000
Capital assets, being depreciated net of depreciation	<u>31,820,211</u>	<u>4,110,025</u>	<u>250,000</u>
Total noncurrent assets	<u>51,743,115</u>	<u>4,274,247</u>	<u>13,054,795</u>
Total assets	<u>67,492,424</u>	<u>7,395,627</u>	<u>15,053,303</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	678,698	-	1,486,075
Deferred amount from pension plans	1,095,923	395,378	-
Deferred amount from OPEB plan	<u>69,427</u>	<u>20,739</u>	<u>5,820</u>
Total deferred outflows of resources	<u>\$ 1,844,048</u>	<u>\$ 416,117</u>	<u>\$ 1,491,895</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			Governmental Activities
Major Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ 4,882,308	\$ 2,135,563	\$ 25,088,443	\$ 15,476,421
904,661	7,052	3,447,404	6,290
12,593	6,109	62,538	34,814
-	-	219,098	91,854
-	14,707	14,707	16,213
<u>5,799,562</u>	<u>2,163,431</u>	<u>28,832,190</u>	<u>15,625,592</u>
12,072	2,652	104,872	31,056
-	-	19,620,167	-
633,037	-	13,814,643	-
<u>283,491</u>	<u>3,962,212</u>	<u>40,425,939</u>	<u>2,511,414</u>
<u>928,600</u>	<u>3,964,864</u>	<u>73,965,621</u>	<u>2,542,470</u>
<u>6,728,162</u>	<u>6,128,295</u>	<u>102,797,811</u>	<u>18,168,062</u>
-	-	2,164,773	-
205,262	-	1,696,563	982,662
13,494	-	109,480	-
<u>\$ 218,756</u>	<u>\$ -</u>	<u>\$ 3,970,816</u>	<u>\$ 982,662</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,666,889	\$ 114,649	\$ -
Accrued liabilities	91,209	37,199	11,788
Accrued interest	246,810	8,930	53,710
Deposits payable	258,488	-	-
Unearned revenue	-	-	-
Claims payable, current	-	-	-
Lease liability, current	-	-	-
Subscription liability, current	-	-	-
Certificates of participation, current	-	-	515,000
Water revenue bonds, current	990,000	-	-
Compensated absences, current	51,879	25,394	13,739
Pension obligation bonds, current	114,087	33,205	-
Total current liabilities	<u>3,419,362</u>	<u>219,377</u>	<u>594,237</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	-	-
Lease liability, noncurrent	-	-	-
Certificates of participation, noncurrent	-	-	10,361,054
Water revenue bonds, noncurrent	30,365,545	-	-
Pension obligation bonds, noncurrent	2,588,173	753,290	-
Pollution remediation liability	-	-	-
Compensated absences, noncurrent	121,051	59,252	32,058
Net OPEB liability	215,657	57,056	16,719
Net pension liability	1,390,310	501,585	-
Total noncurrent liabilities	<u>34,680,736</u>	<u>1,371,183</u>	<u>10,409,831</u>
Total liabilities	<u>38,100,098</u>	<u>1,590,560</u>	<u>11,004,068</u>
Deferred inflows of resources:			
Deferred amount from pension plans	86,691	31,276	-
Deferred amount from OPEB plans	22,076	6,594	1,851
Total deferred inflows of resources	<u>108,767</u>	<u>37,870</u>	<u>1,851</u>
Net position:			
Net investment in capital assets	9,733,033	4,149,024	3,660,256
Restricted for:			
Low-moderate income housing	-	-	1,065,000
Pension rate program	64,620	18,660	4,560
Unrestricted	21,329,954	2,015,630	809,463
Total net position	<u>\$ 31,127,607</u>	<u>\$ 6,183,314</u>	<u>\$ 5,539,279</u>

Adjustment to report the cumulative internal balance for the net effect of the activity
between the internal service funds and the enterprise funds over time
Net position of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Funds	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ 374,542	\$ 25,927	\$ 2,182,007	\$ 244,866
16,644	14,289	171,129	89,916
5,690	-	315,140	14,146
-	-	258,488	-
128,859	21	128,880	-
-	-	-	2,003,661
-	-	-	29,599
-	-	-	74,585
-	-	515,000	-
-	-	990,000	-
11,484	-	102,496	1,821,279
21,219	-	168,511	52,649
<u>558,438</u>	<u>40,237</u>	<u>4,831,651</u>	<u>4,330,701</u>
-	-	-	4,225,282
-	-	-	117,841
-	-	10,361,054	-
-	-	30,365,545	-
481,380	-	3,822,843	1,194,385
4,258,847	-	4,258,847	-
26,796	-	239,157	-
28,228	-	317,660	-
260,399	-	2,152,294	1,246,626
<u>5,055,650</u>	<u>-</u>	<u>51,517,400</u>	<u>6,784,134</u>
<u>5,614,088</u>	<u>40,237</u>	<u>56,349,051</u>	<u>11,114,835</u>
16,237	-	134,204	77,731
4,291	-	34,812	-
<u>20,528</u>	<u>-</u>	<u>169,016</u>	<u>77,731</u>
916,528	3,962,212	22,421,053	2,511,414
-	-	1,065,000	-
12,072	2,652	102,564	31,056
383,702	2,123,194	26,661,943	5,415,688
<u>\$ 1,312,302</u>	<u>\$ 6,088,058</u>	<u>50,250,560</u>	<u>\$ 7,958,158</u>
		(659,672)	
		<u>\$ 49,590,888</u>	

CITY OF LA HABRA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Operating revenues:			
Water sales	\$ 16,934,491	\$ -	\$ -
Charges for services	264,574	2,833,508	1,738,988
Intergovernmental	36,669	37,508	-
Total operating revenues	<u>17,235,734</u>	<u>2,871,016</u>	<u>1,738,988</u>
Operating expenses:			
Water and materials	4,779,920	-	-
Contractual services	1,381,528	138,671	6,000
Wages and fringe benefits	3,504,967	913,451	252,285
Benefits and claims	-	-	-
Equipment and maintenance	1,054,189	138,035	-
Materials and supplies	376,147	21,480	-
Utilities	430,435	-	-
Depreciation	1,255,693	200,618	-
Administration	2,773,368	1,294,153	605,228
Total operating expenses	<u>15,556,247</u>	<u>2,706,408</u>	<u>863,513</u>
Operating income (loss)	<u>1,679,487</u>	<u>164,608</u>	<u>875,475</u>
Nonoperating revenues (expenses):			
Interest income	171,389	36,738	27,592
Gain (loss) on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	(135,556)	(37,564)	(23,179)
Interest expense	(1,257,804)	(21,642)	(300,967)
Total nonoperating revenues (expenses)	<u>(1,221,971)</u>	<u>(22,468)</u>	<u>(296,554)</u>
Income (loss) before transfers	457,516	142,140	578,921
Transfers in	305,103	-	-
Transfers out	(15,000)	(117,245)	-
Change in net position	<u>747,619</u>	<u>24,895</u>	<u>578,921</u>
Net position, beginning of year	<u>30,379,988</u>	<u>6,158,419</u>	<u>4,960,358</u>
Net position, end of year	<u>\$ 31,127,607</u>	<u>\$ 6,183,314</u>	<u>\$ 5,539,279</u>

Adjustment for the net effect of the current year activity between
the internal service funds and the enterprise funds.
Changes in net position of business-type activities

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			Governmental Activities
Major Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ -	\$ -	\$ 16,934,491	\$ -
4,712,278	3,558,307	13,107,655	8,555,131
143,816	1,647	219,640	-
<u>4,856,094</u>	<u>3,559,954</u>	<u>30,261,786</u>	<u>8,555,131</u>
-	-	4,779,920	-
4,245,968	597,159	6,369,326	1,139,927
834,961	316,455	5,822,119	2,333,596
-	-	-	534,614
1,530,223	211,552	2,933,999	493,486
11,032	21,916	430,575	612,124
-	447,550	877,985	260,182
12,748	174,611	1,643,670	671,963
241,112	1,417,830	6,331,691	1,502,838
<u>6,876,044</u>	<u>3,187,073</u>	<u>29,189,285</u>	<u>7,548,730</u>
(2,019,950)	372,881	1,072,501	1,006,401
67,722	23,283	326,724	207,304
-	-	-	20,994
(32,722)	(45,952)	(274,973)	(184,344)
(13,831)	-	(1,594,244)	(50,059)
<u>21,169</u>	<u>(22,669)</u>	<u>(1,542,493)</u>	<u>41,556</u>
(1,998,781)	350,212	(469,992)	1,047,957
-	25,000	330,103	650,000
(197,858)	-	(330,103)	(643,519)
<u>(2,196,639)</u>	<u>375,212</u>	<u>(469,992)</u>	<u>1,054,438</u>
<u>3,508,941</u>	<u>5,712,846</u>		<u>6,903,720</u>
<u>\$ 1,312,302</u>	<u>\$ 6,088,058</u>		<u>\$ 7,958,158</u>
		384,788	
		<u>\$ (85,204)</u>	

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Cash flows from operating activities:			
Receipts from customers and users	\$ 17,639,922	\$ 2,941,157	\$ 580,000
Receipts from interfund services provided	-	-	1,158,988
Payments to suppliers	(7,854,967)	(283,380)	(8,058)
Payments for interfund services used	(2,855,055)	(1,300,975)	(605,268)
Payments for employees' salaries and benefits	(2,273,809)	(729,402)	(291,145)
Net cash provided by (used in) operating activities	<u>4,656,091</u>	<u>627,400</u>	<u>834,517</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(15,000)	(117,245)	-
Transfers from other funds	305,103	-	-
Principal paid on noncapital debt	(111,755)	(32,526)	-
Interest paid on noncapital debt	(75,627)	(22,011)	-
Receipts of advances to/from other funds	-	-	-
Payments of due to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>102,721</u>	<u>(171,782)</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(245,401)	(44,074)	(250,000)
Principal paid on capital debt	(945,000)	-	(505,000)
Interest paid on capital debt	(1,321,640)	-	(218,543)
Net cash used in capital and related financing activities	<u>(2,512,041)</u>	<u>(44,074)</u>	<u>(973,543)</u>
Cash flows from investing activities:			
Purchase of investments	(2,041,806)	(37,564)	(23,179)
Interest on investments	167,518	35,204	27,049
Net cash used in investing activities	<u>(1,874,288)</u>	<u>(2,360)</u>	<u>3,870</u>
Net increase (decrease) in cash and cash equivalents	372,483	409,184	(135,156)
Cash and cash equivalents, beginning of year	<u>12,995,800</u>	<u>2,385,568</u>	<u>2,132,841</u>
Cash and cash equivalents, end of year	<u>\$ 13,368,283</u>	<u>\$ 2,794,752</u>	<u>\$ 1,997,685</u>
Cash and cash equivalents:			
Cash and investments	\$ 13,301,590	\$ 2,776,092	\$ 1,992,890
Cash and investments with fiscal agents	66,693	18,660	4,795
Total cash and cash equivalents	<u>\$ 13,368,283</u>	<u>\$ 2,794,752</u>	<u>\$ 1,997,685</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other		Internal
Refuse	Nonmajor	Totals	Service Funds
	Funds		
\$ 4,664,329	\$ 3,587,334	\$ 29,412,742	\$ 115,037
143,816	33,598	1,336,402	8,498,935
(4,263,230)	(2,202,302)	(14,611,937)	(4,376,807)
(299,292)	(558,696)	(5,619,286)	(165,323)
(408,395)	(311,899)	(4,014,650)	(2,655,712)
<u>(162,772)</u>	<u>548,035</u>	<u>6,503,271</u>	<u>1,416,130</u>
(197,858)	-	(330,103)	(643,519)
-	25,000	330,103	650,000
(20,786)	-	(165,067)	(51,573)
(14,066)	-	(111,704)	(41,485)
-	-	-	455,000
-	-	-	(38,262)
<u>(232,710)</u>	<u>25,000</u>	<u>(276,771)</u>	<u>330,161</u>
(87,407)	(29,705)	(656,587)	(568,483)
-	-	(1,450,000)	(455,000)
-	-	(1,540,183)	(11,600)
<u>(87,407)</u>	<u>(29,705)</u>	<u>(3,646,770)</u>	<u>(1,035,083)</u>
(32,722)	(45,952)	(2,181,223)	(184,344)
68,652	20,633	319,056	248,898
<u>35,930</u>	<u>(25,319)</u>	<u>(1,862,167)</u>	<u>64,554</u>
(446,959)	518,011	717,563	775,762
<u>5,341,339</u>	<u>1,620,204</u>	<u>24,475,752</u>	<u>14,731,715</u>
<u>\$ 4,894,380</u>	<u>\$ 2,138,215</u>	<u>\$ 25,193,315</u>	<u>\$ 15,507,477</u>
\$ 4,882,308	\$ 2,135,563	\$ 25,088,443	\$ 15,476,421
12,072	2,652	104,872	31,056
<u>\$ 4,894,380</u>	<u>\$ 2,138,215</u>	<u>\$ 25,193,315</u>	<u>\$ 15,507,477</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,679,487	\$ 164,608	\$ 875,475
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	1,255,693	200,618	-
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	426,688	100,083	-
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventory	-	-	-
(Increase) decrease in prepaid items	263,942	-	-
Increase (decrease) in accounts payable	(178,329)	7,984	(2,098)
Increase (decrease) in accrued liabilities	3,204	11,716	1,169
Increase (decrease) in deposits payable	(22,500)	-	-
Increase (decrease) in unearned revenue	-	(29,942)	-
Increase (decrease) in claims liabilities	-	-	-
Increase (decrease) in pollution remediation liability	-	-	-
Increase (decrease) in compensated absences	38,301	8,077	(38,935)
Increase (decrease) in net pension & OPEB liability and related deferred inflows and outflows of resources	1,189,605	164,256	(1,094)
Total adjustments	2,976,604	462,792	(40,958)
Net cash provided by (used in) operating activities	\$ 4,656,091	\$ 627,400	\$ 834,517
Noncash Capital and Related Financing Transactions			
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	67,163	101,489	-

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other Nonmajor Funds	Totals	Internal Service Funds
Refuse			
\$ (2,019,950)	\$ 372,881	\$ 1,072,501	\$ 1,006,401
12,748	174,611	1,643,670	671,963
(55,990)	2,711	473,492	28,483
-	58,246	58,246	30,358
-	-	-	-
-	-	263,942	4,423
6,966	8,481	(156,996)	91,748
1,293	(68,916)	(51,534)	28,202
-	-	(22,500)	-
8,041	21	(21,880)	-
-	-	-	(531,532)
1,458,847	-	1,458,847	-
1,075	-	8,518	169,075
424,198	-	1,776,965	(82,991)
1,857,178	175,154	5,430,770	409,729
\$ (162,772)	\$ 548,035	\$ 6,503,271	\$ 1,416,130
\$ -	\$ -	\$ 99,617	\$ 4,861
-	-	(161,645)	389
-	-	168,652	-

CITY OF LA HABRA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private-Purpose Trust Fund	Custodial Funds
Assets:		
Current assets:		
Cash and investments	\$ 474,180	\$ 2,682,599
Interest receivable	-	3,487
Due from other governments	114,408	5,885,329
Total current assets	588,588	8,571,415
Noncurrent assets:		
Cash and investments with fiscal agent	158,764	-
Prepaid insurance costs	24,593	-
Land held for resale	25,000	-
Total noncurrent assets	208,357	-
Total assets	\$ 796,945	\$ 8,571,415
Liabilities:		
Current liabilities:		
Accounts payable	\$ 2,041	\$ 3,790,253
Accrued liabilities	-	42,509
Accrued interest	29,180	-
Deposits	-	563,712
Bonds payable	315,000	-
Total current liabilities	346,221	4,396,474
Noncurrent liabilities:		
Loans due to City of La Habra	333,225	-
Bonds payable	2,833,177	-
Total noncurrent liabilities	3,166,402	-
Total liabilities	3,512,623	\$ 4,396,474
Net Position (Deficit):		
Restricted for redevelopment dissolution	(2,715,678)	-
Restricted for Individuals, organizations, and other governments	-	4,174,941
Total net position	\$ (2,715,678)	\$ 4,174,941

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, 2023

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
Additions:		
Taxes	\$ 1,292,942	\$ -
Police seized assets	-	35,068
Members' contributions	-	3,761,474
Other revenues	66,922	-
Total additions	<u>1,359,864</u>	<u>3,796,542</u>
Deductions:		
Program expenses	-	3,411,152
Administrative expenses	145,776	56,720
Interest and fiscal agency expenses	124,809	-
Total deductions	<u>270,585</u>	<u>3,467,872</u>
Net Change in net position	<u>1,089,279</u>	<u>328,670</u>
Net Position (deficit) held in trust:		
Beginning of year, as restated	<u>(3,804,957)</u>	<u>3,846,271</u>
End of year	<u>\$ (2,715,678)</u>	<u>\$ 4,174,941</u>

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements
June 30, 2023

(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, 2023

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)(e) for further detail regarding the dissolution.

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and are reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
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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 to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 State Gas Tax Special Revenue Fund and Sewer Enterprise Fund as major funds for public benefit reasons. The City believes that these judgmentally determined major funds are particularly important to the financial statement users.

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

General Fund

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

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.

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.

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.

General 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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.

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 general obligation debts.

Capital projects funds are used to account for financial resources used for the improvements, acquisition, or construction of major capital facilities (other than those financed by proprietary funds).

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:

CITY OF LA HABRA, CALIFORNIA
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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.

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.

The Pension Set-aside Fund accounts for set-aside money to fund future pension benefit. 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 Funds

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
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The Custodial Fund accounts for those assets for which the City acts solely in a custodial capacity:

(1) Public Deposits Fund

This fund includes police seized assets, deposits, and other miscellaneous accounts.

(2) North Orange County Service Planning Area (SPA) Navigation Centers Fund

The City acts as the Treasurer of the North SPA and collects charges from the city parties' contributions and reimburses host cities for capital and operational costs as stipulated in the North SPA Memorandum of Understanding.

(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).

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, 2023, 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)(g)). 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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, 2023, 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.

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.

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Notes to Financial Statements (Continued)
June 30, 2023

6. *Prepaid Items and Land Held for Resale*

Land held for resale is valued at the lower of cost or estimated net realizable value as determined upon the execution of a disposition and development agreement.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased (consumption method).

7. *Capital Assets*

Capital assets, which include land, buildings and improvements, vehicles, improvements other than buildings, property and equipment, and infrastructure assets (e.g. roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the respective proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Project Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

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 and amortization are 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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
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Right-to-use lease assets are initially measured at the present value of payment expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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 reports a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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)

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

- Deferred amount from OPEB (see Note (3)(b) for detail)

In addition to liabilities, the statement of net position and/or balance sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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)
- Deferred amount from leases (see Note (2)(e) 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.

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. The general fund is generally used to liquidate the net pension liability.

13. Postemployment Benefits Other Than Pensions (OPEB)

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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 is 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, and PEG Special Revenue Fund in fiscal year ended June 30, 2023.

