

City of La Habra, California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2020

SOUTH IDAHO STREET



City of La Habra, California
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020



Prepared by the Department of Finance and Administrative Services

Melvin Shannon, Director of Finance

**CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

Table of Contents

	<i>Page(s)</i>
 INTRODUCTORY SECTION	
Letter of Transmittal	i
Organization Chart.....	vi
Directory of City Officials	vii
GFOA Certificate of Achievement for Excellence in Financial Reporting	viii
 FINANCIAL SECTION	
Independent Auditors’ Report.....	1
Management Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Position – Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Fiduciary Net Position – Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	41
Notes to Financial Statements.....	43
 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan:	
Schedule of Changes in the Net Pension Liability and Related Ratios	91
Schedule of Contribution	92
Cost Sharing Defined Benefit Safety Pension Plans:	
Schedule of the City’s Proportionate Share of the Net Pension Liability	93
Schedule of Contribution.....	94

**CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

Table of Contents (continued)

	<i>Page(s)</i>
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	95
Schedule of Contribution.....	96
General Fund – Budgetary Comparison Schedule	97
Note to Required Supplementary Information	98
 SUPPLEMENTARY INFORMATION	
Other Capital Projects Fund – Budgetary Comparison Schedule.....	99
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	110
Nonmajor Funds Budgetary Comparison Schedules:	
State Gas Tax Special Revenue Fund	116
Park and Capital Improvement Special Revenue Fund	117
Air Quality Improvement Special Revenue Fund.....	118
Law Enforcement Special Revenue Fund.....	119
Child Development Special Revenue Fund	120
Housing and Community Development Special Revenue Fund.....	121
Employment and Training Special Revenue Fund	122
Measure M Special Revenue Fund	123
Public Safety Augmentation Special Revenue Fund	124
Other Federal Grants Special Revenue Fund.....	125
Traffic Safety Special Revenue Fund	126
Service Authority for Abandoned Vehicles Special Revenue Fund.....	127
Traffic Improvement Special Revenue Fund.....	128
Other Debt Service Fund	129
Low and Moderate Income Housing Assets Capital Projects Fund.....	130
Nonmajor Enterprise Funds:	
Combining Statement of Net Position – Nonmajor Enterprise Funds	133
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Enterprise Funds	134
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	135
Internal Service Funds:	
Combining Statement of Net Position – Internal Service Funds	138
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	140
Combining Statement of Cash Flows – Internal Service Funds	142
Fiduciary Fund:	
Statement of Changes in Assets and Liabilities – Agency Fund.....	149
Measure T Transaction and Use Tax: Use of Funds	150

CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents (continued)

STATISTICAL SECTION

Financial Trends

Net Position by Component – Last Ten Fiscal Years	154
Change in Net Position – Last Ten Fiscal Years	156
Fund Balances of Governmental Funds – Last Ten Fiscal Years	160
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	162

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	167
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	168
Principal Property Tax Payers – Current and Nine Years Ago	170
Property Tax Levies and Collections – Last Ten Fiscal Years	171

Debt Capacity

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	174
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	176
Direct and Overlapping Debt	177
Legal Debt Margin Information – Last Ten Fiscal Years	178
Pledged-Revenue Coverage – Last Ten Fiscal Years	180

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years	186
Principal Employers – Current Year and Nine Years Ago	187

Operating Information

Full-Time Equivalent City Employees by Function/Department – Last Ten Fiscal Years	190
Operating Indicators by Function – Last Ten Fiscal Years	191
Capital Asset Statistics by Function – Last Ten Fiscal Years	192
Water Service by Type of Customer – Last Ten Fiscal Years	193
Water Rates – Last Two Fiscal Years	194
Average Monthly Water Service Rate Comparison – Last Two Fiscal Years	195
Ten Largest Users of Water – Current Year and Last Year	196

INTRODUCTORY SECTION



City of La Habra

“A Caring Community”

ADMINISTRATION BUILDING

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

January 29, 2021

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

The Comprehensive Annual Financial Report of the City of La Habra (City) for the fiscal year ended June 30, 2020 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 2019-2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget’s Uniform Guidance, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including a schedule of expenditures of federal awards and the independent auditor’s reports on internal controls and compliance with applicable laws and regulations, is included in a separately issued compliance report.

This report includes all funds of the City (the primary government), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The component units are controlled by common governing boards and, therefore, are represented as blended component units for financial reporting purposes. Blended component units, although legally separate entities are, in substance, part of the primary government’s operations and are included as part of the primary government. Accordingly, the La Habra Civic Improvement Authority (CIA), the La Habra Housing Authority (Housing Authority), and the Utility Authority of the City of La Habra (Utility Authority) are reported as funds of the primary government. In addition, the City has assumed fiduciary responsibility for the Successor Agency to the Redevelopment Agency of the City of La Habra (Successor Agency) and is reported as a Private-Purpose Trust.

The City provides a full range of traditional municipal services. Police services are provided through a department operating under the direct control of the City while fire services are contracted with the Los Angeles County Fire Department. The City’s Utility Authority operates a water distribution system and a wastewater collection system. The collection of solid waste (refuse) is provided as a City service through a franchise arrangement with a private firm. The City provides for construction, repair, and maintenance of streets, parks and storm water collection systems and is responsible for the administration and enforcement of housing and building codes, as well as economic and community development activities. The City also provides various community and social services, recreational activities and cultural events.

CITY LOCATION AND CHARACTER

The City of La Habra (population 63,371) 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 19/20 was \$7,109,548,820, which is 7.38% more than FY 18/19. Based on data from the 2015-2019 U.S. Census Bureau-American Community Survey 5-year Estimates, the median household income is higher than the California average, but is lower than the average of Orange County cities.

The City is largely residential with a stable population that has remained virtually unchanged over the past decade. Unemployment had been relatively modest through 2007; however, it began increasing in 2008 due to the global recession that started that year. Since the end of the recession, the City's unemployment has gradually declined and was 3.2% in January 2021.

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, 2020 are provided under a separate report.

Budget Controls

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

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

The budget has been prepared in accordance with generally accepted accounting principles (GAAP). The budget statement (combined statement of revenues, expenditures and changes in fund balance), budgeted and actual, is presented on the same basis of accounting used in preparing the adopted budget 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, 2020 was \$16.9 million. Of this amount, \$2.7 million is considered non-spendable and unavailable for appropriation, \$2.0 million is considered restricted, and \$3.6 million is assigned for specific purposes. The remaining balance of \$8.6 million represented unassigned or available portion of fund balance.

Long-Term Liabilities

As of fiscal year ended June 30, 2020, the City had several outstanding debt issues and other long-term liabilities totaling \$156.2 million (excluding deferred gain/loss on refunding), including:

- \$4.1 million in tax allocation bonds reported in the Successor Agency Private-Purpose Trust Fund
- \$14.2 million in certificates of participation
- \$34.6 million in water revenue bonds
- \$2.0 million in various notes, leases and loans
- \$4.7 million for claims payable
- \$5.4 million for compensated absences
- \$2.8 million for pollution remediation liability
- \$4.4 million for net OPEB liability
- \$84.0 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, 2020, the capital assets (net of depreciation) of the City’s governmental activities amounted to \$113.5 million. This amount represents the original cost of the assets or estimated historical cost if actual historical cost is not available. Depreciation of capital assets is recognized in the City’s financial statements using the straight-line method based on the estimated useful life of an asset.

Enterprise Operations

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

Enterprise Operation	Net Position Beginning	Operating Revenue	Operating Expenses	Non-Operating Revenues (Expenses)	Net Transfers In and (Out)	Net Position Ending
Water	\$ 24,703,364	\$ 15,775,170	\$ 13,738,496	\$ (1,246,785)	\$ 153,611	\$ 25,646,864
Sewer	6,231,255	2,347,221	2,444,214	66,978	(95,848)	6,105,392
Housing Authority	5,232,376	1,368,862	827,118	(649,919)	-	5,124,201
Refuse	4,094,144	4,289,445	4,203,960	231,063	(150,263)	4,260,429
Children's Museum	449,049	446,890	659,937	16,874	92,500	345,376
Mobile Home Lease	4,468,173	2,855,176	2,714,682	72,492	-	4,681,159
	\$ 45,178,361	\$ 27,082,764	\$ 24,588,407	\$ (1,509,297)	\$ -	\$ 46,163,421

INDEPENDENT AUDIT

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

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

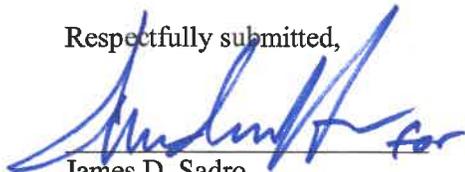
ACKNOWLEDGEMENTS

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

We wish to acknowledge the professional manner in which White Nelson Diehl Evans, LLP conducted the audit and express our appreciation for their assistance and expertise.

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

Respectfully submitted,

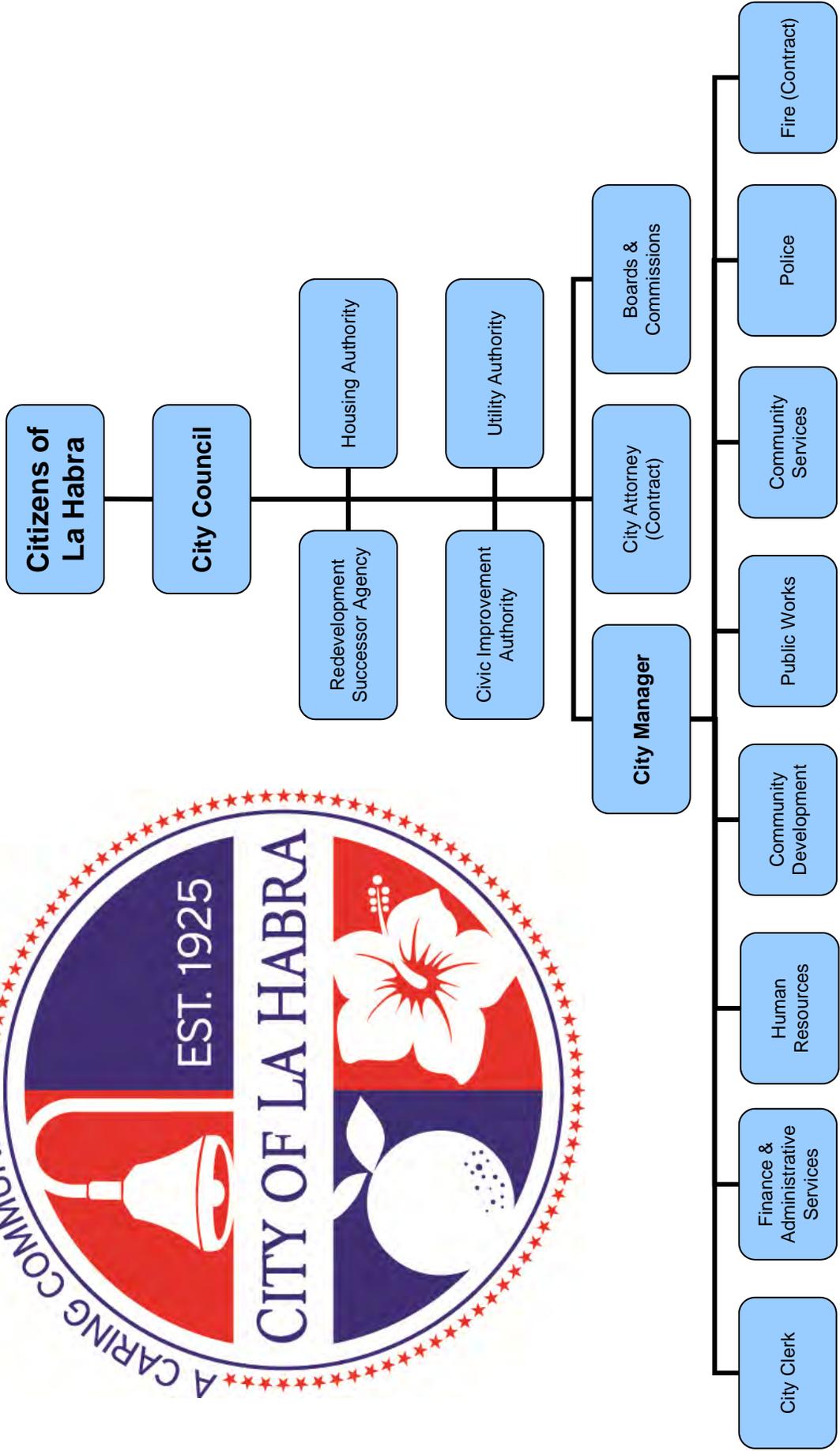


James D. Sadro
City Manager



Melvin L. Shannon
Director of Finance

City of La Habra Organization and Services



CITY OF LA HABRA, CALIFORNIA

CITY OFFICIALS

AS OF JUNE 30, 2020

MEMBERS OF THE CITY COUNCIL

Mayor Thomas Beamish
Mayor Pro Tem Rose M. Espinoza
Councilmember Tim Shaw
Councilmember Jose Medrano
Councilmember James Gomez

CITY MANAGER

James D. Sadro

CITY ATTORNEY

Richard Jones

CITY CLERK

Laurie Swindell, CMC

DIRECTOR OF FINANCE

Melvin Shannon

DIRECTOR OF HUMAN RESOURCES

Elvie Balderrama

DIRECTOR OF COMMUNITY DEVELOPMENT

Andrew Ho

DIRECTOR OF COMMUNITY SERVICES

Kelly Fujio

DIRECTOR OF PUBLIC WORKS

Elias Saykali

CHIEF OF POLICE

Jerry Price

ASSISTANT CHIEF OF FIRE

Patrick Errett
(Los Angeles County Fire)



Government Finance Officers Association

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

Presented to

**City of La Habra
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Habra, California (the City), as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, 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.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and the schedule of contribution related to the agent multiple-employer defined benefit miscellaneous pension plan, the schedule of the City's proportionate share of the net pension liability and the schedule of contribution related to the cost sharing defined benefit safety pension plans, the schedule of changes in the net OPEB liability and related ratios and the schedule of contribution related to the agent multiple-employer OPEB plan and budgetary comparison schedule for General Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules, and Measure T Transaction and Use Tax: Use of Funds schedule (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
January 29, 2021

Management's Discussion and Analysis

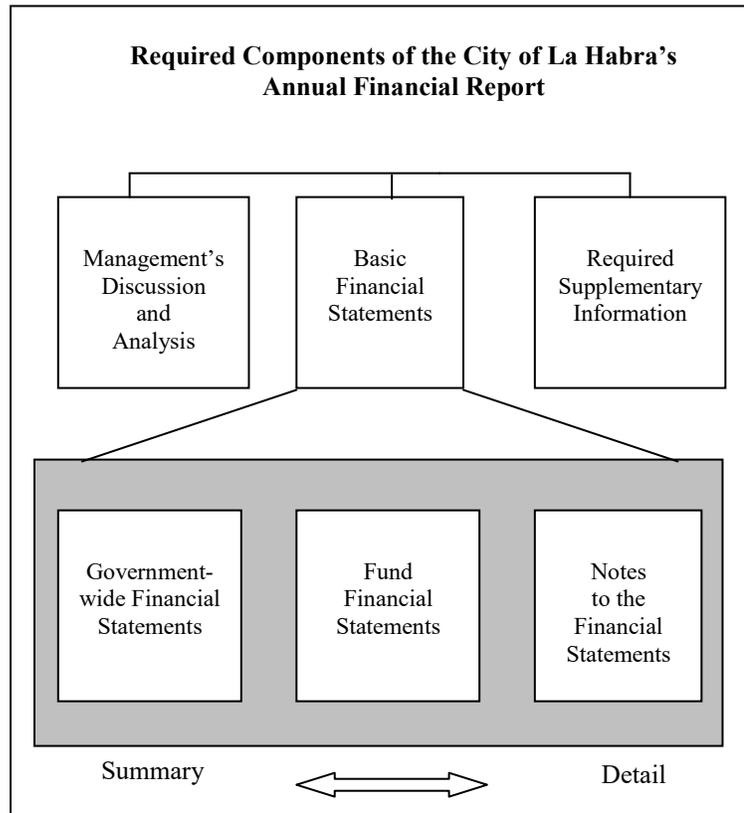
In an effort to provide insight and perspective to the City of La Habra's (City) annual financial statements, staff has prepared this management discussion of the financial activities of the City for the fiscal year ended June 30, 2019. The intent of this discussion is to assist the reader to better understand the fiscal condition of the City. Readers are encouraged to consider the information presented here in conjunction with the summary information found in the transmittal letter and the detailed information found in the body of the financial statements.