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

15. *Net Position/ Fund Balance*

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

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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, 2023. The deficit balances are expected to be eliminated with future revenues and transfers.

Fund	Deficit Fund Balance
Special Revenue Funds:	
Measure M	\$ 1,773,869
Child Development	529,822
Other Federal Grants	584,424
Other State Grants	197,679
SB 2 Permanent Local Housing	665,731

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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, 2023:

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issue; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This implementation of this statement did not impact the City’s net position.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides that capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires not disclosures regarding a SBITA. The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the City reporting a SBITA asset and a SBITA liability as disclosed Note 2(f) and Note 2(h), respectively.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2023, consist of the following:

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Statement of net position:

Cash and investments	\$ 90,309,959
Cash and investments with fiscal agents	4,936,730

Fiduciary funds:

Cash and investments	3,156,779
Cash and investments with fiscal agents	158,764

Total	\$ 98,562,232
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Cash and investments at June 30, 2023 are classified as follows:

Petty cash	\$ 2,110
Deposits with financial institutions	15,914,277
Investments: City pool	77,550,351
Held by fiscal agents	5,095,494
Total cash and investments	\$ 98,562,232

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.

CITY OF LA HABRA, CALIFORNIA
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<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%	\$75 million per account

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

- U.S. Agency Obligations – The California Government Code 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.

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June 30, 2023

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
Federal Housing Administration Debentures	None	None	None
U.S. Agency Securities	None	None	None
Unsecured CDs, Time Deposits and Bankers’ Acceptance	30 days	None	None
FDIC Insured Bank Deposits	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
State Obligations	None	None	None
Pre-funded Municipal Obligations	None	None	None
Repurchase Agreements	90 days	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$75 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:

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<u>Investment Types</u>	<u>Amount</u>	<u>Remaining Maturity</u>		
		<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>3 to 5 Years</u>
U.S. Agency obligations	\$ 8,729,778	\$ 1,338,716	\$ 6,936,726	\$ 454,336
LAIF	34,475,604	34,475,604	-	-
U.S. Treasury obligations	19,683,949	2,707,923	8,450,676	8,525,350
Corporate medium-term notes	9,127,206	786,466	2,242,132	6,098,608
Asset-backed securities	3,174,485	-	1,059,754	2,114,731
Supranational	2,238,787	312,979	1,925,808	-
Money market mutual funds	120,542	120,542	-	-
Total	\$ 77,550,351	\$ 39,742,230	\$ 20,615,096	\$ 17,193,025

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 yearend for each investment type, except for fiscal agent investments which are reported in a separate section below.

<u>Investment Types</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Moody's Rating as of Year End (where applicable)</u>				
			<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
U.S. Agency obligations	\$ 8,729,778	N/A	\$ -	\$ 8,729,778	\$ -	\$ -	\$ -
LAIF	34,475,604	Not Rated	-	-	-	-	34,475,604
U.S. Treasury obligations	19,683,949	N/A	19,683,949	-	-	-	-
Corporate medium-term notes	9,127,206	A	-	944,674	2,560,672	5,621,860	-
Asset-backed securities	3,174,485	A	-	3,174,485	-	-	-
Supranational	2,238,787	AAA	-	2,238,787	-	-	-
Money market mutual funds	120,542	AAA	-	120,542	-	-	-
	\$ 77,550,351		\$ 19,683,949	\$ 15,208,266	\$ 2,560,672	\$ 5,621,860	\$ 34,475,604

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. There were no investments in any one issuer (other than U.S. treasury securities and external investment pools) that represent 5% or more of total City's investments.

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

CITY OF LA HABRA, CALIFORNIA
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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, 2023.

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:

Cash and Investments Held by Fiscal Agents			
Investment Type	Reported Amount	Maturity	Rating
Money market mutual funds	\$ 159,979	Less than 1 year	AAA
PARS Section 115 Trust Pool	4,933,887	Less than 1 year	Not Rated
LAIF	1,628	Less than 1 year	Not Rated
	\$ 5,095,494		

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.

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, 2023, the City reported \$4,933,887 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:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

<u>Authorized Investment Type</u>	<u>Minimum Allocation</u>	<u>Target Asset Allocation</u>	<u>Maximum Allocation</u>
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:

- 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, 2023, the City has the following fair value measurements:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

<u>Investment Types</u>	<u>Quoted Prices Level 1</u>	<u>Observable Inputs Level 2</u>	<u>Unobservable Inputs Level 3</u>	<u>Total</u>
U.S. Agency Obligations	\$ -	\$ 8,729,778	\$ -	\$ 8,729,778
U.S. Treasury Obligations	-	19,683,949	-	19,683,949
Corporate Medium-Term Notes	-	9,127,206	-	9,127,206
Asset-backed Securities	-	3,174,485	-	3,174,485
Supranational	-	2,238,787	-	2,238,787
Total Leveled Investments	<u>\$ -</u>	<u>\$ 42,954,205</u>	<u>\$ -</u>	42,954,205
Local Agency Investment Fund*				34,475,604
Money Market Mutual Funds*				120,542
Held by Fiscal Agents:				
Local Agency Investment Fund*				1,628
Money Market Mutual Funds*				159,979
Section 115 Trust Pool*				4,933,887
Total Investment Portfolio				<u>\$ 82,645,845</u>

* Not subject to fair value measurements.

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Notes to Financial Statements (Continued)
June 30, 2023

(b) Receivables

Receivables of the City as of June 30, 2023, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable:			
Property taxes	\$ 303,740	\$ -	\$ 303,740
Sales and transaction taxes	4,085,485	-	4,085,485
Water sales	-	2,612,304	2,612,304
Sewer sales	-	404,462	404,462
Refuse sales	-	1,000,251	1,000,251
Franchise fees	742,752	-	742,752
Others	1,163,062	7,052	1,170,114
	<u>6,295,039</u>	<u>4,024,069</u>	<u>10,319,108</u>
Total accounts receivable			
Less allowance for uncollectible accounts	<u>-</u>	<u>(576,665)</u>	<u>(576,665)</u>
Total receivables	<u>\$ 6,295,039</u>	<u>\$ 3,447,404</u>	<u>\$ 9,742,443</u>

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Due To</u>	<u>Due From</u>			<u>Due To Successor Agency</u>
	Measure M	Nonmajor Governmental Funds	Totals	General Fund
General Fund	\$ 1,504,231	\$ 1,580,508	\$ 3,084,739	\$ 114,408

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

Interfund loans consist of loans as follows:

	Loans due to City of La Habra
Loans to Successor Agency Private-Purpose Trust Fund	Successor Agency Private-Purpose Trust Fund
General Fund	\$ 333,225

- 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, 2023, the outstanding balance of the advance was \$333,225.

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

Transfers Out	Transfers In						Total
	General Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 8,982,393	\$ 4,470,492	\$ -	\$ -	\$ 650,000	\$ 14,102,885
Nonmajor Governmental Funds	-	-	109,466	-	-	-	109,466
Water Enterprise Fund	-	-	-	-	15,000	-	15,000
Sewer Enterprise Fund	-	-	-	112,245	5,000	-	117,245
Refuse Enterprise Fund	-	-	-	192,858	5,000	-	197,858
Internal Service Funds	643,520	-	-	-	-	-	643,520
	\$ 643,520	\$ 8,982,393	\$ 4,579,958	\$ 305,103	\$ 25,000	\$ 650,000	\$ 15,185,974

The General Fund received transfers of \$642,267 from the Civic Improvement Authority Internal Service Fund and \$1,253 from the OPEB Set-Aside Internal Service Fund for the purpose of closing out these funds.

The General Capital Projects Fund received transfers of \$8,982,393 from the General Fund for the purpose of funding current and future capital projects.

The Nonmajor Governmental Funds received transfers of \$4,470,492 from the General Fund for pension obligation bond debt service payments as well as State and Federal grant matching requirements.

The Other State Grants Nonmajor Governmental Fund received a transfer of \$109,466 from the General Plan Update Nonmajor Governmental Fund for a funding of housing element update project.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

The Water Enterprise Fund received transfers of \$305,103 from the Sewer Enterprise Fund (\$112,245) and the Refuse Enterprise Fund (\$192,858) for contributions relating the utility billing and customer service.

The Children's Museum Nonmajor Enterprise Fund received transfers from the Water Enterprise Fund (\$15,000), the Sewer Enterprise Fund (\$5,000), and the Refuse Enterprise Fund (\$5,000) for contributions toward the museum educational exhibition relating to water conservation and recycling.

The Fleet Maintenance Internal Service Fund and Risk Management Internal Service Fund received \$150,000 and \$500,000 respectively from the General Fund to address short-term funding shortages.

(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, the City has recorded deferred inflows of resources equal to the outstanding principal of the loans receivable. At June 30, 2023, the outstanding balance of the loans receivable was \$395,901.

(e) Leases Receivable

As of year-ended June 30, 2023, the City had entered into various lease agreements as the lessor where it had leased its buildings and infrastructure ranging from two years to five years. As of June 30, 2023, the outstanding leases receivable total \$747,921. These leases require the various lessees to make periodic payments to the City, and range in interest rates from 0.218% to 1.284%. The offsetting entry to the leases receivable is a deferred inflows of resources. The value of the deferred inflows of resources relating to leases receivable at June 30, 2023 is \$733,240. The City will be systematically recognizing revenue over the terms of the lease, and in the current fiscal year, the City recognized \$191,527 in lease revenue and \$7,237 in interest.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

(f) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance at July 1, 2022 As Restated ⁽¹⁾	Increases	Decreases	Balance at June 30, 2023
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 16,904,755	\$ -	\$ -	\$ 16,904,755
Construction in progress	<u>2,682,880</u>	<u>7,926,763</u>	<u>6,038,454</u>	<u>4,571,189</u>
Total capital assets not being depreciated	<u>19,587,635</u>	<u>7,926,763</u>	<u>6,038,454</u>	<u>21,475,944</u>
Capital assets being depreciated:				
Land improvements	7,977,597	-	-	7,977,597
Buildings and improvements	39,769,342	470,171	-	40,239,513
Improvements other than buildings	1,749,683	148,205	-	1,897,888
Machinery and equipment	11,934,473	439,256	-	12,373,729
Autos and trucks	5,797,263	167,216	-	5,964,479
Infrastructure	<u>118,967,525</u>	<u>5,394,083</u>	<u>-</u>	<u>124,361,608</u>
Total capital assets being depreciated	<u>186,195,883</u>	<u>6,618,931</u>	<u>-</u>	<u>192,814,814</u>
Less accumulated depreciation for:				
Land improvements	5,028,626	307,179	-	5,335,805
Buildings and improvements	13,103,260	934,879	-	14,038,139
Improvements other than buildings	1,171,516	55,231	-	1,226,747
Machinery and equipment	8,551,925	755,826	-	9,307,751
Autos and trucks	4,676,243	335,635	-	5,011,878
Infrastructure	<u>57,935,703</u>	<u>3,876,905</u>	<u>-</u>	<u>61,812,608</u>
Total accumulated depreciation	<u>90,467,273</u>	<u>6,265,655</u>	<u>-</u>	<u>96,732,928</u>
Intangible (Right-to-use) assets:				
Lease assets	166,555	164,730	166,555	164,730
Subscription assets	<u>149,428</u>	<u>-</u>	<u>-</u>	<u>149,428</u>
Total intangible assets being amortized	<u>315,983</u>	<u>164,730</u>	<u>166,555</u>	<u>314,158</u>
Less accumulated amortization for:				
Lease assets	57,104	53,682	91,568	19,218
Subscription assets	<u>-</u>	<u>64,041</u>	<u>-</u>	<u>64,041</u>
Total accumulated amortization	<u>57,104</u>	<u>117,723</u>	<u>91,568</u>	<u>83,259</u>
Total capital assets being depreciated/amortized, net	<u>95,987,489</u>	<u>400,283</u>	<u>74,987</u>	<u>96,312,785</u>
Governmental activities capital assets, net	<u>\$ 115,575,124</u>	<u>\$ 8,327,046</u>	<u>\$ 6,113,441</u>	<u>\$ 117,788,729</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 96, Subscription Based Information Technology Arrangements. See Note (1)(d)(17).

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	2,429,662	480,245	1,895,264	1,014,643
Total capital assets not being depreciated	15,229,662	480,245	1,895,264	13,814,643
Capital assets being depreciated:				
Buildings and improvements	4,251,106	-	-	4,251,106
Improvements other than buildings	273,936	-	-	273,936
Machinery and equipment	2,040,765	250,000	-	2,290,765
Autos and trucks	230,465	-	-	230,465
Infrastructure	62,285,093	1,895,264	-	64,180,357
Total capital assets being depreciated	69,081,365	2,145,264	-	71,226,629
Less accumulated depreciation for:				
Buildings and improvements	4,131,401	17,040	-	4,148,441
Improvements other than buildings	248,949	1,404	-	250,353
Machinery and equipment	1,510,036	76,644	-	1,586,680
Autos and trucks	230,465	-	-	230,465
Infrastructure	23,036,169	1,548,582	-	24,584,751
Total accumulated depreciation	29,157,020	1,643,670	-	30,800,690
Total capital assets being depreciated, net	39,924,345	501,594	-	40,425,939
Business-type activities capital assets, net	<u>\$ 55,154,007</u>	<u>\$ 981,839</u>	<u>\$ 1,895,264</u>	<u>\$ 54,240,582</u>

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

Governmental activities:	
General government	\$ 680,328
Public safety	954,481
Public works	4,384,031
Community services	354,848
Community development	9,690
Total depreciation/ amortization expense, Governmental Activities	<u>\$ 6,383,378</u>
Business-Type activities	
Water	\$ 1,255,693
Sewer	200,618
Refuse	12,748
Children's Museum	19,230
Mobile Home Lease	155,381
Total depreciation/ amortization expense, Business-Type Activities	<u>\$ 1,643,670</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

(g) *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, 2023, the Utility Authority owned 2,580.25 shares of Capital Stock and 912.85 shares of Class A Preferred Stock. The Utility Authority has valued its water rights stock at approximately \$19.6 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, 2023

(h) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2023:

	Balance at July 1, 2022 As Restated (1)	Increases	Decreases	Balance at June 30, 2023	Due within One Year
Governmental activities:					
2022 Pension Obligation Bonds	\$ 66,929,972	\$ -	\$ 2,658,360	\$ 64,271,612	\$ 2,713,840
Lease Obligations	111,703	-	111,703	-	-
Compensated absences *	5,507,345	3,234,317	2,670,734	6,070,928	1,821,279
Internal service funds included in governmental activities:					
2022 Pension Obligation Bonds **	1,298,607	-	51,573	1,247,034	52,649
Lease Obligations	-	164,730	17,290	147,440	29,599
Subscription Liability	149,428	-	74,843	74,585	74,585
1998 Certificates of Participation, Series B	375,000	-	375,000	-	-
1998 Certificates of Participation, Series C	80,000	-	80,000	-	-
Less unamortized discount	(389)	-	(389)	-	-
Total long-term debt of governmental activities	<u>\$ 74,451,666</u>	<u>\$ 3,399,047</u>	<u>\$ 6,039,114</u>	<u>\$ 71,811,599</u>	<u>\$ 4,691,952</u>
Business-type activities:					
Compensated absences	\$ 333,135	\$ 168,093	\$ 159,575	\$ 341,653	\$ 102,496
2022 Pension Obligation Bonds	4,156,421	-	165,067	3,991,354	168,511
2013 Revenue Bonds, Series A	16,340,000	-	580,000	15,760,000	615,000
2019 Revenue Bonds, Series A&B	13,085,000	-	365,000	12,720,000	375,000
2020 Refunding Certificates of Participation, Series A	11,340,000	-	505,000	10,835,000	515,000
	45,254,556	168,093	1,774,642	43,648,007	1,776,007
Add unamortized premium	<u>3,078,643</u>	<u>-</u>	<u>162,044</u>	<u>2,916,599</u>	<u>-</u>
Total long-term debt of business-type activities	<u>\$ 48,333,199</u>	<u>\$ 168,093</u>	<u>\$ 1,936,686</u>	<u>\$ 46,564,606</u>	<u>\$ 1,776,007</u>
Private-purpose trust activities:					
2016 Refundng Tax Allocation Bonds	\$ 3,360,000	\$ -	\$ 305,000	\$ 3,055,000	\$ 315,000
Add unamortized premium	<u>102,985</u>	<u>-</u>	<u>9,808</u>	<u>93,177</u>	<u>-</u>
Total long-term debt of private-purpose trust activities	<u>\$ 3,462,985</u>	<u>\$ -</u>	<u>\$ 314,808</u>	<u>\$ 3,148,177</u>	<u>\$ 315,000</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 96, Subscription Based Information Technology Arrangements. See Note (1)(d)(17).

* 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.

** A portion of pension obligation bonds have been allocated to internal service funds based on payroll activities and liquidated in their respective funds.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

1. Governmental Activities

2022 Pension Obligation Bonds

On January 26, 2022, the City issued \$72,385,000 Pension Obligation Bonds. The proceeds of the bonds were used to (i) pay the City's unfunded accrued actuarial liability to the California Public Employees' Retirement System with respect to the City's defined benefit retirement plans for City employees, and (ii) pay costs of issuance of the bonds. The bonds liability has been allocated between the City's governmental activities (92.47%) and business-type activities (7.53%).

The Pension Obligation Bonds mature serially on August 1 beginning 2022 through 2041 in amount ranging from \$2,875,000 to \$4,740,000 and pay interest at rates varying from 0.951% to 3.397%. The unpaid balance as of June 30, 2023 was \$69,510,000. The debt service schedules of the bonds are as follows:

Fiscal Year Ending June 30	2022 Pension Obligation Bonds	
	Principal	Interest
2023	\$ 2,935,000	\$ 1,888,460
2024	2,975,000	1,850,101
2025	3,020,000	1,802,804
2026	3,075,000	1,748,196
2027	3,135,000	1,685,954
2028-2032	16,875,000	7,240,774
2033-2037	19,455,000	4,653,665
2038-2042	18,040,000	1,251,455
Total	<u>\$ 69,510,000</u>	<u>\$ 22,121,409</u>

Lease Obligations

The City leases fifteen (15) copiers that are placed in various office locations. This lease is reported in governmental activities. The lease bears interest at 6.85% per annum. The lease payment is due in 60 monthly payment of \$3,232 beginning on December 1, 2022.

The lease payment schedules are as follows:

Fiscal Year Ending June 30	Lease Obligations	
	Principal	Interest
2024	\$ 29,599	\$ 9,182
2025	31,692	7,090
2026	33,932	4,849
2027	36,331	2,451
2028	15,886	273
Total	<u>\$ 147,440</u>	<u>\$ 23,845</u>

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Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Intangible assets: Machinery and equipment	\$ 164,730
Less: Accumulated amortization	(19,218)
Total leased assets	\$ 145,512

Subscription Liability

The City has entered into a subscription based-information technology arrangement (SBITA) for Microsoft Enterprise products. The SBITA expires on October 31, 2024 with no renewal options. As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$149,428 and \$64,041, respectively in governmental activities.