Overview of the Financial Statements

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

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

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



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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City has three types of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds. These funds are used to account for (1) *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) balances left at year-end that are available for spending. Consequently, the Governmental Funds Statements provide a detailed *short-term* view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City’s programs. Reconciliation between the long-term and short-term focus of the Government-wide Financial Statements is provided immediately following each statement. The basic financial statements also include budgetary comparison schedules as required supplementary information for the General Fund to demonstrate compliance with the annual budget as adopted and amended.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the Government-wide Financial Statements, provide both long- and short-term financial information.

- There are two types of proprietary funds: *enterprise funds* and *internal service funds*.
 - o The City uses *enterprise funds* to report activities that provide business-type services, generally to external customers – such as water, sewer and refuse services. In both the Government-wide Financial Statements and the Fund Financial Statements, these funds are shown under business-type activities.
 - o The City uses *internal service funds* to report activities that provide service and support for the City’s other programs and activities – such as fleet maintenance and replacement, risk management, and information technology. These activities are included in the governmental activities in the government-wide financial statements.
- *Fiduciary funds* – These funds are used to account for situations where the City’s role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from the Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

Net Position

As noted earlier, comparing net position over time may serve as a useful indicator of the City’s financial position. The following is an analysis that summarizes the City’s net position (Table 1) at fiscal year ended June 30, 2020, and 2019, respectively:

TABLE 1
STATEMENTS OF NET POSITION

	Governmental Activities		Business-Type Activities		Total		Change (\$)	Change (%)
	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19		
Assets								
Current and other assets	\$ 55,949,932	\$ 52,827,350	\$ 45,893,686	\$ 49,037,357	\$ 101,843,618	\$ 101,864,707	\$ (21,089)	0.0%
Capital assets	113,522,754	112,494,625	56,090,620	55,817,217	169,613,374	168,311,842	1,301,532	0.8%
Total Assets	169,472,686	165,321,975	101,984,306	104,854,574	271,456,992	270,176,549	1,280,443	0.5%
Deferred outflow of resources	14,056,087	15,825,875	2,656,581	2,284,018	16,712,668	18,109,893	(1,397,225)	-7.7%
Liabilities								
Current liabilities	9,413,217	8,017,170	4,510,990	6,235,032	13,924,207	14,252,202	(327,995)	-2.3%
Noncurrent liabilities	93,399,960	89,878,653	53,815,185	55,670,066	147,215,145	145,548,719	1,666,426	1.1%
Total Liabilities	102,813,177	97,895,823	58,326,175	61,905,098	161,139,352	159,800,921	1,338,431	0.8%
Deferred inflow of resources	4,239,138	4,009,262	151,291	55,133	4,390,429	4,064,395	326,034	8.0%
Net position								
Net investment in capital assets	110,949,024	109,213,141	23,818,741	25,795,462	134,767,765	135,008,603	(240,838)	-0.2%
Restricted	16,437,287	15,535,285	859,248	951,017	17,296,535	16,486,302	810,233	4.9%
Unrestricted	(50,914,390)	(45,505,661)	21,485,432	18,431,882	(29,428,958)	(27,073,779)	(2,355,179)	8.7%
Total Net Position	\$ 76,471,921	\$ 79,242,765	\$ 46,163,421	\$ 45,178,361	\$ 122,635,342	\$ 124,421,126	\$ (1,785,784)	-1.4%

Assets and Deferred Outflow of Resources

The City's *combined* assets of \$271.4 million as of June 30, 2020 comprised of \$101.8 million in current assets and \$169.6 million in capital assets. Deferred outflows of resources of \$16.7 million represented unamortized loss on refunding of debt, deferred amount from pension and OPEB. The majority of the balance was deferred amount from pension, which represented \$14.6 million of the balance.

Liabilities and Deferred Inflow of Resources

As of June 30, 2020, the City's ended the year with \$161.1 million in *combined* liabilities. Approximately 52% or \$84.0 million of the liability was net pension liability, and approximately 30% or \$48.8 million was bond and certificate of participation obligations. The remaining 18% or \$28.3 million was relating to various obligations such as leases payable, claims payable, net OPEB liability, compensated absences, etc. Deferred inflows of resources of \$4.4 million represented deferred amount from pension and OPEB. The majority of the balance was deferred amount from pension, which represented \$3.8 million of the balance.

Net Investment in Capital Assets

The City's *combined* net position for the fiscal year ended June 30, 2020, as shown above, was \$122.6 million. \$134.8 million represents capital assets such as land, buildings, machinery, equipment, and infrastructure, less depreciation and any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets cannot be easily liquidated and are ***not*** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other revenue sources since the capital assets themselves are not usually able to pay for the associated debt.

Restricted Net Position

\$17.3 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 \$1.2 million primarily due to fund setting aside with the Public Agency Retirement Services (PARS) for future pension costs.

Unrestricted Net Position

The unrestricted net position of the City's business-type activities totals \$21.5 million, and these resources cannot be used to help fund general governmental activities. The City can only use these resources to finance the continuing operations of its enterprise funds such as the Refuse fund, Mobile Home Lease fund and the Children's Museum, or its agencies and authorities, such as the Utility Authority and Housing Authority. That leaves a negative \$50.9 million balance of unrestricted net position in the governmental activities. The negative unrestricted net position is primarily the result of the City's unfunded net pension liability.

Changes in Net Position

The condensed summary of activities (Table 2) shows that the City's total net position decreased by \$1.8 million during the year with Governmental Activities net position decreased of \$2.8 million being offset with the Business-type Activities net position increase of \$1.0 million.