The future subscription payments under SBITA agreement are as follows:

Fiscal Year Ending June 30	SBITA	
	Principal	Interest
2024	\$ 74,585	\$ 1,509

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. The City paid off this obligation as of June 30, 2023.

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. 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

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1, 2021 with interest rates ranging from 0.40% to 4.00%. The outstanding balance at June 30, 2023 was \$10,835,000.

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

Fiscal Year Ending June 30	2020 COPs Series A	
	Principal	Interest
2024	\$ 515,000	\$ 213,444
2025	520,000	208,269
2026	525,000	203,044
2027	530,000	197,769
2028	540,000	192,419
2029-2033	2,835,000	795,119
2034-2038	3,240,000	425,913
2039-2043	2,130,000	76,159
Subtotal	10,835,000	2,312,135
Unamortized premium	41,054	(41,054)
Total	\$ 10,876,054	\$ 2,271,081

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, 2023 was \$4,469,804 against the total debt service payment of \$1,336,400. 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, 2023 was \$15,760,000.

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, 2023 was \$4,469,804 against the total debt service payment of \$930,240. 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, 2023 was \$12,720,000.

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

Fiscal Year Ending June 30	2013 Water Revenue Bonds		2019 Water Revenue Bonds	
	Principal	Interest	Principal	Interest
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	710,000	627,400	400,000	530,700
2028	745,000	591,025	425,000	514,975
2029-2033	4,255,000	2,413,175	2,450,000	2,228,000
2034-2038	3,410,000	1,532,944	4,710,000	1,400,175
2039-2043	3,825,000	689,450	3,590,000	268,500
2044	880,000	21,100	-	-
Subtotal	15,760,000	7,958,669	12,720,000	6,590,115
Unamortized premium	733,666	(733,666)	2,141,879	(2,141,879)
Total	<u>\$ 16,493,666</u>	<u>\$ 7,225,003</u>	<u>\$ 14,861,879</u>	<u>\$ 4,448,236</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. 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, 2023 was \$1,292,942 against the total debt service payment of \$428,463. 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, 2023 was \$3,055,000. The debt service schedules of the Tax Allocation Bonds are as follows:

Fiscal Year Ending June 30	2016 Tax Allocation Bonds	
	Principal	Interest
2024	315,000	111,063
2025	325,000	96,638
2026	325,000	80,387
2027	230,000	68,812
2028	290,000	60,831
2029-2033	1,570,000	147,325
Subtotal	3,055,000	565,056
Unamortized premium	93,177	(93,177)
Total	<u>\$ 3,148,177</u>	<u>\$ 471,879</u>

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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).

(i) Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2023, were distributed as follows:

	<u>General Fund</u>	<u>State Gas Tax</u>	<u>ARPA Fund</u>	<u>Measure M Fund</u>	<u>Capital Projects</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Nonspendable:							
Prepaid items	\$ 15,403	-	\$ -	\$ -	\$ -	\$ 58,426	\$ 73,829
Restricted for:							
Street and road improvement	-	8,522,031	-	-	-	442,304	8,964,335
Park and capital development	-	-	-	-	-	3,570,669	3,570,669
Air quality improvement	-	-	-	-	-	344,690	344,690
Law enforcement	-	-	-	-	-	1,143,624	1,143,624
Housing and community development	-	-	-	-	-	235,483	235,483
Employment and training	-	-	-	-	-	23,118	23,118
Low-moderate income housing	-	-	-	-	-	371,655	371,655
Public, education & governmental	-	-	-	-	-	521,697	521,697
General plan update	-	-	-	-	-	1,181,643	1,181,643
Public Art	-	-	-	-	-	270,789	270,789
COVID-19 federal stimulus	-	-	11,198	-	-	-	11,198
Pension rate program	4,800,802	-	-	-	-	-	4,800,802
Assigned for:							
Capital projects	-	-	-	-	10,764,191	-	10,764,191
Pension rate program	4,000,000	-	-	-	-	-	4,000,000
Facility improvement program	74,261	-	-	-	-	-	74,261
Land acquisition program	2,052,563	-	-	-	-	-	2,052,563
Special events program	500,000	-	-	-	-	-	500,000
Unassigned	<u>11,359,983</u>	<u>-</u>	<u>-</u>	<u>(1,773,869)</u>	<u>-</u>	<u>(2,075,280)</u>	<u>7,510,834</u>
Total fund balances	<u>\$ 22,803,012</u>	<u>\$ 8,522,031</u>	<u>\$ 11,198</u>	<u>\$ (1,773,869)</u>	<u>\$ 10,764,191</u>	<u>\$ 6,088,818</u>	<u>\$ 46,415,381</u>

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June 30, 2023

(3) OTHER INFORMATION

(a) Pension Plan

1. Summary of Pension Related Items

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

	Miscellaneous		
	Plan	Safety Plans	Total
Net pension liability	\$ 13,603,503	\$ 21,892,206	\$ 35,495,709
Deferred outflows of resources related to pension	10,723,059	40,910,260	51,633,319
Deferred inflows of resources related to pension	848,227	44,988,760	45,836,987
Pension expense	4,050,400	20,323,665	24,374,065

2. General Information about the Pension Plans

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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June 30, 2023

The Plans' provisions and benefits in effect at year ended June 30, 2023 are summarized as follows:

	Miscellaneous Plan		
	Prior to 1/1/2012	Between 1/1/2012 and 12/31/2012	On or after 1/1/2013
Hire date			
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%	6.75%
Required employer contribution rates			
Normal cost rates	9.360%	9.360%	9.360%
Payment of unfunded liability	\$220,222	Included with the classic plan	
	Safety Plans		
	Prior to 1/1/2012	Between 1/1/2012 and 12/31/2012	On or after 1/1/2013
Hire date			
Benefit formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates:			
Normal cost rates	25.640%	19.870%	13.660%
Payment of unfunded liability	\$231,975	\$5,239	\$16,358

Employees Covered – At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

	Misc Plan
Inactive employees or beneficiaries currently receiving benefits	330
Inactive employees entitled to but not yet receiving benefits	528
Active employees	229
Total	<u>1,087</u>

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

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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, 2023, the contributions to Miscellaneous and Safety Plans were as follows:

<u>Plan</u>	<u>Employer Contributions</u>
Miscellaneous Plan	\$ 1,545,600
Safety Plans	1,888,335
Total	<u>\$ 3,433,935</u>

3. Net Pension Liability and Changes in Net Pension Liability

The net pension liability of each of the Plans is measured as of June 30, 2022, using the actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures.

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

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

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Notes to Financial Statements (Continued)
June 30, 2023

<u>Reporting Period</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance at June 30, 2022	\$ 132,326,232	\$ 116,512,792	\$ 15,813,440
Changes in the year:			
Service cost	2,410,554	-	2,410,554
Interest on the total pension liability	9,225,819	-	9,225,819
Changes of assumptions	4,318,216	-	4,318,216
Difference between expected and actual experience	(1,033,274)	-	(1,033,274)
Contribution - employer	-	25,723,465	(25,723,465)
Contribution - employees	-	1,000,529	(1,000,529)
Net Investment income	-	(9,520,161)	9,520,161
Benefit payments, including refunds of employee contributions	(6,217,851)	(6,217,851)	-
Administrative expense		(72,581)	72,581
Net changes	<u>8,703,464</u>	<u>10,913,401</u>	<u>(2,209,937)</u>
Balance at June 30, 2023	<u>\$ 141,029,696</u>	<u>\$ 127,426,193</u>	<u>\$ 13,603,503</u>

Safety Plans – As of June 30, 2023, the City reported net pension liabilities of \$21,892,206 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, 2022 and 2023 were as follows:

<u>Reporting Period</u>	<u>Safety Plans</u>	
	<u>Amount</u>	<u>%</u>
Proportion - June 30, 2022	\$ 42,516,636	0.78614%
Proportion - June 30, 2023	21,892,206	0.18953%
Change - Increase (Decrease)	<u>\$ (20,624,430)</u>	<u>-0.59661%</u>

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Notes to Financial Statements (Continued)
June 30, 2023

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability using standard update procedures, based on the following actuarial methods and assumptions for the miscellaneous and safety plans:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Changes of Assumptions – The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30% from the measurement date June 30, 2021 to June 30, 2022.

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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as followed:

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<u>Asset Class (1)</u>	<u>Assumed asset allocation</u>	<u>Real Return 1,2</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	10.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	0.59%

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for measurement date June 30, 2022, which decreased from 7.15% for measurement date June 30, 2021. 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 – None noted.

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

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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:

Plan	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous	\$ 33,684,692	\$ 13,603,503	\$ (2,764,872)
Safety Plans	48,727,902	21,892,206	(39,912)

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

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

For the year ended June 30, 2023, the City recognized pension expenses of \$4,050,400 and \$20,323,665 for Miscellaneous Plan and Safety Plans, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,545,600	\$ -
Differences between expected and actual experience	-	848,227
Changes in assumptions	2,718,877	-
Net difference between projected and actual earnings on pension plan investments	6,458,582	-
Total	<u>\$ 10,723,059</u>	<u>\$ 848,227</u>

	Safety Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,888,335	\$ -
Differences between expected and actual experience	906,039	237,732
Changes in assumptions	2,207,397	-
Differences between employer's contributions and proportionate share of contributions	32,354,549	1,297,073
Net difference between projected and actual earnings on pension plan investments	3,457,085	-
Changes in employer's proportion	96,855	43,453,955
Total	<u>\$ 40,910,260</u>	<u>\$ 44,988,760</u>

The City reported \$1,545,600 and \$1,888,335 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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Year Ending June 30	Misc Plan	Safety Plan
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
2024	\$ 2,137,058	\$ (3,045,275)
2025	1,891,373	(3,044,143)
2026	650,034	(1,986,283)
2027	3,650,767	2,108,866
2028	-	-
Thereafter	-	-
Total	<u>\$ 8,329,232</u>	<u>\$ (5,966,835)</u>

5. Payable to the Pension Plan

At June 30, 2023, the City reported payables of \$105,296 and \$120,352 for the outstanding amount of contributions to the pension Miscellaneous Plan and Safety Plans, respectively, required for the year ended June 30, 2023.

(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, 2022 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees or beneficiaries entitled to but not yet receiving benefits	146
Active employees	<u>250</u>
Total	<u><u>486</u></u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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, 2023, the City’s cash contributions were \$436,402 in payment to the trust and \$189,154 in payment outside the trust. Administrative expenses paid outside of trust was \$3,100. The estimated implied subsidy was \$210,261. This results in a total contribution of \$838,917. There are no employee contributions.

2. *Net OPEB Liability:*

The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by using the actuarial valuation as of June 30, 2022. 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, 2022 actuarial valuation was used to determine the June 30, 2022 total OPEB liability using standard update procedures based on the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	6/30/2022
Measurement Date	6/30/2022
Contribution Policy	City contributes full Actuarially Determined Contribution
Actuarial Assumptions:	
Discount Rate and Long term expected rate of return on assets	6.25%
General Inflation	2.50%
Mortality, Retirement, Disability, Termination	Derived from CalPERS 2000-2019 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021
Salary Increase	Aggregate 2.75% annually, Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare 8.5% & Medicare (non-Kaiser) 7.5%, Medicare (Kaiser) 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	3.50% annually
Healthcare Participation for Future Retirees	50%

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

The actuarial assumptions used in the June 30, 2022 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:

Asset Class	Target Allocation CERBT- Strategy 1	Expected Real Rate of Return
CERBT Strategy 1		
Global Equities	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. 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.

4. *Changes in the net OPEB Liability:*

The changes in the net OPEB liability are as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

Reporting Period	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021	\$ 8,227,672	\$ 4,436,683	\$ 3,790,989
Changes in the year:			
Service cost	271,595	-	271,595
Interest on the total OPEB liability	540,445	-	540,445
Changes of assumptions	(100,061)	-	(100,061)
Difference between expected and actual experience	(2,163)	-	(2,163)
Plan to plan resource movement	-	-	-
Contribution - employer	-	815,587	(815,587)
Net Investment income	-	(593,925)	593,925
Benefit payments, including refunds of employee contributions	(369,467)	(369,467)	-
Administrative expense	-	(3,440)	3,440
Net changes	340,349	(151,245)	491,594
Balance at June 30, 2022	\$ 8,568,021	\$ 4,285,438	\$ 4,282,583

Change of Assumptions

- Discount rate lowered from 6.50% to 6.25% based on updated capital market assumptions
- General inflation, payroll increases, termination, disability were updated
- Updated to CalPERS 2000-2019 Experience Study
- Medical Tread rates were updated
- PEMHCA Minimum increases lowered to 3.50% increase per year
- Mortality improvement scale was updated to Scale MP-2021

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no changes of subsequent events.

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 (5.25%) or 1-percentage point higher (7.25%) than the current discount rate.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

Plan	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
Net OPEB Liability	\$ 5,427,557	\$ 4,282,583	\$ 3,332,766

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:

Plan	Trend Rate		
	1% Decrease	Current Trend	Increase
Net OPEB Liability	\$ 3,254,057	\$ 4,282,583	\$ 5,542,084

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$548,332. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 838,917	\$ -
Differences between expected and actual experience	-	87,577
Changes in assumptions	333,478	395,965
Net difference between projected and actual earnings on OPEB plan investments	348,291	-
Total	\$ 1,520,686	\$ 483,542

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.

\$838,917 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, 2024. 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, 2023

Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ 23,460
2025	21,005
2026	4,559
2027	135,519
2028	(40,938)
Thereafter	54,622
Total	\$ 198,227

6. Payable to the OPEB Plan:

At June 30, 2023, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

(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 contribution 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, 2023

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 yearend. The accruals are in the amounts of \$4,450,056 and \$1,778,887 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, 2021	\$ 3,736,483	\$ 946,165	\$ 4,682,648
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	2,167,154	1,219,797	3,386,951
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,011,092)</u>	<u>(298,032)</u>	<u>(1,309,124)</u>
Amounts of accrued claims at June 30, 2022	4,892,545	1,867,930	6,760,475
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	559,134	(24,520)	534,614
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(1,001,623)</u>	<u>(64,523)</u>	<u>(1,066,146)</u>
Amounts of accrued claims at June 30, 2023	<u>\$ 4,450,056</u>	<u>\$ 1,778,887</u>	<u>\$ 6,228,943</u>
Due within one year	\$ 1,155,301	\$ 848,360	2,003,661
Due in more than one year	<u>3,294,755</u>	<u>930,527</u>	<u>4,225,282</u>
	<u>\$ 4,450,056</u>	<u>\$ 1,778,887</u>	<u>\$ 6,228,943</u>

2. *Litigation*

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

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, 2023.

Fund	Balance
General Fund	\$ 238,688
State Gax Tax Special Revenue Fund	2,260,884
ARPA Special Revenue Fund	1,440,326
Measure M Special Revenue Fund	930,349
General Capital Projects Fund	646,291
Nonmajor Governmental Funds	2,477,818
Water Fund	969,275
Sewer Fund	87,774
Refuse Fund	69,016
Nonmajor Enterprise Funds	11,471
Internal Service Funds	536,163
Total Contractual Commitments	\$ 9,668,055

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 \$4,258,847, 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:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

- 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.
- 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, 2023, the City has expensed \$2,028,185 related to monitoring activities.

(e) 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2023

(f) Restatement of Prior Year Financial Statements

The City determines that the North SPA activities are fiduciary activities and should be reported as a custodial fund in fiduciary fund group. The City acts as the Treasurer of the North SPA and collects charges from the city parties' contributions and reimburses host cities for capital and operational costs as stipulated in the North SPA MOU.

The result of the restatement changed the net position of the fiduciary funds at July 1, 2022 as follows:

	<u>Custodial Funds</u>
Net position, June 30, 2022	\$ 709,756
North SPA Navigation Centers Fund	<u>3,136,515</u>
Net position, July 1, 2022 as restated	<u><u>\$ 3,846,271</u></u>

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
Last 10 Years⁽¹⁾

Measurement Period	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Total Pension Liability				
Service cost	\$ 2,410,554	\$ 2,185,732	\$ 2,167,928	\$ 2,087,182
Interest on the total pension liability	9,225,819	8,948,358	8,633,125	8,203,581
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	(1,033,274)	(762,355)	905,019	(44,376)
Changes in assumptions	4,318,216	-	-	-
Benefit payments, including refunds of employee contributions	(6,217,851)	(5,733,685)	(5,543,836)	(4,913,250)
Net change in total pension liability	8,703,464	4,638,050	6,162,236	5,333,137
Total pension liability - beginning	132,326,232	127,688,182	121,525,946	116,192,809
Total pension liability - ending	<u>\$ 141,029,696</u>	<u>\$ 132,326,232</u>	<u>\$ 127,688,182</u>	<u>\$ 121,525,946</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 25,723,465	\$ 3,422,953	\$ 3,072,407	\$ 2,566,946
Contributions - employee	1,000,529	964,294	958,478	937,306
Net investment income	(9,520,161)	21,811,330	4,637,068	5,883,832
Benefit payments, including refunds of employee contributions	(6,217,851)	(5,733,685)	(5,543,836)	(4,913,250)
Plan to plan resource movement	-	-	-	-
Administrative expense	(72,581)	(96,042)	(131,320)	(63,326)
Other Miscellaneous Income/(Expense)	-	-	-	205
Net change in plan fiduciary net position	10,913,401	20,368,850	2,992,797	4,411,713
Plan fiduciary net position - beginning	116,512,792	96,143,942	93,151,145	88,739,432
Plan fiduciary net position - ending	<u>\$ 127,426,193</u>	<u>\$ 116,512,792</u>	<u>\$ 96,143,942</u>	<u>\$ 93,151,145</u>
Net pension liability - ending	<u>\$ 13,603,503</u>	<u>\$ 15,813,440</u>	<u>\$ 31,544,240</u>	<u>\$ 28,374,801</u>
Fiduciary net position as a percentage of the total pension liability	90.35%	88.05%	75.30%	76.65%
Covered payroll	\$ 14,264,594	\$ 13,904,148	\$ 13,773,365	\$ 13,043,260
Net pension liability as percentage of covered payroll	95.37%	113.73%	229.02%	217.54%

Notes to Schedule:

Benefit Changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions:

In 2019-2021, 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. FY21-22, discount rate decreased from 7.15% to 6.9% and inflation rate decreased from 2.5% to 2.3%.

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

<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>
\$ 2,227,994	\$ 2,219,809	\$ 1,962,288	\$ 1,868,111	\$ 1,961,553
7,831,360	7,492,882	7,156,766	6,783,896	6,385,852
-	-	-	-	-
(183,580)	(517,414)	103,775	682,560	-
(393,154)	6,591,774	-	(1,740,320)	-
<u>(4,564,114)</u>	<u>(4,248,078)</u>	<u>(3,910,126)</u>	<u>(3,947,397)</u>	<u>(3,471,077)</u>
4,918,506	11,538,973	5,312,703	3,646,850	4,876,328
111,274,303	99,735,330	94,422,627	90,775,777	85,899,449
<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>
\$ 2,214,726	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371	\$ 1,513,328
985,232	858,098	914,124	892,674	860,073
7,060,817	8,508,652	388,841	1,708,919	11,556,149
(4,564,114)	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
(205)	(49)	-	130	-
(129,991)	(112,619)	(46,933)	(86,653)	-
(246,855)	-	-	-	-
<u>5,319,610</u>	<u>7,142,113</u>	<u>(731,252)</u>	<u>237,044</u>	<u>10,458,473</u>
83,419,822	76,277,709	77,008,961	76,771,917	66,313,444
<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>
<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>
76.37%	74.97%	76.48%	81.56%	84.57%
\$ 13,848,797	\$ 13,928,651	\$ 13,577,030	\$ 12,416,819	\$ 12,471,730
198.24%	199.98%	172.77%	140.24%	112.28%

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan
Schedule of Contribution
Last 10 Years ⁽¹⁾

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>	<u>FY 2019-20</u>
Actuarially determined contribution	\$ 1,545,600	\$ 3,824,517	\$ 3,422,953	\$ 3,072,872
Contributions in relation to the actuarially determined contributions	<u>(1,545,600)</u>	<u>(25,723,465)</u>	<u>(3,422,953)</u>	<u>(3,072,872)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (21,898,948)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,501,443	\$ 14,264,594	\$ 13,904,148	\$ 13,773,365
Contributions as a percentage of covered payroll	10.66%	180.33%	24.62%	22.31%

Notes to Schedule

Valuation date: 6/30/2020 6/30/2019 6/30/2018 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method
Inflation	2.500%	2.500%	2.500%	2.625%
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	2.750%	2.750%	2.750%	2.875%
Investment rate of return	7.000%	7.000%	7.000%	7.250%
Post-Retirement Mortality	(3)	(3)	(3)	(3)

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

(2) Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments 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.

<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>
\$ 2,567,072	\$ 2,214,726	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371
<u>(2,567,072)</u>	<u>(2,214,726)</u>	<u>(2,136,109)</u>	<u>(1,922,842)</u>	<u>(1,669,371)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,043,260	\$ 13,848,797	\$ 13,928,651	\$ 13,577,030	\$ 12,416,819
19.68%	15.99%	15.34%	14.16%	13.44%
6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method Level percent of payroll, closed
Fair value method	Fair value method	Fair value method	Fair value method	Actuarial value of assets method
2.750%	2.750%	2.750%	2.750%	2.75%
Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
3.000%	3.000%	3.000%	3.000%	3.00%
7.375%	7.500%	7.500%	7.500%	7.50%
(3)	(3)	(3)	(3)	(3)

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years ⁽¹⁾

Measurement Period	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Safety Plans				
Proportion of the net pension liability	0.18953%	0.78614%	0.54856%	0.54243%
Proportionate share of the net pension liability	\$ 21,892,206	\$ 42,516,636	\$ 59,686,198	\$ 55,583,496
Covered payroll	\$ 8,910,843	\$ 8,137,146	\$ 8,130,979	\$ 7,933,244
Proportionate share of the net pension liability as percentage of covered payroll	245.68%	522.50%	734.06%	700.64%
Proportionate share of the Fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%

Notes to Schedule:

Benefit Changes:

There was no changes in benefits

Changes of Assumptions:

In 2019-2021, 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. FY21-22, discount rate decreased from 7.15% to 6.9% and inflation rate decreased from 2.5% to 2.3%.

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

FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
0.54096%	0.51947%	0.52795%	0.53847%	0.5106100%
\$ 52,128,243	\$ 51,517,222	\$ 45,683,585	\$ 36,959,834	\$ 31,772,178
\$ 8,300,113	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033	\$ 7,158,591
628.04%	592.01%	561.07%	516.34%	443.83%
75.26%	73.31%	74.06%	78.40%	77.63%

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of Contribution
Last 10 Years ⁽¹⁾

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>	<u>FY 2019-20</u>
Actuarially determined contribution	\$ 1,888,335	\$ 5,822,810	\$ 5,242,147	\$ 4,815,194
Contributions in relation to the actuarially determined contributions	<u>(1,888,335)</u>	<u>(55,841,539)</u>	<u>(5,242,147)</u>	<u>(4,815,194)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (50,018,729)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,839,512	\$ 8,910,843	\$ 8,137,146	\$ 8,130,979
Contributions as a percentage of covered payroll	19.19%	626.67%	64.42%	59.22%

Notes to Schedule

Valuation date: 6/30/2020 6/30/2019 6/30/2018 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method
Inflation	2.500%	2.500%	2.500%	2.625%
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	2.750%	2.750%	2.750%	2.875%
Investment rate of return	7.000%	7.000%	7.000%	7.250%
Post-Retirement Mortality	(3)	(3)	(3)	(3)

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

(2) Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments 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.

<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>
\$ 4,161,228	\$ 3,576,391	\$ 3,296,710	\$ 2,950,460	\$ 2,058,944
(4,161,228)	(3,576,391)	(3,296,710)	(2,950,460)	(2,058,944)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,933,244	\$ 8,300,113	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033
52.45%	43.09%	37.88%	36.24%	28.76%
6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method (2)	Entry age normal cost method Level percent of payroll, closed
Fair value method	Fair value method	Fair value method	Fair value method	Actuarial value of assets method
2.750%	2.750%	2.750%	2.750%	2.75%
Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
3.000%	3.000%	3.000%	3.000%	3.00%
7.375%	7.50%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)	(3)

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Years⁽¹⁾

Fiscal year end	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Measurement Period	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Total OPEB Liability						
Service cost	\$ 271,595	\$ 249,210	\$ 237,727	\$ 230,803	\$ 200,241	\$ 194,000
Interest on the total OPEB liability	540,445	515,250	479,503	451,493	468,398	445,000
Changes of benefit terms	-	-	-	-	-	-
Difference between actual and expected experience	(2,163)	-	(77,850)	-	(63,237)	-
Changes in assumptions	(100,061)	248,320	195,027	-	(612,224)	-
Benefit payments, including refunds	(369,467)	(338,458)	(294,149)	(254,381)	(294,001)	(281,000)
Net change in total OPEB liability	340,349	674,322	540,258	427,915	(300,823)	358,000
Total OPEB liability - beginning	8,227,672	7,553,350	7,013,092	6,585,177	6,886,000	6,528,000
Total OPEB liability - ending	<u>\$ 8,568,021</u>	<u>\$ 8,227,672</u>	<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	\$ 815,587	\$ 754,436	\$ 710,296	\$ 692,132	\$ 726,001	\$ 724,000
Contributions - employee	-	-	-	-	-	-
Net investment income	(593,925)	867,794	96,384	128,601	116,706	105,000
Benefit payments, including refunds	(369,467)	(338,458)	(294,149)	(254,381)	(294,001)	(281,000)
Administrative expense	(3,440)	(3,173)	(3,441)	(2,197)	(2,867)	(1,000)
Net change in plan fiduciary net position	(151,245)	1,280,599	509,090	564,155	545,839	547,000
Plan fiduciary net position - beginning	4,436,683	3,156,084	2,646,994	2,082,839	1,537,000	990,000
Plan fiduciary net position - ending	<u>\$ 4,285,438</u>	<u>\$ 4,436,683</u>	<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>\$ 4,282,583</u>	<u>\$ 3,790,989</u>	<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	50.02%	53.92%	41.78%	37.74%	31.63%	22.32%
Covered employee payroll	\$ 23,175,437	\$ 22,048,538	\$ 21,968,030	\$ 20,719,346	\$ 22,331,468	\$ 23,756,220
Net pension liability as percentage of covered payroll	18.48%	17.19%	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.

In Measurement Period FY 2020-21, discount rate lowered from 6.75% to 6.50% based on updated capital market assumptions.

Measurement Period FY 2021-22

- Discount rate was lowered from 6.50% to 6.25%
- General inflation, payroll increases, termination, disability were updated
- Updated to CalPERS 2000-2019 Experience Study
- Medical Tread rates was updated
- PEMHCA Minimum increases lowered to 3.50% increase per year
- Mortality improvement scale was updated to Scale MP-2021

(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
Last 10 Years⁽¹⁾

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Actuarially determined contribution	\$ 842,858	\$ 817,921	\$ 793,552	\$ 1,613,000	\$ 721,911	\$ 736,000
Contributions in relation to the actuarially determined contributions	<u>(838,917)</u>	<u>(815,587)</u>	<u>(754,436)</u>	<u>(710,296)</u>	<u>(692,132)</u>	<u>(726,000)</u>
Contribution deficiency (excess)	<u>\$ 3,941</u>	<u>\$ 2,334</u>	<u>\$ 39,116</u>	<u>\$ 902,704</u>	<u>\$ 29,779</u>	<u>\$ 10,000</u>
Covered employee payroll	\$ 23,506,997	\$ 23,175,437	\$ 22,048,538	\$ 21,968,030	\$ 20,719,346	\$ 22,331,468
Contributions as a percentage of covered employee payroll	3.57%	3.52%	3.42%	3.23%	3.34%	3.25%

Notes to Schedule

Valuation date:	6/30/2020	6/30/2020	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	Entry age level percentage of payroll	Entry age level percentage of payroll	Entry age level percentage of payroll	Entry age level percentage of payroll	Entry age level percentage of payroll
Amortization method/period	Level percent of pay	Level percent of pay	Level percent of pay	Level percent of pay	Level percent of pay	Level percent of pay
Asset valuation method	Market value, no smoothing	Market value, no smoothing	Market value, no smoothing	Market value, no smoothing	Market value, no smoothing	Market value, no smoothing
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00% per annum, in aggregate	3.00% per annum, in aggregate	3.00% per annum, in aggregate	3.00% per annum, in aggregate	3.00% per annum, in aggregate	3.00% per annum, in aggregate
Investment rate of return	6.50%	6.50%	6.75%	6.75%	6.75%	6.75%
Healthcare cost trend rates	(3)	(3)	(3)	(2)	(2)	(2)
Mortality	CalPERS 1997-2015 Experience Study	CalPERS 1997-2015 Experience Study	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, 2023

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	Budgetary Basis	Final Budget
			(See Note 2)	Positive
				(Negative)
Revenues:				
Property taxes and special assessments	\$ 21,352,826	\$ 21,352,826	\$ 22,485,337	\$ 1,132,511
Sales and use tax	14,337,000	14,337,000	14,553,839	216,839
Transaction and use tax	7,240,991	7,240,991	7,779,709	538,718
Franchise tax	1,990,000	1,990,000	2,227,559	237,559
Intergovernmental	-	-	64,352	64,352
Licenses and permits	1,508,500	1,508,500	2,085,832	577,332
Charges for services	4,623,925	4,623,925	6,070,021	1,446,096
Fines, forfeitures, and penalties	946,000	946,000	1,581,075	635,075
Use of money and property	3,104,229	3,104,229	3,358,922	254,693
Other revenues	12,400	12,400	57,452	45,052
Total revenues	<u>55,115,871</u>	<u>55,115,871</u>	<u>60,264,098</u>	<u>5,148,227</u>
Expenditures:				
Current:				
General government	4,402,821	4,206,040	4,215,654	(9,614)
Public safety	36,161,066	26,796,924	26,877,604	(80,680)
Public works	5,837,363	5,626,217	5,556,650	69,567
Community services	4,255,852	4,096,482	3,905,510	190,972
Community development	2,815,088	2,640,933	2,702,881	(61,948)
Capital outlay	9,000	9,000	79,980	(70,980)
Total expenditures	<u>53,481,190</u>	<u>43,375,596</u>	<u>43,338,279</u>	<u>37,317</u>
Excess (deficiency) of revenues over expenditures	<u>1,634,681</u>	<u>11,740,275</u>	<u>16,925,819</u>	<u>5,185,544</u>
Other financial sources (uses):				
Transfers in	-	-	643,519	643,519
Transfers out	(1,565,404)	(6,022,727)	(14,102,885)	(8,080,158)
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>(1,564,404)</u>	<u>(6,021,727)</u>	<u>(13,459,366)</u>	<u>(7,437,639)</u>
Net change in fund balance	70,277	5,718,548	3,466,453	(2,252,095)
Fund balances, beginning of year	<u>18,881,559</u>	<u>18,881,559</u>	<u>18,881,559</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,951,836</u>	<u>\$ 24,600,107</u>	<u>\$ 22,348,012</u>	<u>\$ (2,252,095)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,266,404	\$ 3,266,404	\$ 2,998,932	\$ (267,472)
Use of money and property	30,900	30,900	(1,171)	(32,071)
Total revenues	<u>3,297,304</u>	<u>3,297,304</u>	<u>2,997,761</u>	<u>(299,543)</u>
Expenditures:				
Current:				
Public works	1,189,193	1,189,193	323,929	865,264
Capital outlay	<u>9,101,667</u>	<u>9,101,667</u>	<u>1,547,595</u>	<u>7,554,072</u>
Total expenditures	<u>10,290,860</u>	<u>10,290,860</u>	<u>1,871,524</u>	<u>8,419,336</u>
Net change in fund balance	(6,993,556)	(6,993,556)	1,126,237	8,119,793
Fund balance, beginning of year	<u>7,395,794</u>	<u>7,395,794</u>	<u>7,395,794</u>	<u>-</u>
Fund balance, end of year	<u>\$ 402,238</u>	<u>\$ 402,238</u>	<u>\$ 8,522,031</u>	<u>\$ 8,119,793</u>

CITY OF LA HABRA, CALIFORNIA
American Rescues Plan Act Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 5,914,543	\$ 5,914,543	\$ 8,488,166	\$ 2,573,623
Use of money and property	-	-	201,866	201,866
	<u>5,914,543</u>	<u>5,914,543</u>	<u>8,690,032</u>	<u>2,775,489</u>
Expenditures:				
Current:				
Public safety	-	5,648,272	5,648,272	-
Community services	2,484,334	2,484,334	1,204,856	1,279,478
Capital outlay	<u>3,430,209</u>	<u>3,430,209</u>	<u>1,635,038</u>	<u>1,795,171</u>
	<u>5,914,543</u>	<u>11,562,815</u>	<u>8,488,166</u>	<u>3,074,649</u>
Net change in fund balance	-	(5,648,272)	201,866	5,850,138
Fund balance (deficit), beginning of year	<u>(190,668)</u>	<u>(190,668)</u>	<u>(190,668)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (190,668)</u>	<u>\$ (5,838,940)</u>	<u>\$ 11,198</u>	<u>\$ 5,850,138</u>

CITY OF LA HABRA, CALIFORNIA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,848,830	\$ 2,848,830	\$ 1,251,960	\$ (1,596,870)
Use of money and property	15,300	15,300	36,121	20,821
Total Revenues	<u>2,864,130</u>	<u>2,864,130</u>	<u>1,288,081</u>	<u>(1,576,049)</u>
Expenditures:				
Current:				
Public works	783,557	783,557	301,835	481,722
Capital outlay	<u>3,216,354</u>	<u>3,216,354</u>	<u>2,207,311</u>	<u>1,009,043</u>
Total expenditures	<u>3,999,911</u>	<u>3,999,911</u>	<u>2,509,146</u>	<u>1,490,765</u>
Net change in fund balance	(1,135,781)	(1,135,781)	(1,221,065)	(85,284)
Fund balance (deficit), beginning of year	<u>(552,804)</u>	<u>(552,804)</u>	<u>(552,804)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,688,585)</u>	<u>\$ (1,688,585)</u>	<u>\$ (1,773,869)</u>	<u>\$ (85,284)</u>

CITY OF LA HABRA, CALIFORNIA
Note to Required Supplementary Information
June 30, 2023

(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, Public Art Special Revenue Fund, and PEG 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
Other State Grants Special Revenue Fund	\$ 38,500
Traffic Improvement Special Revenue Fund	275,820
SB 2 Permanent Local Housing Special Revenue Fund	57,036
Low-Moderate Income Housing Assets Capital Projects Fund	52,701

(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	\$ 43,338,279
Adjustments:	
Principal payment for Advances to Other Funds is reported as expenditure for budgetary purposes, but as a reduction of liability for GAAP reporting	(455,000)
Total expenditures for the General Fund on a GAAP basis of accounting	\$ 42,883,279

SUPPLEMENTARY INFORMATION

CITY OF LA HABRA
General Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 16,511	\$ 16,511
Total revenues	-	16,511	16,511
Expenditures:			
Current:			
Public works	740,777	344,514	396,263
Capital outlay	2,017,265	464,145	1,553,120
Total expenditures	2,758,042	808,659	1,949,383
Excess (deficiency) of revenues over (under) expenditures	(2,758,042)	(792,148)	1,965,894
Other financing sources (uses):			
Transfers in	-	8,982,393	8,982,393
Total other financing sources	-	8,982,393	8,982,393
Net change in fund balance	(2,758,042)	8,190,245	10,948,287
Fund balance, beginning of year	2,573,946	2,573,946	-
Fund balance, end of year	\$ (184,096)	\$ 10,764,191	10,948,287



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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.

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 Grants Fund accounts for revenue received and expenditures made for the various miscellaneous federal grants.

Other State Grants Fund

The Other State Grants Fund accounts for revenue received and expenditures made for the various miscellaneous California State grants including traffic offender fees.