Approximately 59.6% of the City's governmental revenue is generated through taxes collected (property, sales and use, transaction and use, and franchise), and approximately 96.5% 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 19/20</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 18/19</u>
Revenues						
Program Revenues						
Charges for Services	\$ 6,634,043	\$ 7,231,326	\$ 27,082,764	\$ 26,607,451	\$ 33,716,807	\$ 33,838,777
Operating Grants and Contributions	8,739,837	8,416,487	-	-	8,739,837	8,416,487
Capital Grants and Contributions	5,173,881	3,437,594	-	-	5,173,881	3,437,594
General Revenues						
Property Taxes	18,694,463	17,472,895	-	-	18,694,463	17,472,895
Sales and Use Taxes	11,329,538	10,979,334	-	-	11,329,538	10,979,334
Transaction and Use Taxes	5,749,127	5,573,483	-	-	5,749,127	5,573,483
Franchise Tax	1,978,057	1,920,476	-	-	1,978,057	1,920,476
Grants and Contributions not Restricted to Specific Programs	105,618	85,255	-	-	105,618	85,255
Income from Property and Investments	3,865,685	3,780,123	810,499	811,303	4,676,184	4,591,426
Gain on sale of capital assets	-	-	-	-	-	-
Other General Revenues	1,035,497	1,088,650	172,346	342,860	1,207,843	1,431,510
Total Revenues	63,305,746	59,985,623	28,065,609	27,761,614	91,371,355	87,747,237
Expenses						
General Government	4,828,271	4,221,976	-	-	4,828,271	4,221,976
Public Safety	37,142,231	34,350,077	-	-	37,142,231	34,350,077
Public Works	9,817,418	10,154,486	-	-	9,817,418	10,154,486
Community Services	10,876,760	10,639,108	-	-	10,876,760	10,639,108
Community Development	3,224,295	2,520,478	-	-	3,224,295	2,520,478
Interest on Long-Term Debt	187,615	261,770	-	-	187,615	261,770
Water	-	-	15,479,110	14,779,099	15,479,110	14,779,099
Sewer	-	-	2,444,214	2,270,868	2,444,214	2,270,868
Refuse	-	-	4,203,960	3,832,039	4,203,960	3,832,039
Housing Authority	-	-	1,578,646	1,569,221	1,578,646	1,569,221
Children's Museum	-	-	659,937	769,663	659,937	769,663
Mobile Home Lease	-	-	2,714,682	2,560,432	2,714,682	2,560,432
Total Expenses	66,076,590	62,147,895	27,080,549	25,781,322	93,157,139	87,929,217
Excess before Transfers	(2,770,844)	(2,162,272)	985,060	1,980,292	(1,785,784)	(181,980)
Transfers	-	-	-	-	-	-
Increase in Net Position	(2,770,844)	(2,162,272)	985,060	1,980,292	(1,785,784)	(181,980)
Net Position - Beginning of Year	79,242,765	81,405,037	45,178,361	43,198,069	124,421,126	124,603,106
Net Position - End of year	\$ 76,471,921	\$ 79,242,765	\$ 46,163,421	\$ 45,178,361	\$ 122,635,342	\$ 124,421,126

Governmental Activities

The decrease in net position for *governmental* activities was \$2.8 million, caused as a result of total revenues for *governmental* activities of \$63.3 million being offset by \$66.1 million in total costs for *governmental* activities.

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

- The combination of property tax, sales tax, transaction tax, and franchise tax grew \$1.8 million compared to prior year.
- Capital Grants and Contributions increased by \$1.7 million due mainly to the Park Development Grant from the State relating to the construction of splash pads in Brio Park and Oeste Park.
- Charges for Services decreased by \$0.5 million due to decline in business activities as a result of COVID-19 Stay-At-Home order.

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.

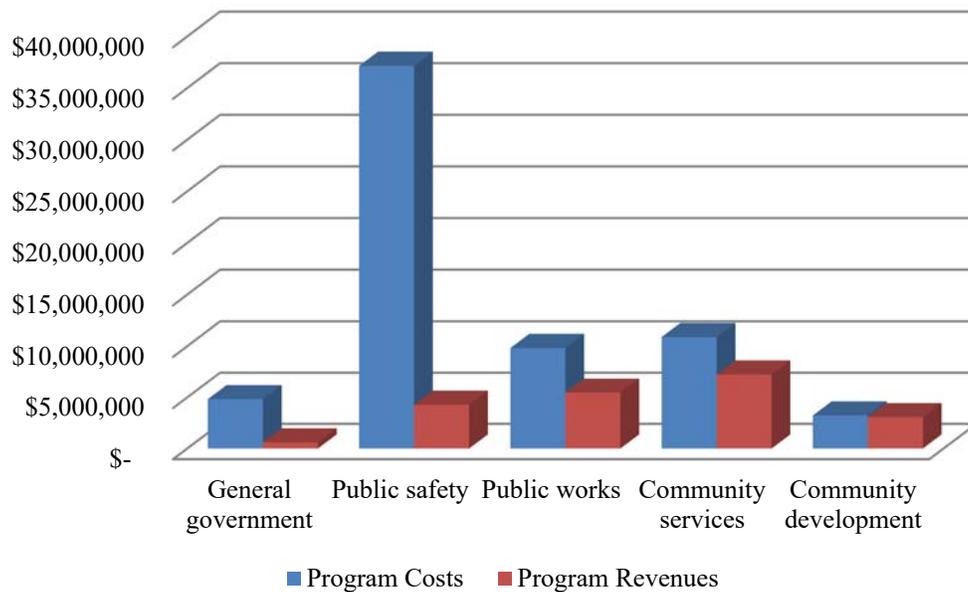
Community Services is comprised of six divisions (Building Maintenance, Child Development, Children's Museum, Employment and Training, Recreation, and Senior and Social Services) providing various programs, services, and special events for the citizens

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 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19
General government	\$ 4,828,271	\$ 4,221,976	\$ 602,490	\$ 624,830	\$ 4,225,781	\$ 3,597,146
Public safety	37,142,231	34,350,077	4,184,425	4,248,010	32,957,806	30,102,067
Public works	9,817,418	10,154,486	5,469,132	4,079,276	4,348,286	6,075,210
Community services	10,876,760	10,639,108	7,223,562	7,106,485	3,653,198	3,532,623
Community development	3,224,295	2,520,478	3,068,152	3,026,806	156,143	(506,328)
Totals	\$ 65,888,975	\$ 61,886,125	\$ 20,547,761	\$ 19,085,407	\$ 45,341,214	\$ 42,800,718

**Program Costs VS Program Revenues
Governmental Activities FY 19/20**



Business-Type Activities

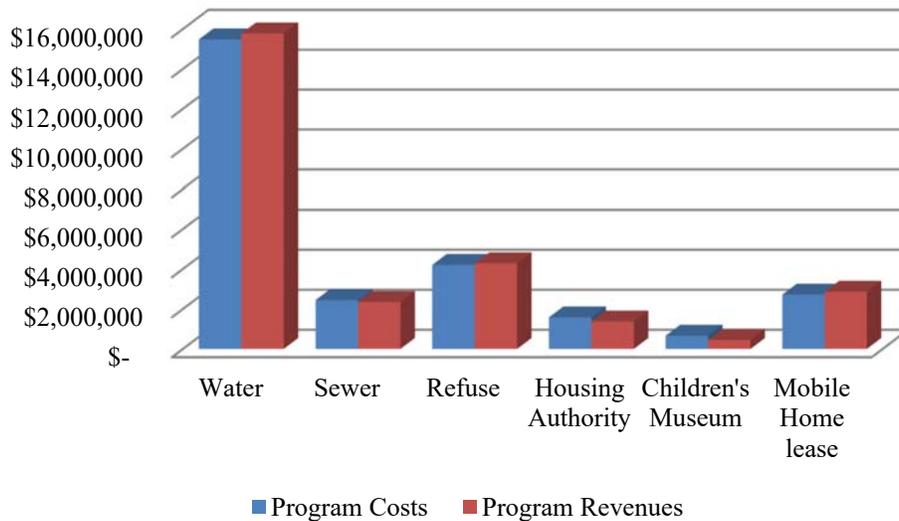
As of June 30, 2020, the revenues of the business-type activities increased by 1.1%, or \$0.3 million (\$28.1 million in 2020 compared to \$27.8 million in 2019) and expenses increased by 5.0%, or \$1.3 million (\$27.1 million in 2020 compared to \$25.8 million in 2019). The primary factors driving these results include:

- Utility rate increases in January 2020 resulted in \$1.4 million increase in utility revenues. Intergovernmental revenue decrease by \$1.0 million due to one-time contribution of 1.0 million in Water Fund and Sewer Fund from California Domestic Water Company and the County of Orange for completing the annexation of county islands.
- The overall increase in expenses can be primarily attributed to increase in water meter replacement spending as well as organic disposal fees paid to CR&R. The remaining of the increase can be attributed to increase in operation costs due to inflation.