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, 2023

	Special Revenue Funds			
	Park and Capital Development	Air Quality Improvement	Law Enforcement	Child Development
Assets:				
Cash and investments	\$ 3,586,683	\$ 319,236	\$ 1,379,963	\$ 970,192
Accounts receivable	-	4,292	-	8,344
Interest receivable	9,260	763	-	-
Prepaid items	-	-	-	-
Due from other governments	121,736	46,791	194,417	750,471
Loans receivable	-	-	-	-
Total assets	<u>\$ 3,717,679</u>	<u>\$ 371,082</u>	<u>\$ 1,574,380</u>	<u>\$ 1,729,007</u>
Liabilities:				
Accounts payable	\$ 25,236	\$ 13,083	\$ 76,574	\$ 558,924
Accrued liabilities	38	-	51,366	99,298
Due to other funds	-	-	-	-
Unearned revenues	-	-	677,052	1,105,421
Total liabilities	<u>25,274</u>	<u>13,083</u>	<u>804,992</u>	<u>1,763,643</u>
Deferred inflows of resources:				
Unavailable revenues	<u>121,736</u>	<u>13,309</u>	<u>165,439</u>	<u>495,186</u>
Total deferred inflows of resources	<u>121,736</u>	<u>13,309</u>	<u>165,439</u>	<u>495,186</u>
Fund balances (deficits):				
Nonspendable	-	-	-	-
Restricted	3,570,669	344,690	603,949	-
Unassigned	-	-	-	(529,822)
Total fund balances (deficits)	<u>3,570,669</u>	<u>344,690</u>	<u>603,949</u>	<u>(529,822)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,717,679</u>	<u>\$ 371,082</u>	<u>\$ 1,574,380</u>	<u>\$ 1,729,007</u>

Special Revenue Funds

Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants	Other State Grants	Traffic Improvement	General Plan Update
\$ -	\$ -	\$ 451,061	\$ -	\$ -	\$ 865,958	\$ 1,210,278
-	-	-	-	-	-	(132)
-	-	1,396	-	342	2,166	2,758
1,739	-	-	-	-	-	-
1,319,590	305,358	46,281	555,026	712,553	-	-
395,901	-	-	-	-	-	-
<u>\$ 1,717,230</u>	<u>\$ 305,358</u>	<u>\$ 498,738</u>	<u>\$ 555,026</u>	<u>\$ 712,895</u>	<u>\$ 868,124</u>	<u>\$ 1,212,904</u>
\$ 668,221	\$ 43,757	\$ -	\$ -	\$ 12,550	\$ 404,529	\$ 31,261
59,987	31,351	-	-	-	21,291	-
238,848	207,132	-	84,424	327,932	-	-
117,051	-	-	500,000	7,942	-	-
<u>1,084,107</u>	<u>282,240</u>	<u>-</u>	<u>584,424</u>	<u>348,424</u>	<u>425,820</u>	<u>31,261</u>
395,901	-	-	555,026	562,150	-	-
395,901	-	-	555,026	562,150	-	-
1,739	-	-	-	-	-	-
235,483	23,118	498,738	-	40,937	442,304	1,181,643
-	-	-	(584,424)	(238,616)	-	-
<u>237,222</u>	<u>23,118</u>	<u>498,738</u>	<u>(584,424)</u>	<u>(197,679)</u>	<u>442,304</u>	<u>1,181,643</u>
<u>\$ 1,717,230</u>	<u>\$ 305,358</u>	<u>\$ 498,738</u>	<u>\$ 555,026</u>	<u>\$ 712,895</u>	<u>\$ 868,124</u>	<u>\$ 1,212,904</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2023

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Public Art</u>	<u>SB 2 Permanent Local Housing</u>	<u>PEG</u>	<u>Other Debt Service</u>
Assets:				
Cash and investments	\$ 270,080	\$ -	\$ 500,648	\$ -
Accounts receivable	-	-	21,239	-
Interest receivable	709	-	1,258	-
Prepaid items	-	56,687	-	-
Due from other governments	-	604,420	-	-
Loans receivable	-	-	-	-
Total assets	<u>\$ 270,789</u>	<u>\$ 661,107</u>	<u>\$ 523,145</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,448	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	722,418	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>722,418</u>	<u>1,448</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues	-	604,420	-	-
Total deferred inflows of resources	<u>-</u>	<u>604,420</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):				
Nonspendable	-	56,687	-	-
Restricted	270,789	-	521,697	-
Unassigned	-	(722,418)	-	-
Total fund balances (deficits)	<u>270,789</u>	<u>(665,731)</u>	<u>521,697</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 270,789</u>	<u>\$ 661,107</u>	<u>\$ 523,145</u>	<u>\$ -</u>

Capital Projects Fund Low-Moderate Income Housing Assets		Total
\$ 370,275	\$ 9,924,374	
-	33,743	
1,380	20,032	
-	58,426	
-	4,656,643	
-	395,901	
<u>\$ 371,655</u>	<u>\$ 15,089,119</u>	
\$ -	\$ 1,835,583	
-	263,331	
-	1,580,754	
-	2,407,466	
<u>-</u>	<u>6,087,134</u>	
-	2,913,167	
<u>-</u>	<u>2,913,167</u>	
-	58,426	
371,655	8,105,672	
-	(2,075,280)	
<u>371,655</u>	<u>6,088,818</u>	
<u>\$ 371,655</u>	<u>\$ 15,089,119</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, 2023

	Special Revenue Funds			
	Park and Capital Development	Air Quality Improvement	Law Enforcement	Child Development
Revenues:				
Intergovernmental	\$ -	\$ 206,712	\$ 1,095,095	\$ 5,723,726
Licenses and permits	369,799	-	-	-
Charges for services	-	-	-	-
Use of money and property	6,289	579	20,873	25,376
Other revenues	-	-	-	-
Total revenues	<u>376,088</u>	<u>207,291</u>	<u>1,115,968</u>	<u>5,749,102</u>
Expenditures:				
Current:				
General government	81,526	-	-	-
Public safety	-	-	1,143,861	-
Public works	-	-	-	-
Community services	-	149,683	-	5,761,104
Community development	21,689	-	-	-
Capital outlay	12,119	-	73,730	24,718
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>115,334</u>	<u>149,683</u>	<u>1,217,591</u>	<u>5,785,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>260,754</u>	<u>57,608</u>	<u>(101,623)</u>	<u>(36,720)</u>
Other financing sources (uses):				
Transfers in	-	-	3,463	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,463</u>	<u>-</u>
Net change in fund balances	<u>260,754</u>	<u>57,608</u>	<u>(98,160)</u>	<u>(36,720)</u>
Fund balances (deficits), beginning of year	<u>3,309,915</u>	<u>287,082</u>	<u>702,109</u>	<u>(493,102)</u>
Fund balances (deficits), ending of year	<u>\$ 3,570,669</u>	<u>\$ 344,690</u>	<u>\$ 603,949</u>	<u>\$ (529,822)</u>

Special Revenue Funds

Housing and Community Development	Employment and Training	Public Safety Augmentation	Other Federal Grants	Other State Grants	Traffic Improvement	General Plan Update
\$ 1,996,416	\$ 1,550,430	\$ 362,877	\$ 73,727	\$ 255,655	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	41,157	11,772	230,498
-	-	(5,225)	-	1,355	2,760	(1,419)
-	55	-	-	350	-	-
<u>1,996,416</u>	<u>1,550,485</u>	<u>357,652</u>	<u>73,727</u>	<u>298,517</u>	<u>14,532</u>	<u>229,079</u>
-	-	-	-	-	-	-
-	-	111,500	-	188,307	-	-
-	-	-	21,208	4,409	-	-
-	1,160,325	-	-	-	-	-
896,429	-	-	-	-	-	81,872
782,852	-	-	127,276	52,404	425,820	-
-	36,716	-	-	-	-	-
-	30	-	-	-	-	-
<u>1,679,281</u>	<u>1,197,071</u>	<u>111,500</u>	<u>148,484</u>	<u>245,120</u>	<u>425,820</u>	<u>81,872</u>
<u>317,135</u>	<u>353,414</u>	<u>246,152</u>	<u>(74,757)</u>	<u>53,397</u>	<u>(411,288)</u>	<u>147,207</u>
-	-	-	9,706	-	-	109,466
-	-	-	-	(109,466)	-	-
-	-	-	9,706	(109,466)	-	109,466
<u>317,135</u>	<u>353,414</u>	<u>246,152</u>	<u>(65,051)</u>	<u>(56,069)</u>	<u>(411,288)</u>	<u>256,673</u>
<u>(79,913)</u>	<u>(330,296)</u>	<u>252,586</u>	<u>(519,373)</u>	<u>(141,610)</u>	<u>853,592</u>	<u>924,970</u>
<u>\$ 237,222</u>	<u>\$ 23,118</u>	<u>\$ 498,738</u>	<u>\$ (584,424)</u>	<u>\$ (197,679)</u>	<u>\$ 442,304</u>	<u>\$ 1,181,643</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, 2023

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Public Art</u>	<u>SB 2 Permanent Local Housing</u>	<u>PEG</u>	<u>Other Debt Service</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	99,705	-	89,164	-
Use of money and property	(1,620)	-	87	-
Other revenues	-	-	-	-
Total revenues	<u>98,085</u>	<u>-</u>	<u>89,251</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	30,055	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Community development	-	661,456	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	2,658,360
Interest and other charges	-	-	-	1,798,963
Total expenditures	<u>-</u>	<u>661,456</u>	<u>30,055</u>	<u>4,457,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,085</u>	<u>(661,456)</u>	<u>59,196</u>	<u>(4,457,323)</u>
Other financing sources (uses):				
Transfers in	-	-	-	4,457,323
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,457,323</u>
Net change in fund balances	<u>98,085</u>	<u>(661,456)</u>	<u>59,196</u>	<u>-</u>
Fund balances (deficits), beginning of year	<u>172,704</u>	<u>(4,275)</u>	<u>462,501</u>	<u>-</u>
Fund balances (deficits), ending of year	<u>\$ 270,789</u>	<u>\$ (665,731)</u>	<u>\$ 521,697</u>	<u>\$ -</u>

Capital	
Projects Fund	
Low-Moderate	
Income	
Housing Assets	Total
\$ -	\$ 11,264,638
-	369,799
-	472,296
530	49,585
<u>164,699</u>	<u>165,104</u>
<u>165,229</u>	<u>12,321,422</u>
-	111,581
-	1,443,668
-	25,617
-	7,071,112
7,701	1,669,147
250,000	1,748,919
-	2,695,076
-	1,798,993
<u>257,701</u>	<u>16,564,113</u>
<u>(92,472)</u>	<u>(4,242,691)</u>
-	4,579,958
-	(109,466)
-	4,470,492
<u>(92,472)</u>	<u>227,801</u>
<u>464,127</u>	<u>5,861,017</u>
<u>\$ 371,655</u>	<u>\$ 6,088,818</u>

CITY OF LA HABRA, CALIFORNIA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,861,400	\$ -	\$ (3,861,400)
Licenses and permits	244,000	369,799	125,799
Use of money and property	20,600	6,289	(14,311)
Total Revenues	4,126,000	376,088	(3,749,912)
Expenditures:			
Current:			
General government	3,140,000	81,526	3,058,474
Community development	-	21,689	(21,689)
Capital outlay	3,691,400	12,119	3,679,281
Total Expenditures	6,831,400	115,334	6,716,066
Excess of revenues over expenditures	(2,705,400)	260,754	2,966,154
Fund balance, beginning of year	3,309,915	3,309,915	-
Fund balance, end of year	\$ 604,515	\$ 3,570,669	\$ 2,966,154

CITY OF LA HABRA, CALIFORNIA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 145,500	\$ 206,712	\$ 61,212
Use of money and property	300	579	279
Total revenues	<u>145,800</u>	<u>207,291</u>	<u>61,491</u>
Expenditures:			
Current:			
Community services	<u>170,000</u>	<u>149,683</u>	<u>20,317</u>
Total Expenditures	<u>170,000</u>	<u>149,683</u>	<u>20,317</u>
Net change in fund balance	(24,200)	57,608	81,808
Fund balance, beginning of year	<u>287,082</u>	<u>287,082</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 262,882</u></u>	<u><u>\$ 344,690</u></u>	<u><u>\$ 81,808</u></u>

CITY OF LA HABRA, CALIFORNIA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 915,588	\$ 1,095,095	\$ 179,507
Use of money and property	2,300	20,873	18,573
Total revenues	<u>917,888</u>	<u>1,115,968</u>	<u>198,080</u>
Expenditures:			
Current:			
Public safety	1,032,436	1,143,861	(111,425)
Capital outlay	217,296	73,730	143,566
Total Expenditures	<u>1,249,732</u>	<u>1,217,591</u>	<u>32,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(331,844)</u>	<u>(101,623)</u>	<u>230,221</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>3,463</u>	<u>3,463</u>
Net change in fund balance	(331,844)	(98,160)	233,684
Fund balance, beginning of year	<u>702,109</u>	<u>702,109</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 370,265</u></u>	<u><u>\$ 603,949</u></u>	<u><u>\$ 233,684</u></u>

CITY OF LA HABRA, CALIFORNIA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,535,513	\$ 5,723,726	\$ (811,787)
Charges for services	60,000	-	(60,000)
Use of money and property	-	25,376	25,376
	<u>6,595,513</u>	<u>5,749,102</u>	<u>(846,411)</u>
Expenditures:			
Current:			
Community services	6,595,513	5,761,104	834,409
Capital outlay	-	24,718	(24,718)
	<u>6,595,513</u>	<u>5,785,822</u>	<u>809,691</u>
Net change in fund balance	-	(36,720)	(36,720)
Fund balance (deficit), beginning of year	<u>(493,102)</u>	<u>(493,102)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (493,102)</u></u>	<u><u>\$ (529,822)</u></u>	<u><u>\$ (36,720)</u></u>

CITY OF LA HABRA, CALIFORNIA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,578,634	\$ 1,996,416	\$ (582,218)
Expenditures:			
Current:			
Community development	1,074,863	896,429	178,434
Capital outlay	1,503,771	782,852	720,919
Total expenditures	2,578,634	1,679,281	899,353
Net change in fund balance	-	317,135	317,135
Fund balance, beginning of year	(79,913)	(79,913)	-
Fund balance (deficit), end of year	\$ (79,913)	\$ 237,222	\$ 317,135

CITY OF LA HABRA, CALIFORNIA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,194,735	\$ 1,550,430	\$ (644,305)
Other revenues	-	55	55
	<u>2,194,735</u>	<u>1,550,485</u>	<u>(644,250)</u>
Expenditures:			
Current:			
Community services	2,194,735	1,160,325	1,034,410
Debt service:			
Principal retirement	-	36,716	(36,716)
Interest and other charges	-	30	(30)
	<u>2,194,735</u>	<u>1,197,071</u>	<u>997,664</u>
Excess (deficiency) of revenues over expenditures	-	353,414	353,414
Fund balance (deficit), beginning of year	<u>(330,296)</u>	<u>(330,296)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (330,296)</u></u>	<u><u>\$ 23,118</u></u>	<u><u>\$ 353,414</u></u>

CITY OF LA HABRA, CALIFORNIA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 320,000	\$ 362,877	\$ 42,877
Use of money and property	2,300	(5,225)	(7,525)
Total revenues	<u>322,300</u>	<u>357,652</u>	<u>35,352</u>
Expenditures:			
Current:			
Public safety	<u>411,500</u>	<u>111,500</u>	<u>300,000</u>
Total expenditures	<u>411,500</u>	<u>111,500</u>	<u>300,000</u>
Net change in fund balance	(89,200)	246,152	335,352
Fund balance, beginning of year	<u>252,586</u>	<u>252,586</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 163,386</u></u>	<u><u>\$ 498,738</u></u>	<u><u>\$ 335,352</u></u>

CITY OF LA HABRA, CALIFORNIA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,630,138	\$ 73,727	\$ (1,556,411)
Total revenues	1,630,138	73,727	(1,556,411)
Expenditures:			
Current:			
Public works	626,512	21,208	605,304
Capital outlay	803,626	127,276	676,350
Total expenditures	1,430,138	148,484	1,281,654
Excess (deficiency) of revenues over expenditures	200,000	(74,757)	(274,757)
Other financing sources:			
Transfers in	-	9,706	9,706
Total other financing sources	-	9,706	9,706
Net change in fund balance	200,000	(65,051)	(265,051)
Fund balance (deficit), beginning of year	(519,373)	(519,373)	-
Fund balance (deficit), end of year	\$ (319,373)	\$ (584,424)	\$ (265,051)

CITY OF LA HABRA, CALIFORNIA
Other State Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,330,620	\$ 255,655	\$ (2,074,965)
Charges for services	30,000	41,157	11,157
Use of money and property	700	1,355	655
Other revenues	<u>-</u>	<u>350</u>	<u>350</u>
 Total revenues	 <u>2,361,320</u>	 <u>298,517</u>	 <u>(2,062,803)</u>
Expenditures:			
Current:			
Public safety	206,620	188,307	18,313
Public works	-	4,409	(4,409)
Capital outlay	<u>-</u>	<u>52,404</u>	<u>(52,404)</u>
 Total expenditures	 <u>206,620</u>	 <u>245,120</u>	 <u>(38,500)</u>
 Excess (deficiency) of revenues over expenditures	 <u>2,154,700</u>	 <u>53,397</u>	 <u>(2,101,303)</u>
Other financing uses:			
Transfer out	<u>-</u>	<u>(109,466)</u>	<u>(109,466)</u>
 Net change in fund balance	 2,154,700	 (56,069)	 (2,210,769)
Fund balance (deficit), beginning of year	<u>(141,610)</u>	<u>(141,610)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 2,013,090</u>	<u>\$ (197,679)</u>	<u>\$ (2,210,769)</u>

CITY OF LA HABRA, CALIFORNIA
Traffic Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 130,000	\$ 11,772	\$ (118,228)
Use of money and property	6,600	2,760	(3,840)
Total revenues	<u>136,600</u>	<u>14,532</u>	<u>(122,068)</u>
Expenditures:			
Capital outlay	<u>150,000</u>	<u>425,820</u>	<u>(275,820)</u>
Total expenditures	<u>150,000</u>	<u>425,820</u>	<u>(275,820)</u>
Net change in fund balance	(13,400)	(411,288)	(397,888)
Fund balance, beginning of year	<u>853,592</u>	<u>853,592</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 840,192</u></u>	<u><u>\$ 442,304</u></u>	<u><u>\$ (397,888)</u></u>

CITY OF LA HABRA, CALIFORNIA
SB 2 Permanent Local Housing Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Positive (Negative)
Revenues:			
Intergovernmental	\$ 604,420	\$ -	\$ (604,420)
Total revenues	604,420	-	(604,420)
Expenditures:			
Current:			
Community development	604,420	661,456	(57,036)
Net change in fund balance	-	(661,456)	(661,456)
Fund balance (deficit), beginning of year	(4,275)	(4,275)	-
Fund balance (deficit), end of year	\$ (4,275)	\$ (665,731)	\$ (661,456)

CITY OF LA HABRA, CALIFORNIA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Debt service:			
Principal	\$ 2,875,000	\$ 2,658,360	\$ 216,640
Interest expense	<u>1,945,567</u>	<u>1,798,963</u>	<u>146,604</u>
Total expenditures	<u>4,820,567</u>	<u>4,457,323</u>	<u>363,244</u>
Excess (deficiency) of revenues over (under) expenditures	(4,820,567)	(4,457,323)	363,244
Other financing sources:			
Transfers in	<u>-</u>	<u>4,457,323</u>	<u>4,457,323</u>
Net change in fund balance	(4,820,567)	-	4,820,567
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (4,820,567)</u>	<u>\$ -</u>	<u>\$ 4,820,567</u>

CITY OF LA HABRA, CALIFORNIA
Low-Moderate Income Housing Assets Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 1,800	\$ 530	\$ (1,270)
Other revenues	30,000	164,699	134,699
Total revenues	31,800	165,229	133,429
Expenditures:			
Current:			
Community development	-	7,701	(7,701)
Capital outlay	205,000	250,000	(45,000)
Total expenditures	205,000	257,701	(52,701)
Net change in fund balance	(173,200)	(92,472)	80,728
Fund balance, beginning of year	464,127	464,127	-
Fund balance, end of year	\$ 290,927	\$ 371,655	\$ 80,728