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

	Total Program Costs		Total Program Revenues		Net Cost of Services	
	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19
Water	\$ 15,479,110	\$ 14,779,099	\$ 15,775,170	\$ 15,297,469	\$ (296,060)	\$ (518,370)
Sewer	2,444,214	2,270,868	2,347,221	2,290,963	96,993	(20,095)
Refuse	4,203,960	3,832,039	4,289,445	4,207,820	(85,485)	(375,781)
Housing Authority	1,578,646	1,569,221	1,368,862	1,300,213	209,784	269,008
Children's Museum	659,937	769,663	446,890	669,135	213,047	100,528
Mobile Home lease	2,714,682	2,560,432	2,855,176	2,841,851	(140,494)	(281,419)
Totals	\$ 27,080,549	\$ 25,781,322	\$ 27,082,764	\$ 26,607,451	\$ (2,215)	\$ (826,129)

**Program Costs VS Program Revenues
Business-Type Activities FY 19/20**



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, 2020, the City's governmental funds reported combined ending fund balances of \$33.0 million, an increase of \$0.3 million compared to the prior fiscal year. The following fund balances are considered to be non-spendable, restricted, or assigned for the City:

- \$2.7 million non-spendable for long-term advances
- \$82,032 non-spendable for prepaid items

- \$0.3 million restricted for Public, Education, and Government (PEG) program
- \$1.7 million restricted for Pension Rate Program
- \$13.9 million restricted for special revenue funds
- \$1.0 million assigned for Pension Rate Program
- \$0.75 million assigned for Facility Improvement Program
- \$1.5 million assigned for Land Acquisition Program
- \$0.3 million assigned for Special Events Program
- \$3.4 million assigned for capital projects fund.

The General Fund is the chief operating fund of the City and, as of June 30, 2020, had a total fund balance of \$16.9 million. The General Fund ended the year with \$3.4 million in operating surplus primarily due to increase in tax revenues, savings from budget saving measures in response to COVID-19 pandemic, along with other factors. At Council direction, the General Fund transferred \$2.4 million of the surplus to special revenue funds, debt service fund, and internal service funds. As a result, the General Fund' fund balance increased over the prior fiscal year by \$1.0 million.

For fiscal year ended June 30, 2020, the City's general Capital Projects Fund balance decreased by \$0.2 million, due to \$0.3 million in capital project spending offsetting with \$0.1 interest income. The City maintains an active capital improvement program with numerous projects underway or in planning each fiscal year. Fluctuations in the reported fund balances for capital funds are typically due to timing between the approval and appropriation of funds for various capital projects and the actual application and receipt of those funds to design and build the projects.

Proprietary Funds

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

At fiscal year-end, net position for the Water Enterprise Fund increased by \$0.9 million primarily due to water rate in January 2020. This helped reduce the spending on water meters in the Water Fund. In addition, the City incurred a one-time debt issuance cost of \$0.3 million from 2019 Water Revenue Bonds issuance to refund 2010 Water Revenue Bonds. With the most recent water rate study in fall of 2019, 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 had a slight loss of \$0.1 million in FY 19/20.

The Housing Authority's net position slightly decreased by \$0.1 million due to loss after net operating and non-operating income.

The Refuse Enterprise Fund's net position slightly increased by \$0.1 million over the course of FY 18/19 due to the operating income and positive investment performance.

General Fund Budgetary Highlights

At fiscal year-end, most of revenue sources had met or outperformed budget. Property taxes ended the year 4.1% or \$0.7 million above budget estimates, due to a continuing increase in home values all across California especially in Orange County. Sales tax and transaction tax ended the year 3.1% or \$0.3 million above budget

estimates due to additional sales tax from online transactions as of result of the Supreme Court decision (Wayfair v. South Dakota) that online merchants are required to collect and pay taxes for online sales. Even though, COVID-19 Stay-At-Home order had some negative impact on sales tax revenue. Most of the negative impact was offset by sales tax revenue generated from discount stores such as Costco, Walmart, and Target which performed relatively well during the pandemic. This resulted in net positive in sales and transaction tax revenues in FY 19/20. Charges for services outperformed budget estimates by 16.5% or \$0.7 million due to higher than expected ambulance charges and charges to a distribution center. Fines, forfeitures and penalties ended the year 29.7% or \$0.3 million below budget because of fines and penalties suspension in response to COVID-19 pandemic.

The General Fund ended the year with \$0.7 million expenditures below budget. This is primarily a result of savings from vacant positions and budget saving measures in response to COVID-19 pandemic.

Overall revenues exceeded budget estimates by \$2.2 million, primarily due to property tax, charges for services, licenses and permits revenues, which outperformed the expectation. When combined with expenditures, which ended the year \$0.7 million below budget, the City realized an operating surplus of \$2.9 million.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the City had recorded an investment of over \$274.1 million (before accumulated depreciation) in a broad range of capital assets categories, including park facilities, land, buildings, roads, bridges, water and sewer lines, police and fire vehicles, and other maintenance equipment.

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

	Governmental Activities		Business-Type Activities		Total	
	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19
Land	\$12,801,872	\$12,801,872	\$12,800,000	\$12,800,000	\$25,601,872	\$25,601,872
Land improvements	7,977,597	7,977,597	-	-	7,977,597	7,977,597
Buildings and improvements	39,769,342	39,769,342	4,251,106	4,251,106	44,020,448	44,020,448
Improvements other than buildings	1,330,442	1,222,696	253,490	253,490	1,583,932	1,476,186
Machinery and equipment	11,282,435	11,122,609	1,955,632	1,934,550	13,238,067	13,057,159
Autos and trucks	5,215,497	5,434,342	230,465	230,465	5,445,962	5,664,807
Infrastructure	108,387,300	105,596,355	58,546,132	58,008,773	166,933,432	163,605,128
Construction in progress	5,362,775	1,637,002	3,945,393	2,617,743	9,308,168	4,254,745
(Less accumulated depreciation)	(78,604,506)	(73,067,190)	(25,891,598)	(24,278,910)	(104,496,104)	(97,346,100)
TOTALS	\$113,522,754	\$112,494,625	\$56,090,620	\$55,817,217	\$169,613,374	\$168,311,842

Governmental Capital Assets, before accumulated depreciation, increased by \$6.7 million over the prior year. The increase was attributed, primarily to rehabilitation of various residential streets, construction of splash pads at Brio Park and Oeste Park, and La Habra Blvd pavement project. The construction cost of these projects during the FY 18/19 was \$4.2 million. The remaining of the increase in Governmental Capital Assets was attributed to various citywide capital improvement projects as well as purchases of vehicles and equipment. Business-Type Capital

Assets, before accumulated depreciation, increased by \$1.9 million over the prior year. The increase was mainly attributed to the water main rehabilitation in the water enterprise fund.

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

Long-Term Debt

At year-end, the City had \$52.8 million in bonds, certificates of participation, loans, and leases payable, a decrease of \$3.8 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 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19	FY 19/20	FY 18/19
Certificates of Participation	\$ 1,295,091	\$ 1,687,831	\$ 12,914,597	\$ 13,255,155	\$ -	\$ -	\$ 14,209,688	\$ 14,942,986
Tax Allocation Bonds	-	-	-	-	4,057,601	4,317,409	4,057,601	4,317,409
Special Tax Bonds	-	-	-	-	-	260,000	-	260,000
Notes Payable	-	44,953	-	-	-	-	-	44,953
Loan Payable	-	-	-	-	-	-	-	-
Contract and Leases Payable	1,181,113	1,384,516	-	-	-	-	1,181,113	1,384,516
Revenue Bonds	-	-	34,564,501	36,250,137	-	-	34,564,501	36,250,137
Opus Bank Loan Agreement	826,482	904,000	-	-	-	-	826,482	904,000
Unamortized loss on refunding	(63,187)	(92,350)	(2,013,466)	(1,410,378)	-	-	(2,076,653)	(1,502,728)
TOTALS	\$3,239,499	\$3,928,950	\$45,465,632	\$48,094,914	\$4,057,601	\$4,577,409	\$52,762,732	\$56,601,273

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

Economic Factors and Future Budgets and Rates

- The City’s FY 19/20 net taxable property values totaled \$7.1 billion, approximately 33.7% more than five years ago, and it is 7.4% higher than FY 18/19.
- Projected FY 20/21 CalPERS rates are as follows:
 - Miscellaneous plan: 9.634% plus \$2.2 million unfunded liability payment
 - Public safety (Tier I): 25.540% plus \$3.9 million unfunded liability payment
 - Public safety (Tier II): 19.825% plus \$2,003 unfunded liability payment
 - Public safety (PEPRA): 13.884% plus \$7,621 unfunded liability payment
- Projected FY 21/22 CalPERS rates are as follows:
 - Miscellaneous plan: 9.38% plus \$2.6 million unfunded liability payment
 - Public safety (Tier I): 25.59% plus \$4.5 million unfunded liability payment
 - Public safety (Tier II): 19.88% plus \$3,492 unfunded liability payment
 - Public safety (PEPRA): 13.98% plus \$10,836 unfunded liability payment
- The Consumer Price Index (CPI) for the Los Angeles/Long Beach/Anaheim Metropolitan Statistical Area for all urban consumers increased by 1.9 percent from June 2019 to June 2020.