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, 2023

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 393,979	\$ 1,741,584	\$ 2,135,563
Accounts receivable, net	3,217	3,835	7,052
Interest receivable	2,182	3,927	6,109
Due from other governments	14,707	-	14,707
Total current assets	414,085	1,749,346	2,163,431
Noncurrent assets:			
Cash and investments with fiscal agents	2,652	-	2,652
Capital assets, being depreciated net of depreciation	142,797	3,819,415	3,962,212
Total assets	559,534	5,568,761	6,128,295
Liabilities:			
Current Liabilities:			
Accounts payable	23,945	1,982	25,927
Accrued liabilities	14,289	-	14,289
Unearned revenue	-	21	21
Total current liabilities	38,234	2,003	40,237
Total liabilities	38,234	2,003	40,237
Net position:			
Net investment in capital assets	142,797	3,819,415	3,962,212
Restricted for:			
Pension rate program	2,652	-	2,652
Unrestricted	375,851	1,747,343	2,123,194
Total net position	\$ 521,300	\$ 5,566,758	\$ 6,088,058

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 627,591	\$ 2,930,716	\$ 3,558,307
Intergovernmental	1,647	-	1,647
Total operating revenues	<u>629,238</u>	<u>2,930,716</u>	<u>3,559,954</u>
Operating expenses:			
Contractual services	4,211	592,948	597,159
Wages and fringe benefits	316,455	-	316,455
Equipment and maintenance	33,290	178,262	211,552
Materials and supplies	21,916	-	21,916
Utilities	91,505	356,045	447,550
Depreciation	19,230	155,381	174,611
Administration	94,105	1,323,725	1,417,830
Total operating expenses	<u>580,712</u>	<u>2,606,361</u>	<u>3,187,073</u>
Operating income	<u>48,526</u>	<u>324,355</u>	<u>372,881</u>
Nonoperating revenues (expenses):			
Interest income	6,496	16,787	23,283
Net decrease in fair value of investment	<u>(24,282)</u>	<u>(21,670)</u>	<u>(45,952)</u>
Total nonoperating revenues (expenses)	<u>(17,786)</u>	<u>(4,883)</u>	<u>(22,669)</u>
Income before transfers	30,740	319,472	350,212
Transfers in	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Change in net position	55,740	319,472	375,212
Net position, beginning of year	<u>465,560</u>	<u>5,247,286</u>	<u>5,712,846</u>
Net position, end of year	<u>\$ 521,300</u>	<u>\$ 5,566,758</u>	<u>\$ 6,088,058</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

	Children's Museum	Mobile Home Lease	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 656,770	\$ 2,930,564	\$ 3,587,334
Receipts from interfund services provided	33,598	-	33,598
Payments to suppliers	(179,284)	(2,023,018)	(2,202,302)
Payments for internal services used	(59,244)	(499,452)	(558,696)
Payments for employees' salaries and benefits	(311,899)	-	(311,899)
	139,941	408,094	548,035
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities:			
Transfers from other funds	25,000	-	25,000
	25,000	-	25,000
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(29,705)	(29,705)
	-	(29,705)	(29,705)
Net cash used in capital and related financing activities			
Cash flows from investing activities:			
Purchase of investments	(24,282)	(21,670)	(45,952)
Interest on investments	4,836	15,797	20,633
	(19,446)	(5,873)	(25,319)
Net cash used in investing activities			
Net decrease in cash and cash equivalents	145,495	372,516	518,011
Cash and cash equivalents, beginning of year	251,136	1,369,068	1,620,204
Cash and cash equivalents, end of year	\$ 396,631	\$ 1,741,584	\$ 2,138,215
Cash and cash equivalents:			
Cash and investments	\$ 393,979	\$ 1,741,584	\$ 2,135,563
Cash and investments with fiscal agents	2,652	-	2,652
Total cash and cash equivalents	\$ 396,631	\$ 1,741,584	\$ 2,138,215

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2023

	Children's Museum	Mobile Home Lease	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating Income	\$ 48,526	\$ 324,355	\$ 372,881
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	19,230	155,381	174,611
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	2,884	(173)	2,711
(Increase) decrease in from other governments	58,246	-	58,246
Increase (decrease) in accounts payable	6,499	1,982	8,481
Increase (decrease) in accrued liabilities	4,556	(73,472)	(68,916)
Increase (decrease) in unearned revenue	-	21	21
Total adjustments	91,415	83,739	175,154
Net cash provided by (used in) operating activities	\$ 139,941	\$ 408,094	\$ 548,035
Noncash Capital and Related Financing Transactions			
Capital expenses funded by accounts payable	\$ -	\$ -	\$ -

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. Revenues for this fund are derived from departmental charges based on salaries and 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, 2023

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 655,701	\$ 8,637,225	\$ 2,337,664
Accounts receivable, net	-	6,290	-
Interest receivable	1,154	20,024	5,633
Prepays	68,733	-	-
Due from other governments	16,213	-	-
Total current assets	<u>741,801</u>	<u>8,663,539</u>	<u>2,343,297</u>
Noncurrent assets:			
Cash and investments with fiscal agents	11,808	6,504	11,280
Capital assets, net of accumulated depreciation	-	-	1,220,921
Total noncurrent assets	<u>11,808</u>	<u>6,504</u>	<u>1,232,201</u>
Total assets	<u>753,609</u>	<u>8,670,043</u>	<u>3,575,498</u>
Deferred outflows of resources:			
Deferred amount from pension plans	308,753	188,777	485,132
Total deferred outflows of resources	<u>308,753</u>	<u>188,777</u>	<u>485,132</u>
Liabilities:			
Current liabilities:			
Accounts payable	62,753	138,995	36,855
Accrued liabilities	19,076	14,417	33,142
Accrued interest	5,690	3,082	5,374
Claims payable, current	-	2,003,661	-
Lease liability, current	-	-	29,599
Subscription liability, current	-	-	74,585
Compensated absences, current	-	-	-
Pension obligation bonds, current	21,042	11,542	20,065
Total current liabilities	<u>108,561</u>	<u>2,171,697</u>	<u>199,620</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	4,225,282	-
Lease liability, noncurrent	-	-	117,841
Pension obligation bonds, noncurrent	477,351	261,838	455,196
Net pension liability	391,690	239,487	615,449
Total noncurrent liabilities	<u>869,041</u>	<u>4,726,607</u>	<u>1,188,486</u>
Total liabilities	<u>977,602</u>	<u>6,898,304</u>	<u>1,388,106</u>
Deferred inflows of resources:			
Deferred amount from pension plans	24,423	14,933	38,375
Total deferred inflows of resources	<u>24,423</u>	<u>14,933</u>	<u>38,375</u>
Net position:			
Net investment in capital assets	-	-	1,220,921
Restricted for:			
Pension rate program	11,808	6,504	11,280
Unrestricted	48,529	1,939,079	1,401,948
Total net position	<u>\$ 60,337</u>	<u>\$ 1,945,583</u>	<u>\$ 2,634,149</u>

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ -	\$ 2,004,192	\$ 1,841,639	\$ -	\$ 15,476,421
-	-	-	-	6,290
-	4,891	3,112	-	34,814
-	23,121	-	-	91,854
-	-	-	-	16,213
-	2,032,204	1,844,751	-	15,625,592
-	1,464	-	-	31,056
-	1,290,493	-	-	2,511,414
-	1,291,957	-	-	2,542,470
-	3,324,161	1,844,751	-	18,168,062
-	-	-	-	982,662
-	-	-	-	982,662
-	6,263	-	-	244,866
-	2,878	20,403	-	89,916
-	-	-	-	14,146
-	-	-	-	2,003,661
-	-	-	-	29,599
-	-	-	-	74,585
-	-	1,821,279	-	1,821,279
-	-	-	-	52,649
-	9,141	1,841,682	-	4,330,701
-	-	-	-	4,225,282
-	-	-	-	117,841
-	-	-	-	1,194,385
-	-	-	-	1,246,626
-	-	-	-	6,784,134
-	9,141	1,841,682	-	11,114,835
-	-	-	-	77,731
-	-	-	-	77,731
-	1,290,493	-	-	2,511,414
-	1,464	-	-	31,056
-	2,023,063	3,069	-	5,415,688
<u>\$ -</u>	<u>\$ 3,315,020</u>	<u>\$ 3,069</u>	<u>\$ -</u>	<u>\$ 7,958,158</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 1,305,897	\$ 3,496,805	\$ 1,938,384
Operating expenses:			
Contractual services	217,862	362,866	95,681
Wages and fringe benefits	677,725	327,820	505,992
Benefits and claims	-	534,614	-
Equipment and maintenance	23,924	-	469,562
Materials and supplies	607,901	-	4,223
Utilities	1,683	-	258,499
Depreciation	-	-	298,692
Administration	29,318	1,420,911	36,063
Total operating expenses	<u>1,558,413</u>	<u>2,646,211</u>	<u>1,668,712</u>
Operating income (loss)	<u>(252,516)</u>	<u>850,594</u>	<u>269,672</u>
Nonoperating revenues (expenses):			
Interest income	6,460	103,698	32,666
Other nonoperating revenues	-	46,145	-
Interest (expense)	(13,713)	(7,524)	(19,663)
Gain (loss) on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	<u>(8,686)</u>	<u>(95,287)</u>	<u>(34,063)</u>
Total nonoperating revenues (expenses)	<u>(15,939)</u>	<u>47,032</u>	<u>(21,060)</u>
Income (loss) before transfers	(268,455)	897,626	248,612
Transfers in	150,000	500,000	-
Transfers out	-	-	-
Changes in net position	<u>(118,455)</u>	<u>1,397,626</u>	<u>248,612</u>
Net position, beginning of year	<u>178,792</u>	<u>547,957</u>	<u>2,385,537</u>
Net position, end of year	<u>\$ 60,337</u>	<u>\$ 1,945,583</u>	<u>\$ 2,634,149</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 806,484	\$ 600,000	\$ 407,561	\$ 8,555,131
-	21,191	5,925	436,402	1,139,927
-	75,946	746,113	-	2,333,596
-	-	-	-	534,614
-	-	-	-	493,486
-	-	-	-	612,124
-	-	-	-	260,182
-	373,271	-	-	671,963
-	4,116	12,430	-	1,502,838
-	474,524	764,468	436,402	7,548,730
-	331,960	(164,468)	(28,841)	1,006,401
17,832	24,309	19,372	2,967	207,304
1,516	-	-	-	47,661
(9,159)	-	-	-	(50,059)
-	20,994	-	-	20,994
(950)	(29,913)	(12,951)	(2,494)	(184,344)
9,239	15,390	6,421	473	41,556
9,239	347,350	(158,047)	(28,368)	1,047,957
-	-	-	-	650,000
(642,266)	-	-	(1,253)	(643,519)
(633,027)	347,350	(158,047)	(29,621)	1,054,438
633,027	2,967,670	161,116	29,621	6,903,720
\$ -	\$ 3,315,020	\$ 3,069	\$ -	\$ 7,958,158

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 115,037	\$ -	\$ -
Receipts from interfund services provided	1,222,008	3,490,515	1,938,384
Payments to suppliers	(824,604)	(2,770,765)	(748,155)
Payments for interfund services used	(35,016)	(5,016)	(121,175)
Payments for employees' salaries and benefits	(476,625)	(331,409)	(778,865)
Net cash provided by (used in) operating activities	<u>800</u>	<u>383,325</u>	<u>290,189</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Transfers from other funds	150,000	500,000	-
Principal paid on noncapital debt	(20,612)	(11,306)	(19,655)
Interest paid on noncapital debt	(13,948)	(7,652)	(19,885)
Receipts of advances to/from other funds	-	-	-
Payments of due to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>115,440</u>	<u>481,042</u>	<u>(39,540)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(407,481)
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(407,481)</u>
Cash flows from investing activities:			
Purchase of investments	(8,686)	(95,287)	(34,063)
Interest on investments	5,910	146,494	30,917
Net cash provided by (used in) investing activities	<u>(2,776)</u>	<u>51,207</u>	<u>(3,146)</u>
Net increase (decrease) in cash and cash equivalents	113,464	915,574	(159,978)
Cash and cash equivalents, beginning of year	<u>554,045</u>	<u>7,728,155</u>	<u>2,508,922</u>
Cash and cash equivalents, end of year	<u>\$ 667,509</u>	<u>\$ 8,643,729</u>	<u>\$ 2,348,944</u>
Cash and cash equivalents:			
Cash and investments	\$ 655,701	\$ 8,637,225	\$ 2,337,664
Cash and investments with fiscal agents	11,808	6,504	11,280
Total cash and cash equivalents	<u>\$ 667,509</u>	<u>\$ 8,643,729</u>	<u>\$ 2,348,944</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ -	\$ -	\$ -	\$ 115,037
-	840,467	600,000	407,561	8,498,935
-	(14,928)	(18,355)	-	(4,376,807)
-	(4,116)	-	-	(165,323)
-	(75,776)	(556,635)	(436,402)	(2,655,712)
-	745,647	25,010	(28,841)	1,416,130
(642,266)	-	-	(1,253)	(643,519)
-	-	-	-	650,000
-	-	-	-	(51,573)
-	-	-	-	(41,485)
455,000	-	-	-	455,000
(38,262)	-	-	-	(38,262)
(225,528)	-	-	(1,253)	330,161
-	(161,002)	-	-	(568,483)
(455,000)	-	-	-	(455,000)
(11,600)	-	-	-	(11,600)
(466,600)	(161,002)	-	-	(1,035,083)
(950)	(29,913)	(12,951)	(2,494)	(184,344)
19,819	22,750	19,059	3,949	248,898
18,869	(7,163)	6,108	1,455	64,554
(673,259)	577,482	31,118	(28,639)	775,762
673,259	1,428,174	1,810,521	28,639	14,731,715
<u>\$ -</u>	<u>\$ 2,005,656</u>	<u>\$ 1,841,639</u>	<u>\$ -</u>	<u>\$ 15,507,477</u>
\$ -	\$ 2,004,192	\$ 1,841,639	\$ -	\$ 15,476,421
-	1,464	-	-	31,056
<u>\$ -</u>	<u>\$ 2,005,656</u>	<u>\$ 1,841,639</u>	<u>\$ -</u>	<u>\$ 15,507,477</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2023

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (252,516)	\$ 850,594	\$ 269,672
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	298,692
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in accounts receivable	790	(6,290)	-
(Increase) decrease in due from other governments	30,358	-	-
(Increase) decrease in prepaid items	4,423	-	-
Increase (decrease) in accounts payable	16,645	74,142	(5,302)
Increase (decrease) in accrued liabilities	180	1,499	5,950
Increase (decrease) in claims liabilities	-	(531,532)	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension & OPEB liability and related deferred inflows and outflows of resources	<u>200,920</u>	<u>(5,088)</u>	<u>(278,823)</u>
 Total adjustments	 <u>253,316</u>	 <u>(467,269)</u>	 <u>20,517</u>
 Net cash provided by (used in) operating activities	 <u>\$ 800</u>	 <u>\$ 383,325</u>	 <u>\$ 290,189</u>
Noncash Capital and Related Financing Transactions			
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>
\$ -	\$ 331,960	\$ (164,468)	\$ (28,841)	\$ 1,006,401
-	373,271	-	-	671,963
-	33,983	-	-	28,483
-	-	-	-	30,358
-	-	-	-	4,423
-	6,263	-	-	91,748
-	170	20,403	-	28,202
-	-	-	-	(531,532)
-	-	169,075	-	169,075
-	-	-	-	(82,991)
-	413,687	189,478	-	409,729
<u>\$ -</u>	<u>\$ 745,647</u>	<u>\$ 25,010</u>	<u>\$ (28,841)</u>	<u>\$ 1,416,130</u>
\$ 4,861	\$ -	\$ -	\$ -	\$ 4,861
389	-	-	-	389

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Fiduciary Net Position

Custodial Funds
June 30, 2023

	Public Deposits Fund	North SPA Navigation Centers Fund	Total Custodial Funds
Assets:			
Current assets:			
Cash and investments	\$ 1,367,500	\$ 1,315,099	\$ 2,682,599
Interest receivable	3,487	-	3,487
Due from other governments	-	5,885,329	5,885,329
Total assets	1,370,987	7,200,428	8,571,415
Liabilities:			
Current liabilities:			
Accounts payable	19,942	3,770,311	3,790,253
Accrued liabilities	42,509	-	42,509
Deposits	563,712	-	563,712
Total liabilities	626,163	3,770,311	4,396,474
Net Position (Deficit):			
Restricted for Individuals, organizations, and other governments	744,824	3,430,117	4,174,941
Total net position	\$ 744,824	\$ 3,430,117	\$ 4,174,941

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Public Deposits Fund	North SPA Navigation Centers Fund	Total Custodial Funds
Additions:			
Police seized assets	\$ 35,068	\$ -	\$ 35,068
Members' contributions	-	3,761,474	3,761,474
Total additions	<u>35,068</u>	<u>3,761,474</u>	<u>3,796,542</u>
Deductions:			
Program expenses	-	3,411,152	3,411,152
Administrative expenses	-	56,720	56,720
Total deductions	<u>-</u>	<u>3,467,872</u>	<u>3,467,872</u>
Change in net position	<u>35,068</u>	<u>293,602</u>	<u>328,670</u>
Net Position (deficit) held in trust:			
Beginning of year, as restated	<u>709,756</u>	<u>3,136,515</u>	<u>3,846,271</u>
End of year	<u>\$ 744,824</u>	<u>\$ 3,430,117</u>	<u>\$ 4,174,941</u>

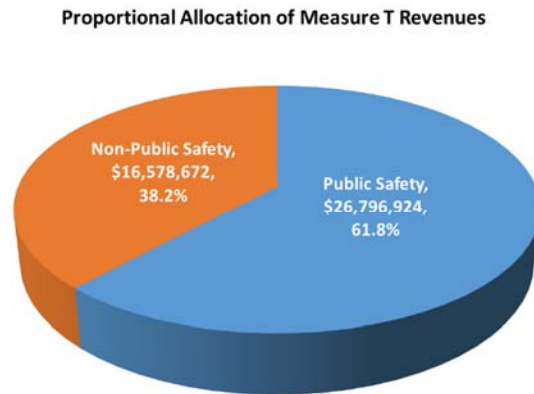
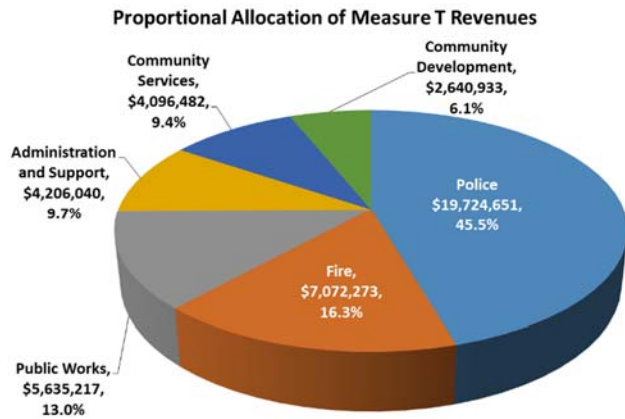
CITY OF LA HABRA, CALIFORNIA
Measure T Transaction and Use Tax: Use of Funds
Year Ended June 30, 2023

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 22-23 and the proportional allocation of the General Fund amended expenditure budget by department.