- COVID-19 pandemic continues to pose challenges to both revenues and expenditures in FY 20/21.

These, among other factors, were considered in preparing the City of La Habra's General Fund budget for FY 20/21, which resulted in budgeted expenditures decreasing by \$0.2 million to \$45.7 million compared to the FY 19/20 adopted budget of \$45.9 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.
- Water Revenue Bonds refinancing in November 2019 is expected to reduce average annual debt service payment by over \$0.3 million.
- The continuing opportunity for the Utility Authority to purchase privately held Cal Domestic water shares and water rights in the San Gabriel Basin as they become available.

It is inevitable that the COVID-19 pandemic will continue to have a significant impact on the City's finance. As the State of California continues to relax "stay-at-home" orders related to COVID-19, more businesses are opening and reestablishing customer relationships, while simultaneously complying with new social distancing, sanitizing and operational guidelines issued by the state and county. Despite these challenges, City staff continue to work on a number of major commercial and residential development projects, with some coming to completion while others are either under construction or in planning/permitting process.

Contacting the City's Department of Finance and Administrative Services

This financial report is designed to provide our elected officials, residents, business owners, taxpayers, ratepayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it is entrusted with. If you have any questions about this report or need additional information, please contact the Department of Finance and Administrative Services, 110 E. La Habra Boulevard, La Habra, CA 90631. The Finance Department can also be reached at (562) 383-4050, or visit us online at "www.lahabracalifornia.gov".



GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 39,810,069	\$ 21,312,208	\$ 61,122,277
Cash and investments with fiscal agents	2,382,939	1,216,119	3,599,058
Accounts receivable, net	5,101,238	3,279,660	8,380,898
Interest receivable	190,255	53,352	243,607
Prepaid items	82,032	21,486	103,518
Due from other governments	5,020,801	147,333	5,168,134
Due from Successor Agency	143,109	-	143,109
Internal balances	(750,000)	750,000	-
Inventories	35,774	250,416	286,190
Total current assets	52,016,217	27,030,574	79,046,791
Noncurrent assets:			
Prepaid insurance cost	-	208,065	208,065
Land held for resale	-	941,130	941,130
Loans receivable	519,639	-	519,639
Loans to Successor Agency	3,414,076	-	3,414,076
Investment in water rights stock	-	17,713,917	17,713,917
Capital assets:			
Not being depreciated	18,164,647	16,745,393	34,910,040
Being depreciated, net	95,358,107	39,345,227	134,703,334
Total noncurrent assets	117,456,469	74,953,732	192,410,201
Total assets	169,472,686	101,984,306	271,456,992
Deferred outflows of resources:			
Unamortized loss on refunding of debt	63,187	2,059,319	2,122,506
Deferred amount from pension plans	13,282,604	597,262	13,879,866
Deferred amount from OPEB plan	710,296	-	710,296
Total deferred outflows of resources	14,056,087	2,656,581	16,712,668
Liabilities:			
Current liabilities:			
Accounts payable	2,697,644	2,330,141	5,027,785
Accrued liabilities	2,174,445	101,810	2,276,255
Deposits payable	-	269,388	269,388
Interest payable	53,009	453,763	506,772
Unearned revenue	1,009,049	33,002	1,042,051
Claims payable, current	1,317,526	-	1,317,526
Compensated absences, current	1,544,621	82,886	1,627,507
Long-term obligations, due within one year	621,460	1,240,000	1,861,460
Total current liabilities	9,417,754	4,510,990	13,928,744
Noncurrent liabilities:			
Net OPEB liability	4,366,098	-	4,366,098
Claims payable	3,372,921	-	3,372,921
Compensated absences	3,604,114	193,391	3,797,505
Long-term obligations, due in more than one year	2,681,226	46,239,098	48,920,324
Pollution remediation liability	-	2,800,000	2,800,000
Net pension liability	79,375,601	4,582,696	83,958,297
Total noncurrent liabilities	93,399,960	53,815,185	147,215,145
Total liabilities	102,817,714	58,326,175	161,143,889
Deferred inflows of resources:			
Deferred amount from pension plans	3,693,802	151,291	3,845,093
Deferred amount from OPEB plan	545,336	-	545,336
Total deferred inflows of resources	4,239,138	151,291	4,390,429
Net position:			
Net investment in capital assets	110,949,024	23,818,741	134,767,765
Restricted for:			
Low-moderate income housing	331,451	485,000	816,451
Public safety	587,456	-	587,456
Public works	11,934,414	-	11,934,414
Community development	798,594	-	798,594
Community services	84,227	-	84,227
General plan update	686,136	-	686,136
Public Education & governmental (PEG)	297,839	-	297,839
Pension rate program	1,717,170	-	1,717,170
Pollution remediation	-	374,248	374,248
Unrestricted	(50,914,390)	21,485,432	(29,428,958)
Total net position	\$ 76,471,921	\$ 46,163,421	\$ 122,635,342

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,828,271	\$ 437,362	\$ 165,128	\$ -
Public safety	37,142,231	3,152,854	1,031,571	-
Public works	9,817,418	151,871	143,380	5,173,881
Community services	10,876,760	938,790	6,284,772	-
Community development	3,224,295	1,953,166	1,114,986	-
Interest on long-term debt	187,615	-	-	-
Total governmental activities	<u>66,076,590</u>	<u>6,634,043</u>	<u>8,739,837</u>	<u>5,173,881</u>
Business-type activities:				
Water	15,479,110	15,775,170	-	-
Sewer	2,444,214	2,347,221	-	-
Refuse	4,203,960	4,289,445	-	-
Housing Authority	1,578,646	1,368,862	-	-
Children's Museum	659,937	446,890	-	-
Mobile Home Lease	2,714,682	2,855,176	-	-
Total business-type activities	<u>27,080,549</u>	<u>27,082,764</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 93,157,139</u>	<u>\$ 33,716,807</u>	<u>\$ 8,739,837</u>	<u>\$ 5,173,881</u>

General revenues:

Taxes:

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

Grants and contributions not restricted to specific programs

Income from property and investments

Other general revenues

Total general revenues and transfers

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
\$ (4,225,781)	\$ -	\$ (4,225,781)
(32,957,806)	-	(32,957,806)
(4,348,286)	-	(4,348,286)
(3,653,198)	-	(3,653,198)
(156,143)	-	(156,143)
(187,615)	-	(187,615)
(45,528,829)	-	(45,528,829)
-	296,060	296,060
-	(96,993)	(96,993)
-	85,485	85,485
-	(209,784)	(209,784)
-	(213,047)	(213,047)
-	140,494	140,494
-	2,215	2,215
(45,528,829)	2,215	(45,526,614)
18,694,463	-	18,694,463
11,329,538	-	11,329,538
5,749,127	-	5,749,127
1,978,057	-	1,978,057
105,618	-	105,618
3,865,685	810,499	4,676,184
1,035,497	172,346	1,207,843
42,757,985	982,845	43,740,830
(2,770,844)	985,060	(1,785,784)
79,242,765	45,178,361	124,421,126
\$ 76,471,921	\$ 46,163,421	\$ 122,635,342



FUND FINANCIAL STATEMENTS



CITY OF LA HABRA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>		<u>Other Nonmajor Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	
Assets:			
Cash and investments	\$ 10,655,892	\$ 3,596,314	\$ 12,664,712
Cash and investments with fiscal agent	1,717,170	-	-
Accounts receivables	5,096,505	-	2,860
Interest receivables	113,422	11,518	37,017
Prepaid items	13,906	-	68,126
Due from other funds	820,912	-	8,184
Due from other governments	809,473	29,405	4,173,392
Due from Successor Agency	143,109	-	-
Loans receivable	-	-	519,639
Loans to Successor Agency	3,414,076	-	-
Land held for resale	-	-	-
Inventories	-	-	-
	<u>\$ 22,784,465</u>	<u>\$ 3,637,237</u>	<u>\$ 17,473,930</u>
Liabilities, Deferred inflows of resources, and Fund balances:			
Liabilities:			
Accounts payable	\$ 672,680	\$ 178,002	\$ 1,414,099
Accrued liabilities	1,839,230	971	289,852
Due to other funds	-	8,184	784,279
Advances from other funds	2,050,000	-	826,482
Unearned revenues	69,472	-	939,577
	<u>4,631,382</u>	<u>187,157</u>	<u>4,254,289</u>
Deferred inflows of resources:			
Unavailable revenues	1,264,796	-	519,639
Total deferred inflows of resources	<u>1,264,796</u>	<u>-</u>	<u>519,639</u>
Fund balances:			
Nonspendable	2,715,606	-	68,126
Restricted	2,015,009	-	13,902,639
Assigned	3,555,000	3,450,080	-
Unassigned	8,602,672	-	(1,270,763)
	<u>16,888,287</u>	<u>3,450,080</u>	<u>12,700,002</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,784,465</u>	<u>\$ 3,637,237</u>	<u>\$ 17,473,930</u>

See Accompanying Notes to Financial Statements.

**Total
Governmental
Funds**

\$	26,916,918
	1,717,170
	5,099,365
	161,957
	82,032
	829,096
	5,012,270
	143,109
	519,639
	3,414,076
	-
	-
\$	<u>43,895,632</u>

\$	2,264,781
	2,130,053
	792,463
	2,876,482
	<u>1,009,049</u>
	<u>9,072,828</u>

	1,784,435
	<u>1,784,435</u>

	2,783,732
	15,917,648
	7,005,080
	<u>7,331,909</u>
	<u>33,038,369</u>

\$	<u>43,895,632</u>
----	-------------------

CITY OF LA HABRA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Total fund balances, governmental funds \$ 33,038,369

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

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

Capital assets	\$ 182,666,466	
Accumulated depreciation	<u>(71,182,023)</u>	111,484,443

Internal service funds are used by management to charge the costs of certain activities, such as risk management and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 7,029,902

Accrued interest on long-term liabilities is not due and payable in the current period (19,855)

Certain receivables are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds. However, these revenues are reported in the governmental activities. 1,784,435

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

Capital lease	\$ (1,181,113)	
Notes payable	-	
Compensated absences	<u>(3,604,114)</u>	(4,785,227)

Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities. (67,859,008)

OPEB related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to postemployment benefits are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities. (4,201,138)

Net position of governmental activities \$ 76,471,921

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, 2020

	<u>Major Funds</u>		<u>Other Nonmajor Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	
Revenues:			
Property taxes and special assessments	\$ 18,749,790	\$ -	\$ -
Sales and use tax	11,344,359	-	-
Transaction and use tax	5,752,140	-	-
Franchise tax	1,983,537	-	-
Intergovernmental	50,291	-	13,942,094
Licenses and permits	1,360,776	-	6,459
Charges for services	5,036,161	-	331,819
Fines, forfeitures, and penalties	733,065	-	-
Use of money and property	2,821,874	95,246	498,245
Other revenues	198,902	-	5,819
Total revenues	<u>48,030,895</u>	<u>95,246</u>	<u>14,784,436</u>
Expenditures:			
Current:			
General government	3,050,978	-	195,529
Public safety	30,727,821	-	1,194,520
Public works	5,262,066	133,262	846,040
Community services	3,341,646	-	6,658,755
Community development	2,033,365	-	937,113
Capital outlay	-	179,550	5,570,149
Debt service:			
Principal retirement	203,403	-	44,953
Interest and other charges	60,653	-	805
Total expenditures	<u>44,679,932</u>	<u>312,812</u>	<u>15,447,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,350,963</u>	<u>(217,566)</u>	<u>(663,428)</u>
Other financing sources (uses):			
Transfers in	48,903	72,463	239,172
Transfers out	(2,439,172)	-	(121,366)
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(2,390,269)</u>	<u>72,463</u>	<u>117,806</u>
Net change in fund balances	<u>960,694</u>	<u>(145,103)</u>	<u>(545,622)</u>
Fund balances, beginning of year	<u>15,927,593</u>	<u>3,595,183</u>	<u>13,245,624</u>
Fund balances, end of year	<u>\$ 16,888,287</u>	<u>\$ 3,450,080</u>	<u>\$ 12,700,002</u>

See Accompanying Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 18,749,790
11,344,359
5,752,140
1,983,537
13,992,385
1,367,235
5,367,980
733,065
3,415,365
204,721

62,910,577

3,246,507
31,922,341
6,241,368
10,000,401
2,970,478
5,749,699

248,356
61,458

60,440,608

2,469,969

360,538
(2,560,538)

-

(2,200,000)

269,969

32,768,400

\$ 33,038,369

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, 2020

Net change in fund balances - total governmental funds: \$ 269,969

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

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

Capital outlay	\$ 5,749,699	
Additional capitalized expenses	893,770	
Depreciation expense	<u>(5,273,640)</u>	1,369,829

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	\$ 248,356	
Increase in compensated absences	(292,478)	
Decrease in net OPEB liability and related deferred inflows and outflows of resources	239,027	
Increase in net pension liability and related deferred inflows and outflows of resources	<u>(6,043,556)</u>	(5,848,651)

Some revenues recognized in governmental funds in current year were already recognized in governmental activities in prior year. (109,759)

Accrued interest payable applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. The statement of net position includes accrued interest. 2,130

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 1,545,638

Change in net position of governmental activities \$ (2,770,844)

See Accompanying Notes to Financial Statements.



CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Assets:			
Current assets:			
Cash and investments	\$ 8,064,384	\$ 1,811,038	\$ 2,088,029
Accounts receivable, net	2,223,798	334,231	-
Interest receivable	18,840	4,686	5,438
Prepaid items	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Inventory	250,416	-	-
Total current assets	<u>10,557,438</u>	<u>2,149,955</u>	<u>2,093,467</u>
Noncurrent assets:			
Cash and investments with fiscal agents	40,703	-	1,175,416
Advances to other funds	525,000	225,000	-
Prepaid insurance costs	-	-	208,065
Water rights stock	17,713,917	-	-
Land held for resale	-	-	941,130
Capital assets, not being depreciated	3,616,001	74,994	12,800,000
Capital assets, being depreciated net of depreciation	31,793,636	4,652,775	-
Total noncurrent assets	<u>53,689,257</u>	<u>4,952,769</u>	<u>15,124,611</u>
Total assets	<u>64,246,695</u>	<u>7,102,724</u>	<u>17,218,078</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	761,129	-	1,298,190
Deferred amount from pension plans	360,383	114,934	36,287
Total deferred outflows of resources	<u>\$ 1,121,512</u>	<u>\$ 114,934</u>	<u>\$ 1,334,477</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