Measure T Allocation Analysis by General Fund Department

Department	FY 22/23 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$19,724,651	45.5%	\$3,537,751
Fire	7,072,273	16.3%	1,268,460
Public Works	5,635,217	13.0%	1,010,715
Administration and Support	4,206,040	9.7%	754,382
Community Services	4,096,482	9.4%	734,732
Community Development	2,640,933	6.1%	473,669
Total	\$43,375,596	100.0%	\$7,779,709



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, 2023

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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	<i>Page(s)</i>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	156-164
Revenue Capacity	
<i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue source, the property tax.</i>	166-173
Debt Capacity	
<i>These schedules contain present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	176-183
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	186-187
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	190-196

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			
	2014 ⁽¹⁾	2015	2016	2017 ⁽²⁾
Governmental activities				
Net investment in capital assets	\$ 78,951,634	\$ 77,327,812	\$ 87,775,876	\$ 98,908,209
Restricted	7,673,024	9,119,231	13,465,394	15,849,805
Unrestricted	27,453,928	(24,069,863)	(27,711,283)	(39,239,903)
Total governmental activities net position	<u>\$ 114,078,586</u>	<u>\$ 62,377,180</u>	<u>\$ 73,529,987</u>	<u>\$ 75,518,111</u>
Business-type activities				
Net investment in capital assets	\$ 22,031,524	\$ 22,780,994	\$ 22,464,681	\$ 23,274,193
Restricted	1,288,543	731,879	841,051	1,066,402
Unrestricted	19,176,036	17,505,632	19,447,151	19,171,906
Total business-type activities net position	<u>\$ 42,496,103</u>	<u>\$ 41,018,505</u>	<u>\$ 42,752,883</u>	<u>\$ 43,512,501</u>
Primary Government				
Net investment in capital assets	\$ 100,983,158	\$ 100,108,806	\$ 110,240,557	\$ 122,182,402
Restricted	8,961,567	9,851,110	14,306,445	16,916,207
Unrestricted	46,629,964	(6,564,231)	(8,264,132)	(20,067,997)
Total primary government net position	<u>\$ 156,574,689</u>	<u>\$ 103,395,685</u>	<u>\$ 116,282,870</u>	<u>\$ 119,030,612</u>

Source: Finance Office, City of La Habra

⁽¹⁾ 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.

⁽²⁾ 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

2018	2019	2020	2021	2022	2023
\$ 109,691,038	\$ 109,213,141	\$ 110,949,024	\$ 112,489,017	\$ 114,372,116	\$ 114,708,465
13,451,730	15,535,285	16,437,287	19,789,252	22,920,635	24,749,680
(41,737,731)	(45,505,661)	(50,914,390)	(50,848,220)	(57,893,558)	(61,304,857)
<u>\$ 81,405,037</u>	<u>\$ 79,242,765</u>	<u>\$ 76,471,921</u>	<u>\$ 81,430,049</u>	<u>\$ 79,399,193</u>	<u>\$ 78,153,288</u>
\$ 22,690,776	\$ 25,795,462	\$ 23,818,741	\$ 23,680,076	\$ 25,352,673	\$ 22,421,053
1,003,581	951,017	859,248	806,301	734,045	1,167,564
19,503,712	18,431,882	21,485,432	23,174,523	23,589,374	26,002,271
<u>\$ 43,198,069</u>	<u>\$ 45,178,361</u>	<u>\$ 46,163,421</u>	<u>\$ 47,660,900</u>	<u>\$ 49,676,092</u>	<u>\$ 49,590,888</u>
\$ 132,381,814	\$ 135,008,603	\$ 134,767,765	\$ 136,169,093	\$ 139,724,789	\$ 137,129,518
14,455,311	16,486,302	17,296,535	20,595,553	23,654,680	25,917,244
(22,234,019)	(27,073,779)	(29,428,958)	(27,673,697)	(34,304,184)	(35,302,586)
<u>\$ 124,603,106</u>	<u>\$ 124,421,126</u>	<u>\$ 122,635,342</u>	<u>\$ 129,090,949</u>	<u>\$ 129,075,285</u>	<u>\$ 127,744,176</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 4,017,045	\$ 3,045,640	\$ 5,390,669	\$ 3,671,388
Intergovernmental	-	-	-	-
Public safety	24,505,359	25,574,530	27,410,251	30,195,115
Public works	7,430,857	10,181,891	9,246,671	11,002,512
Community services	9,459,747	10,086,222	10,290,567	10,591,475
Community development	4,592,489	2,228,511	1,968,081	3,064,649
Interest on long-term debt	206,922	251,344	330,196	281,018
Total governmental activities expenses	<u>50,212,419</u>	<u>51,368,138</u>	<u>54,636,435</u>	<u>58,806,157</u>
Business-type activities:				
Water	12,095,302	12,132,398	12,120,429	12,946,131
Sewer	1,927,963	1,908,300	1,934,381	2,107,071
Housing Authority	1,629,058	1,594,723	1,737,015	1,491,686
Other business activities	5,997,886	6,632,638	6,322,831	6,341,002
Total business-type activities expenses	<u>21,650,209</u>	<u>22,268,059</u>	<u>22,114,656</u>	<u>22,885,890</u>
Total primary government expenses	<u>\$ 71,862,628</u>	<u>\$ 73,636,197</u>	<u>\$ 76,751,091</u>	<u>\$ 81,692,047</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 105,934	\$ 431,447	\$ 535,708	\$ 549,270
Public safety	3,242,072	3,180,715	3,354,565	3,351,086
Public works	-	-	2,899,926	203,981
Community services	1,234,637	1,016,705	1,011,325	1,035,577
Community development	1,148,627	917,062	1,796,341	1,987,112
Operating grants and contributions	8,027,156	8,691,442	8,308,818	9,957,548
Capital grants and contributions	4,556,286	3,426,786	4,423,311	2,644,726
Total governmental activities program revenues	<u>18,314,712</u>	<u>17,664,157</u>	<u>22,329,994</u>	<u>19,729,300</u>
Business-type activities:				
Charges for services:				
Water	13,673,720	13,398,340	12,209,656	13,035,748
Sewer	1,622,818	1,627,871	1,628,705	1,803,519
Housing authority	1,577,921	1,602,845	1,645,982	1,281,830
Other business -type activities	6,360,631	6,385,815	7,283,219	7,279,389
Total business-type activities program revenues	<u>23,235,090</u>	<u>23,014,871</u>	<u>22,767,562</u>	<u>23,400,486</u>
Total primary government program revenues	<u>\$ 41,549,802</u>	<u>\$ 40,679,028</u>	<u>\$ 45,097,556</u>	<u>\$ 43,129,786</u>
Net (expense)/revenue:				
Governmental activities	\$(31,897,707)	\$(33,703,981)	\$ (32,306,441)	\$ (39,076,857)
Business-type activities	1,584,881	746,812	652,906	514,596
Total primary government net expense	<u>\$(30,312,826)</u>	<u>\$(32,957,169)</u>	<u>\$ (31,653,535)</u>	<u>\$ (38,562,261)</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,461,015	\$ 4,221,976	\$ 4,828,271	\$ 4,287,183	\$ 5,464,741	\$ 3,785,227
-	-	-	-	-	-
31,295,032	34,350,077	37,142,231	36,216,287	44,085,563	53,428,983
10,295,016	10,154,486	9,817,418	9,607,658	10,200,838	10,778,966
10,694,274	10,639,108	10,876,760	12,471,250	11,606,304	12,975,016
2,698,772	2,520,478	3,224,295	3,182,218	2,434,719	4,044,949
229,533	261,770	187,615	156,937	1,380,758	1,818,837
<u>60,673,642</u>	<u>62,147,895</u>	<u>66,076,590</u>	<u>65,921,533</u>	<u>75,172,923</u>	<u>86,831,978</u>
14,829,319	14,779,099	15,479,110	16,849,337	16,127,999	16,694,943
2,381,245	2,270,868	2,444,214	2,611,350	2,829,901	2,641,793
1,631,963	1,569,221	1,578,646	1,877,902	1,114,405	1,042,915
6,527,533	7,162,134	7,578,579	7,336,987	8,088,963	10,039,149
<u>25,370,060</u>	<u>25,781,322</u>	<u>27,080,549</u>	<u>28,675,576</u>	<u>28,161,268</u>	<u>30,418,800</u>
<u>\$ 86,043,702</u>	<u>\$ 87,929,217</u>	<u>\$ 93,157,139</u>	<u>\$ 94,597,109</u>	<u>\$ 103,334,191</u>	<u>\$ 117,250,778</u>
\$ 512,442	\$ 449,012	\$ 437,362	\$ 551,556	\$ 591,340	\$ 656,460
3,390,223	3,185,405	3,152,854	3,195,683	3,725,655	4,862,993
1,250,526	620,539	151,871	185,537	269,256	381,867
1,043,879	1,101,822	938,790	931,965	1,091,633	989,272
2,866,742	1,874,548	1,953,166	2,241,602	3,034,195	2,940,130
7,961,383	8,416,487	8,739,837	11,890,028	11,873,560	18,072,066
6,206,726	3,437,594	5,173,881	6,195,484	4,949,920	6,133,751
<u>23,231,921</u>	<u>19,085,407</u>	<u>20,547,761</u>	<u>25,191,855</u>	<u>25,535,559</u>	<u>34,036,539</u>
14,402,538	15,297,469	15,775,170	18,504,454	18,661,034	17,235,734
1,955,880	2,290,963	2,347,221	2,727,785	2,882,992	2,871,016
1,277,656	1,300,213	1,368,862	1,834,228	1,122,311	1,738,988
7,349,063	7,718,806	7,591,511	7,363,550	8,280,268	8,416,048
<u>24,985,137</u>	<u>26,607,451</u>	<u>27,082,764</u>	<u>30,430,017</u>	<u>30,946,605</u>	<u>30,261,786</u>
<u>\$ 48,217,058</u>	<u>\$ 45,692,858</u>	<u>\$ 47,630,525</u>	<u>\$ 55,621,872</u>	<u>\$ 56,482,164</u>	<u>\$ 64,298,325</u>
\$ (37,441,721)	\$ (43,062,488)	\$ (45,528,829)	\$ (40,729,678)	\$ (49,637,364)	\$ (52,795,439)
(384,923)	826,129	2,215	1,754,441	2,785,337	(157,014)
<u>\$ (37,826,644)</u>	<u>\$ (42,236,359)</u>	<u>\$ (45,526,614)</u>	<u>\$ (38,975,237)</u>	<u>\$ (46,852,027)</u>	<u>\$ (52,952,453)</u>

(Continued)

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Taxes:				
Property taxes	\$ 13,235,491	\$ 14,389,424	\$ 14,996,789	\$ 16,117,190
Sales and use taxes	9,593,316	9,639,019	10,997,991	9,837,648
Transaction and use taxes	4,701,077	4,933,170	5,040,708	5,075,039
Franchise tax	1,607,535	1,679,113	1,653,002	1,650,001
Grants and contributions not restricted to specific programs	84,906	58,365	84,051	85,223
Income from property and investments	2,664,660	2,808,233	3,042,625	2,641,722
Gain on sale of capital assets	-	-	-	-
Other general revenues	1,094,588	1,495,060	1,340,148	1,655,926
Extraordinary gain (loss)	(1,224,331)	(257,567)	-	-
Special item	-	-	-	6,416,232
Transfers	249,824	60,000	126,177	145,000
Total governmental activities	<u>32,007,066</u>	<u>34,804,817</u>	<u>37,281,491</u>	<u>43,623,981</u>
Business-type activities:				
Income from property and investments	152,270	127,071	220,785	48,994
Other general revenues	398,879	339,689	306,565	341,028
Transfers	(249,824)	(60,000)	(126,177)	(145,000)
Total business-type activities	<u>301,325</u>	<u>406,760</u>	<u>401,173</u>	<u>245,022</u>
Total primary government	<u>\$ 32,308,391</u>	<u>\$ 35,211,577</u>	<u>\$ 37,682,664</u>	<u>\$ 43,869,003</u>
Change in Net Position				
Governmental activities	\$ 109,359	\$ 1,100,836	\$ 4,975,050	\$ 4,547,124
Business-type activities	1,886,206	1,153,572	1,054,079	759,618
Total primary government	<u>\$ 1,995,565</u>	<u>\$ 2,254,408</u>	<u>\$ 6,029,129</u>	<u>\$ 5,306,742</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 16,538,652	\$ 17,472,895	\$ 18,694,463	\$ 19,840,482	\$ 20,994,665	\$ 22,428,672
10,730,853	10,979,334	11,329,538	12,900,404	14,577,122	14,546,390
5,629,841	5,573,483	5,749,127	6,739,488	7,621,355	7,780,968
1,784,852	1,920,476	1,978,057	2,018,080	2,156,690	2,391,564
88,300	85,255	105,618	100,870	126,522	119,916
2,534,264	3,780,123	3,865,685	2,772,146	845,414	3,252,120
4,673,891	-	-	-	44,511	20,994
1,222,994	1,088,650	1,035,497	1,001,739	1,062,642	1,008,910
-	-	-	-	-	-
-	-	-	-	-	-
125,000	-	-	-	177,587	-
<u>43,328,647</u>	<u>40,900,216</u>	<u>42,757,985</u>	<u>45,373,209</u>	<u>47,606,508</u>	<u>51,549,534</u>
42,594	811,303	810,499	(4,255)	(636,716)	66,028
152,897	342,860	172,346	61,890	44,158	5,782
(125,000)	-	-	-	(177,587)	-
<u>70,491</u>	<u>1,154,163</u>	<u>982,845</u>	<u>57,635</u>	<u>(770,145)</u>	<u>71,810</u>
<u>\$ 43,399,138</u>	<u>\$ 42,054,379</u>	<u>\$ 43,740,830</u>	<u>\$ 45,430,844</u>	<u>\$ 46,836,363</u>	<u>\$ 51,621,344</u>
\$ 5,886,926	\$ (2,162,272)	\$ (2,770,844)	\$ 4,643,531	\$ (2,030,856)	\$ (1,245,905)
(314,432)	1,980,292	985,060	1,812,076	2,015,192	(85,204)
<u>\$ 5,572,494</u>	<u>\$ (181,980)</u>	<u>\$ (1,785,784)</u>	<u>\$ 6,455,607</u>	<u>\$ (15,664)</u>	<u>\$ (1,331,109)</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 8,159,022	\$ 8,169,482	\$ 7,406,791	\$ 6,311,389
Restricted	-	-	418,195	269,912
Assigned	-	-	-	-
Unassigned	6,265,883	6,333,144	984,505	2,197,789
Total general fund	<u>\$14,424,905</u>	<u>\$14,502,626</u>	<u>\$ 8,809,491</u>	<u>\$ 8,779,090</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ 9,000	\$ -
Restricted	7,598,774	8,934,777	12,848,248	14,955,457
Assigned	5,856,196	7,259,633	6,608,111	689,121
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$13,454,970</u>	<u>\$16,194,410</u>	<u>\$ 19,465,359</u>	<u>\$ 15,644,578</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,214,884	\$ 4,425,438	\$ 2,715,606	\$ 2,043,647	\$ 1,066,199	\$ 15,403
327,386	834,185	2,015,009	3,105,457	3,410,091	4,800,802
1,100,000	2,950,000	3,555,000	5,983,680	4,172,063	6,626,824
6,258,051	7,717,970	8,602,672	8,325,715	10,233,206	11,359,983
<u>\$ 12,900,321</u>	<u>\$ 15,927,593</u>	<u>\$ 16,888,287</u>	<u>\$ 19,458,499</u>	<u>\$ 18,881,559</u>	<u>\$ 22,803,012</u>
\$ -	\$ 62	\$ 68,126	\$ 73,870	\$ 59,591	\$ 58,426
12,507,938	14,149,562	13,902,639	16,164,156	14,824,215	16,638,901
4,121,516	3,595,183	3,450,080	2,753,344	2,573,946	10,764,191
-	(904,000)	(1,270,763)	(802,706)	(2,370,467)	(3,849,149)
<u>\$ 16,629,454</u>	<u>\$ 16,840,807</u>	<u>\$ 16,150,082</u>	<u>\$ 18,188,664</u>	<u>\$ 15,087,285</u>	<u>\$ 23,612,369</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Property taxes and special assessments	\$ 13,235,491	\$ 14,389,424	\$ 14,996,789	\$ 16,117,190
Sales and use tax	9,491,508	9,654,374	10,690,774	10,235,873
Franchise tax	1,592,572	1,660,284	1,662,712	1,680,204
Transaction and use tax	4,567,116	5,037,656	4,994,922	5,063,240
Intergovernmental	12,678,220	12,176,593	12,816,180	11,994,355
Licenses and permits	1,223,155	914,722	4,394,608	1,553,900
Charges for services	4,533,679	4,862,176	5,275,163	5,296,267
Fines, forfeitures and penalties	1,030,240	986,820	1,133,348	1,140,276
Use of money and property	2,308,528	2,131,932	2,603,900	2,246,883
Other revenues	-	273,181	125,172	194,236
Total revenue	<u>50,660,509</u>	<u>52,087,162</u>	<u>58,693,568</u>	<u>55,522,424</u>
Expenditures				
General government	2,959,220	2,774,950	2,923,628	3,196,147
Public safety	24,094,326	24,757,974	26,535,529	27,512,220
Public works	4,211,341	6,138,461	5,955,786	7,034,702
Community services	9,086,497	9,684,484	9,863,500	10,150,275
Community development	4,531,709	2,199,199	2,050,109	2,921,703
Capital outlay	5,353,232	2,258,563	13,851,464	14,994,359
Debt service:				
Principal	230,425	245,632	261,639	278,585
Interest expense	71,003	60,738	69,753	68,076
Cost of debt issuance	-	-	-	-
Total expenditures	<u>50,537,753</u>	<u>48,120,001</u>	<u>61,511,408</u>	<u>66,156,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,756</u>	<u>3,967,161</u>	<u>(2,817,840)</u>	<u>(10,633,643)</u>
Other financing sources (uses)				
Proceeds from debt	-	-	-	-
Proceeds from sale of property	-	-	2,620	741,229
Transfers in	1,814,128	2,148,984	11,100,887	6,056,274
Transfers out	<u>(2,933,529)</u>	<u>(3,298,984)</u>	<u>(11,317,131)</u>	<u>(6,431,274)</u>
Total other financing sources (uses)	<u>(1,119,401)</u>	<u>(1,150,000)</u>	<u>(213,624)</u>	<u>366,229</u>
Special item	-	-	-	6,416,232
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	<u>\$ (996,645)</u>	<u>\$ 2,817,161</u>	<u>\$ (3,031,464)</u>	<u>\$ (3,851,182)</u>
Debt service as a percentage of noncapital expenditures	0.67%	0.66%	0.70%	0.66%

Source: Finance Office, City of La Habra

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 16,538,652	\$ 17,527,982	\$ 18,749,790	\$ 19,894,873	\$ 21,047,527	\$ 22,485,337	
10,234,115	11,373,624	11,344,359	12,871,187	14,592,502	14,553,839	
1,775,865	1,910,805	1,983,537	1,997,428	7,638,582	7,779,709	
5,381,995	5,854,399	5,752,140	6,726,948	2,097,646	2,227,559	
14,281,399	11,909,924	13,992,385	18,035,505	16,062,933	24,059,784	
3,140,795	1,984,329	1,367,235	1,583,355	2,056,794	2,455,631	
5,718,793	5,217,261	5,367,980	5,719,625	6,001,354	6,550,581	
938,095	848,817	733,065	744,201	1,096,794	1,581,075	
3,152,638	4,849,412	3,415,365	2,670,807	1,010,959	3,661,834	
423,269	308,824	204,721	144,064	263,426	222,556	
<u>61,585,616</u>	<u>61,785,377</u>	<u>62,910,577</u>	<u>70,387,993</u>	<u>71,868,517</u>	<u>85,577,905</u>	
3,009,121	3,042,493	3,246,507	3,359,344	5,333,630	3,872,235	
27,739,273	29,963,502	31,922,341	32,960,936	90,388,510	33,969,544	
6,276,417	6,452,778	6,241,368	6,307,067	10,105,887	6,552,545	
9,798,354	9,845,302	10,000,401	12,006,452	16,737,658	12,181,478	
2,427,694	2,319,552	2,970,478	3,141,803	4,849,883	4,372,028	
11,729,060	4,505,752	5,749,699	6,118,375	4,951,601	7,682,988	
296,419	384,575	248,356	130,997	1,104,968	2,695,076	
51,933	83,699	61,458	54,225	54,091	1,798,993	
-	-	-	-	464,719	-	
<u>61,328,271</u>	<u>56,597,653</u>	<u>60,440,608</u>	<u>64,079,199</u>	<u>133,990,947</u>	<u>73,124,887</u>	
257,345	5,187,724	2,469,969	6,308,794	(62,122,430)	12,453,018	
1,430,097	-	-	-	66,929,972	-	
5,593,665	1,733	-	-	-	-	
3,981,698	1,007,504	360,538	2,229,158	3,844,441	14,205,870	
<u>(6,156,698)</u>	<u>(2,958,336)</u>	<u>(2,560,538)</u>	<u>(3,929,158)</u>	<u>(6,544,441)</u>	<u>(14,212,351)</u>	
<u>4,848,762</u>	<u>(1,949,099)</u>	<u>(2,200,000)</u>	<u>(1,700,000)</u>	<u>64,229,972</u>	<u>(6,481)</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 5,106,107</u>	<u>\$ 3,238,625</u>	<u>\$ 269,969</u>	<u>\$ 4,608,794</u>	<u>\$ 2,107,542</u>	<u>\$ 12,446,537</u>	
0.70%	0.90%	0.58%	0.32%	0.91%	6.89%	



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
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%
2022	6,073,102,884	977,940,451	505,878,587	206,617,068	7,763,538,990	0.16926%
2023	6,533,066,351	1,028,527,408	537,547,887	229,788,272	8,328,929,918	0.16915%

- (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			
	2014	2015	2016	2017
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	0.05885	0.05654	0.06821	0.08423
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping ¹ Tax Rate	<u>1.06235</u>	<u>1.06004</u>	<u>1.07171</u>	<u>1.08773</u>
Total Direct Rate ²	<u>0.16576</u>	<u>0.16583</u>	<u>0.16609</u>	<u>0.16613</u>

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

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

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.08979	0.08814	0.11438	0.12304	0.11808	0.11621
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
1.09329	1.09164	1.11788	1.12654	1.12158	1.11971
0.16611	0.16951	0.16872	0.16928	0.16926	0.16915

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

Taxpayer	2023		2014	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Improvement Valentia LP	\$ 181,451,051	2.18%	\$ -	0.00%
CVS Pharmacy Inc	142,090,908	1.71%	-	0.00%
La Habra Associates LLC	106,043,427	1.27%	-	0.00%
La Habra Westridge Partnership LP	73,355,529	0.88%	-	0.00%
Bex Portfolio Inc	52,699,584	0.63%	-	0.00%
B9 Harbor Blvd Owne LLC	43,542,462	0.52%	-	0.00%
Carefree Communities CA LLC	42,434,050	0.51%	-	0.00%
Monterra Springs LLC	33,037,731	0.40%	-	0.00%
Bank First Security of Utah Trust	32,752,852	0.39%	-	0.00%
Costco Wholesale Corporation	32,477,750	0.39%	-	0.00%
CVS Pharmacy Inc	-	0.00%	90,942,317	1.83%
La Habra Associates LLC	-	0.00%	90,744,352	1.82%
La Habra Westridge Partnership LP	-	0.00%	62,969,978	1.26%
Ralphs Grocery Company	-	0.00%	29,759,963	0.60%
Bank First Security of Utah Trust	-	0.00%	28,279,716	0.57%
Essex Hillsborough Park LP	-	0.00%	25,972,437	0.52%
Costco Wholesale Corporation	-	0.00%	25,672,472	0.52%
Garfield Beach CVS LLC	-	0.00%	20,008,474	0.40%
Clipperton Partners	-	0.00%	19,673,165	0.40%
O2SKY Inc	-	0.00%	18,638,186	0.37%
Top Ten Assessed Value	\$ 739,885,344	8.88%	\$ 412,661,060	8.29%
Total Assessed Value	<u>\$ 8,328,929,918</u>		<u>\$ 4,979,294,301</u>	

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

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

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2022	12,808,323	12,400,122	96.81%	102,590	12,502,712	97.61%
2023	13,961,712	13,566,712	97.17%	102,134	13,668,846	97.90%

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. □



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	Pension Obligation Bonds	
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
2022	454,611	-	-	111,703	68,228,579	68,794,893
2023	-	-	-	222,025	65,518,646	65,740,671

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 Business-type Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	Certificates of Participation	Revenue Bonds	Pension Obligation Bonds				
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
2022	11,383,446	32,460,197	4,156,421	48,000,064	116,794,957	5.76%	1,890
2023	10,876,054	31,355,545	3,991,354	46,222,953	111,963,624	5.52%	1,811

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	Contract and Lease Payable	Total		
2014	-	693,341	693,341	0.01%	11
2015	-	590,979	590,979	0.01%	10
2016	-	6,078,757	6,078,757	0.11%	98
2017	-	5,956,068	5,956,068	0.10%	96
2018	-	1,652,371	1,652,371	0.03%	26
2019	-	2,288,516	2,288,516	0.03%	36
2020	-	2,007,595	2,007,595	0.03%	32
2021	-	1,796,135	1,796,135	0.02%	29
2022	72,385,000	111,703	72,496,703	0.93%	1,173
2023	69,510,000	222,025	69,732,025	0.84%	1,128

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, 2023

2022-23 Assessed Valuation	\$ 8,333,217,807	
Redevelopment Incremental Valuation	-	
Adjusted Assessed Valuation	\$ 8,333,217,807	
		Estimated Share of
	%age Applicable (1)	Outstanding Debt June 30, 2023
		Overlapping Debt June 30, 2023
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	0.229%	\$ 19,215,000
North Orange County Joint Community College District	5.192%	324,914,503
Fullerton Joint Union High School District	19.317%	182,620,000
La Habra City School District	80.935%	34,043,679
Lowell Joint School District	37.890%	45,040,000
		\$ 96,809,176
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	1.150%	\$ 451,165,000
Orange County Board of Education Certificates of Participation	1.150%	10,860,000
North Orange County Regional Occupation Program Certificate of Participation	5.341%	7,790,000
Fullerton Joint Union High School District Certificates of Participation	19.317%	15,755,000
City of La Habra Pension Obligation Bonds (3)	100.000%	69,510,000
City of La Habra Lease Agreements	100.000%	222,025
		\$ 78,504,770
<u>OVERLAPPING TAX INCREMTN DEBT (Successor Agency):</u>	100.000%	\$ 3,055,000
		\$ 3,055,000
TOTAL DIRECT DEBT		\$ 69,732,025
TOTAL OVERLAPPING DEBT		\$ 108,636,921
COMBINED TOTAL DEBT (2)		\$ 1,164,190,207

- (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.
- (3) Includes debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds.

Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.16%

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$69,732,025).....0.84%
 Combined Total Debt.....2.14%

Ratios to Redevelopment Incremental Valuation (\$715,330,111):

Total Overlapping Tax Increment Debt..... 0.43%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2014	2015	2016	2017
Total Assessed Value of all Real and Personal Property	\$ 4,979,748,482	\$ 5,318,494,761	\$ 5,658,515,566	\$ 5,934,157,097
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	746,962,272	797,774,214	848,777,335	890,123,565
Amount of Debt Applicable to Debt Limit	<u>\$ 693,341</u>	<u>\$ 590,979</u>	<u>\$ 6,078,757</u>	<u>\$ 5,956,068</u>
Legal Debt Margin	<u>\$ 746,268,931</u>	<u>\$ 797,183,235</u>	<u>\$ 842,698,578</u>	<u>\$ 884,167,497</u>

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

Source: City Finance Department
Orange County Assessor's Office

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$6,243,448,029	\$6,621,019,655	\$7,109,548,820	\$7,454,497,788	\$7,763,538,990	\$8,328,929,918
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
936,517,204	993,152,948	1,066,432,323	1,118,174,668	1,164,530,849	1,249,339,488
\$ 1,652,371	\$ 2,288,516	\$ 2,007,595	\$ 1,796,135	\$ 72,496,703	\$ 69,732,025
<u>\$ 934,864,833</u>	<u>\$ 990,864,432</u>	<u>\$1,064,424,728</u>	<u>\$1,116,378,533</u>	<u>\$1,092,034,146</u>	<u>\$1,179,607,463</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	
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
2022	18,394,563	12,565,439	5,829,124	910,000	1,357,050	2.57
2023	17,257,011	12,787,207	4,469,804	945,000	1,321,640	1.97

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	
\$ 2,736,650	\$ 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
2,828,398	1,697,012	1,131,386	495,000	222,059	1.58
2,925,833	1,727,436	1,198,397	505,000	218,544	1.66



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>
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%
2021	61,792	2,026,663	32,798	6.4%
2022	61,835	2,140,424	34,615	3.4%

Source: HdL Coren & Cone

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

Employer	2024		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	828	6.82%	804	2.64%
Wal-Mart/Sams Stores Inc.	735	6.05%	722	2.38%
Wolverine Fence Co., Inc	500	4.12%		
City of La Habra	358	2.95%	406	1.34%
Costco	348	2.87%	278	0.91%
Target Stores	262	2.16%	227	0.75%
Advance Fire Protection Co Inc	249	2.05%		
Amazon Fresh	226	1.86%		
Northgate Market	186	1.53%		
The Kroger Co./La Habra Bakery	185	1.52%	232	0.76%
Home Depot			169	0.56%
Lowe's Home Centers Inc.			154	0.51%
Kohl's Department Stores Inc.			136	0.45%
VIP Rubber Company Inc.			135	0.44%

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

Source: Business License Dept.
EDD Labor Market Info.



STATISTICAL SECTION
Operating Information

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

Function/Department	Full-time Equivalent Employees									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City Manager	4.75	2.59	2.59	2.59	2.59	1.94	1.94	3.19	2.94	4.64
City Clerk	2.75	4.90	4.31	4.41	4.41	3.70	3.69	2.47	2.00	2.00
Community Development	21.76	21.19	23.03	19.93	20.61	19.07	16.89	18.29	19.02	22.87
Community Services	103.23	111.39	118.12	122.95	89.45	87.84	88.06	91.22	98.00	93.07
Finance/Administrative Services	23.04	23.08	22.54	22.74	23.74	23.26	22.77	22.57	23.92	29.71
Police	120.44	124.16	123.52	125.05	124.78	122.24	121.99	117.98	120.27	120.23
Public Works	65.34	69.58	69.80	70.31	72.03	70.85	68.96	68.02	65.02	64.03
Children's Museum	<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>	<u>8.78</u>	<u>10.50</u>
Total	<u><u>347.60</u></u>	<u><u>363.47</u></u>	<u><u>372.64</u></u>	<u><u>376.71</u></u>	<u><u>348.97</u></u>	<u><u>337.90</u></u>	<u><u>333.61</u></u>	<u><u>332.35</u></u>	<u><u>339.95</u></u>	<u><u>347.05</u></u>

Source: City of La Habra, Finance Department

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:											
Arrests	2,238	2,039	2,015	2,141	2,134	1,858	1,587	1,640	1,385	2,071	1,910
Crime Reports	6,465	6,334	6,261	6,948	6,933	6,679	4,531	7,914	6,325	6,195	4,754
Moving citations issued	5,859	7,845	6,439	6,569	6,767	6,446	5,254	4,940	7,891	4,272	3,460
Parking citations issued	10,452	11,644	12,979	16,756	16,405	13,628	12,653	9,681	15,982	17,847	22,344
Fire											
Number of emergency calls	3,549	3,697	3,984	4,309	4,259	4,305	4,208	4,301	4,620	4,708	4,708
Public Works											
Street resurfacing, centerline (miles)	11	8	-	-	-	3	1	10	4	5	5
Community development											
Building Permits Issued	1,818	1,818	1,871	2,593	1,878	2,125	1,878	1,690	1,943	2,213	2,087
Building Inspections	3,170	3,170	3,200	4,260	3,843	4,116	4,010	2,879	3,075	3,552	3,233
Building Plan Checks	191	191	351	453	382	360	462	428	546	741	594
Parks and recreation:											
Number of Parks	25	25	25	25	25	25	25	25	25	25	25
Park Acreage	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37
Municipal Water Department											
Number of Accounts	12,400	12,857	12,870	12,915	12,945	12,951	12,961	13,002	13,443	13,036	13,100
Average daily consumption (thousands of gallons)	8,092	8,257	7,978	6,688	6,864	7,604	6,973	6,995	7,647	7,220	6,347

Source: City of La Habra, Finance Department

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</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	113	111	111	111	111	111
Streetlights	2,523	2,527	2,529	2,531	2,542	2,542	2,648	2,648	2,648	2,648
Traffic signals	35	35	35	35	35	35	35	35	35	35
Parks and recreation:										
Parks	25	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)	158	158	158	158	158	158	158	158	158	158
Sewer										
Sanitary sewers (miles)	126	126	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Services										
Residential	\$ 11,757	\$ 11,774	\$ 11,825	\$ 11,847	\$ 11,839	\$ 11,842	\$ 11,880	\$ 12,270	\$ 11,881	\$ 11,941
Commercial/Industrial	801	797	793	794	806	807	807	837	818	814
Schools/Other	299	299	297	304	306	312	315	336	337	345
Total	<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>	<u>\$ 13,036</u>	<u>\$ 13,100</u>

Source: City of La Habra

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

Effective: 1/1/22 & 1/1/23

Meter Size	2022				2023			
	Monthly Meter Charge	Water Consumption Charge		Monthly Meter Charge	Water Consumption Charge			
		Residential			Residential			
5/8 inch	\$ 18.04	Tier 1: 0-8 ccf	\$ 2.60	\$ 20.76	Tier 1: 0-8 ccf	\$ 2.68		
3/4 inch	\$ 25.32	Tier 2: 9-16 ccf	\$ 4.63	\$ 29.07	Tier 2: 9-16 ccf	\$ 4.77		
1 inch	\$ 39.87	Tier 3: 16+ ccf	\$ 6.74	\$ 45.68	Tier 3: 16+ ccf	\$ 6.94		
1-1/2 inches	\$ 76.24	Multi-Family		\$ 87.21	Multi-Family			
2 inches	\$ 119.89	Uniform Tier	\$ 3.59	\$ 137.04	Uniform Tier	\$ 3.70		
3 inches	\$ 221.75	Commercial		\$ 253.31	Commercial			
4 inches	\$ 367.25	Uniform Tier	\$ 3.77	\$ 419.42	Uniform Tier	\$ 3.88		
6 inches	\$ 731.02	Municipal		\$ 834.68	Municipal			
8 inches	\$ 1,167.53	Uniform Tier	\$ 4.34	\$ 1,333.00	Uniform Tier	\$ 4.47		
		Irrigation			Irrigation			
		Uniform Tier	\$ 5.47		Uniform Tier	\$ 5.63		

Source: City of La Habra

CITY OF LA HABRA, CALIFORNIA
Average Monthly Water Service Rate Comparison ⁽¹⁾
Last Two Fiscal Years

Water Agency	FY 2022				FY 2023			
	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	\$ 2.60	\$ 18.04		1-8	\$ 2.68	\$ 18.58	
La Habra (Tiered Rate)	9-16	4.63			9-16	4.77		
La Habra (Tiered Rate)	16-25	6.74		\$ 136.54	16-25	6.94		\$ 140.64
Brea (Tiered Rate)	1-10	3.59	15.93		1-10	3.34	20.00	
Brea (Tiered Rate)	11-20	4.69			11-20	4.36		
Brea (Tiered Rate)	21-25	6.18		129.63	21-25	5.75		125.75
Fullerton (Tiered Rate)	1-10	2.89	32.99		1-17	2.68	36.02	
Fullerton (Tiered Rate)	11-17	5.80			18-44	5.16		
Fullerton (Tiered Rate)	18-25	6.28		152.73	44+	5.55		122.86
La Habra Heights (Lower Zone)	25	2.33	44.54	102.79	25	2.60	52.78	117.78
La Habra Heights (Uper Zone)	25	2.59	44.54	109.29	25	2.98	52.78	127.28
Suburban Water System	1-20	3.41	15.48		1-20	3.56	16.82	
Suburban Water System (La Mirada & Whittier)	5	3.76		102.43	5	3.67		106.33
Whittier (3/4 meter - Tierd Rate)	1-22	2.30	72.59		1-22	2.41	76.22	
Whittier (3/4 meter - Tierd Rate)	23-25	3.76		134.47	23-25	3.95		141.09

(1) Based on single family residence, one inch meter and 2500 cubic feet of usage.

Source: City of La Habra

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

Customer	2022		2023	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
City of La Habra	97,754	2.62%	69,453	2.24%
Westridge Golf, Inc.	132,042	3.54%	74,024	2.39%
La Habra School District	50,585	1.36%	31,241	1.01%
Tapestry	62,538	1.68%	21,315	0.69%
Brooklake Apartments	29,033	0.78%	27,215	0.88%
Heritage HOA	32,536	0.87%	28,379	0.92%
Sunny Hills	22,296	0.60%	19,214	0.62%
Friendly Village	23,205	0.62%	20,317	0.66%
Lake Park - La Habra	22,749	0.61%	17,650	0.57%
Village Green	N/A	N/A	17,520	0.57%
Westridge Community Association	27,064	0.73%	N/A	N/A
Total Consumption in 100 CCF		3,731,033		3,096,782

Source: City of La Habra