Major Fund		Other Nonmajor Funds	Totals	Internal Service Funds
Refuse				
\$ 6,618,338	\$ 2,730,419	\$ 21,312,208	\$ 12,893,151	
708,381	13,250	3,279,660	1,873	
17,353	7,035	53,352	28,298	
-	21,486	21,486	-	
-	147,333	147,333	8,531	
-	-	-	-	
-	-	250,416	35,774	
<u>7,344,072</u>	<u>2,919,523</u>	<u>25,064,455</u>	<u>12,967,627</u>	
-	-	1,216,119	665,769	
-	-	750,000	2,126,482	
-	-	208,065	-	
-	-	17,713,917	-	
-	-	941,130	-	
234,124	20,274	16,745,393	-	
<u>321,735</u>	<u>2,577,081</u>	<u>39,345,227</u>	<u>2,038,311</u>	
<u>555,859</u>	<u>2,597,355</u>	<u>76,919,851</u>	<u>4,830,562</u>	
<u>7,899,931</u>	<u>5,516,878</u>	<u>101,984,306</u>	<u>17,798,189</u>	
-	-	2,059,319	63,187	
45,873	39,785	597,262	216,089	
<u>\$ 45,873</u>	<u>\$ 39,785</u>	<u>\$ 2,656,581</u>	<u>\$ 279,276</u>	

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,771,678	\$ 14,592	\$ 5,084
Accrued liabilities	60,390	19,950	7,231
Accrued interest	233,289	-	220,474
Deposits payable	269,388	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Claims payable, current	-	-	-
Certificates of participation, current	-	-	365,000
Water revenue bonds, current	875,000	-	-
Compensated absences, current	43,336	19,747	13,187
Lease financing, current	-	-	-
Total current liabilities	<u>3,253,081</u>	<u>54,289</u>	<u>610,976</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	-	-
Certificates of participation, noncurrent	-	-	12,549,597
Water revenue bonds, noncurrent	33,689,501	-	-
Lease financing, noncurrent	-	-	-
Pollution remediation liability	-	-	-
Compensated absences, noncurrent	101,118	46,077	30,770
Net pension liability	2,586,355	982,786	227,820
Total noncurrent liabilities	<u>36,376,974</u>	<u>1,028,863</u>	<u>12,808,187</u>
Total liabilities	<u>39,630,055</u>	<u>1,083,152</u>	<u>13,419,163</u>
Deferred inflows of resources:			
Deferred amount from pension plans	91,288	29,114	9,191
Total deferred inflows of resources	<u>91,288</u>	<u>29,114</u>	<u>9,191</u>
Net position:			
Net investment in capital assets	13,578,749	4,727,769	2,359,009
Restricted for:			
Low-moderate income housing	-	-	485,000
Pollution remediation	-	-	-
Unrestricted	12,068,115	1,377,623	2,280,192
Total net position	<u>\$ 25,646,864</u>	<u>\$ 6,105,392</u>	<u>\$ 5,124,201</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Funds	Other		Internal
Refuse	Nonmajor	Totals	Service Funds
	Funds		
\$ 528,225	\$ 10,562	\$ 2,330,141	\$ 432,863
9,562	4,677	101,810	44,392
-	-	453,763	33,154
-	-	269,388	-
-	-	-	36,633
33,002	-	33,002	-
-	-	-	1,317,526
-	-	365,000	410,000
-	-	875,000	-
6,616	-	82,886	1,544,621
-	-	-	80,463
<u>577,405</u>	<u>15,239</u>	<u>4,510,990</u>	<u>3,899,652</u>
-	-	-	3,372,921
-	-	12,549,597	885,091
-	-	33,689,501	-
-	-	-	746,019
2,800,000	-	2,800,000	-
15,426	-	193,391	-
280,925	504,810	4,582,696	2,089,141
<u>3,096,351</u>	<u>504,810</u>	<u>53,815,185</u>	<u>7,093,172</u>
<u>3,673,756</u>	<u>520,049</u>	<u>58,326,175</u>	<u>10,992,824</u>
11,619	10,079	151,291	54,739
<u>11,619</u>	<u>10,079</u>	<u>151,291</u>	<u>54,739</u>
555,859	2,597,355	23,818,741	2,038,311
-	-	-	-
-	-	485,000	-
374,248	-	374,248	-
3,330,322	2,429,180	21,485,432	4,991,591
<u>\$ 4,260,429</u>	<u>\$ 5,026,535</u>	<u>\$ 46,163,421</u>	<u>\$ 7,029,902</u>

CITY OF LA HABRA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Operating revenues:			
Water sales	\$ 15,612,249	\$ -	\$ -
Charges for services	162,921	2,346,847	1,368,862
Intergovernmental	-	374	-
Total operating revenues	<u>15,775,170</u>	<u>2,347,221</u>	<u>1,368,862</u>
Operating expenses:			
Water and materials	4,517,216	-	-
Contractual services	1,050,653	127,298	19,640
Wages and fringe benefits	2,547,158	873,528	313,547
Benefits and claims	-	-	-
Equipment and maintenance	1,215,061	128,865	-
Materials and supplies	283,347	34,282	-
Utilities	434,962	-	-
Depreciation	1,219,639	208,688	-
Administration	2,470,460	1,071,553	493,931
Total operating expenses	<u>13,738,496</u>	<u>2,444,214</u>	<u>827,118</u>
Operating income (loss)	<u>2,036,674</u>	<u>(96,993)</u>	<u>541,744</u>
Nonoperating revenues (expenses):			
Interest income	187,446	34,013	64,138
Other nonoperating revenues	172,346	-	-
Gain (loss) on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	134,037	32,965	37,471
Debt issuance costs	(254,610)	-	-
Interest expense	(1,486,004)	-	(751,528)
Total nonoperating revenues (expenses)	<u>(1,246,785)</u>	<u>66,978</u>	<u>(649,919)</u>
Income (loss) before contributions and transfers	789,889	(30,015)	(108,175)
Transfers in	224,861	-	-
Transfers out	(71,250)	(95,848)	-
Change in net position	<u>943,500</u>	<u>(125,863)</u>	<u>(108,175)</u>
Net position, beginning of year	<u>24,703,364</u>	<u>6,231,255</u>	<u>5,232,376</u>
Net position, end of year	<u>\$ 25,646,864</u>	<u>\$ 6,105,392</u>	<u>\$ 5,124,201</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other		Internal
Refuse	Nonmajor	Totals	Service Funds
	Funds		
\$ -	\$ -	\$ 15,612,249	\$ -
4,118,771	3,228,256	11,225,657	6,270,925
170,674	73,810	244,858	-
4,289,445	3,302,066	27,082,764	6,270,925
-	-	4,517,216	-
3,570,658	641,740	5,409,989	982,609
357,226	390,789	4,482,248	2,534,124
-	-	-	480,238
32,198	154,885	1,531,009	778,675
2,659	15,619	335,907	484,502
-	348,988	783,950	258,322
12,748	171,613	1,612,688	546,985
228,471	1,650,985	5,915,400	1,235,719
4,203,960	3,374,619	24,588,407	7,301,174
85,485	(72,553)	2,494,357	(1,030,249)
109,287	39,035	433,919	296,647
-	-	172,346	-
-	-	-	(754)
121,776	50,331	376,580	208,281
-	-	(254,610)	-
-	-	(2,237,532)	(128,287)
231,063	89,366	(1,509,297)	375,887
316,548	16,813	985,060	(654,362)
-	92,500	317,361	2,200,000
(150,263)	-	(317,361)	-
166,285	109,313	985,060	1,545,638
4,094,144	4,917,222	45,178,361	5,484,264
\$ 4,260,429	\$ 5,026,535	\$ 46,163,421	\$ 7,029,902

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Housing Authority
Cash flows from operating activities:			
Receipts from customers and users	\$ 15,326,203	\$ 2,273,558	\$ -
Receipts from interfund services provided	-	6,176	1,368,862
Payments to suppliers	(7,902,843)	(211,841)	(24,146)
Payments for interfund services used	(2,378,818)	(1,157,653)	(488,688)
Payments for employees' salaries and benefits	(2,177,771)	(751,510)	(268,276)
Net cash provided by (used in) operating activities	<u>2,866,771</u>	<u>158,730</u>	<u>587,752</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(71,250)	(95,848)	-
Transfers from other funds	224,861	-	-
Receipts of advances to/from other funds	254,562	109,098	-
Payments of advances to/from other funds	-	-	-
Receipts of due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>408,173</u>	<u>13,250</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(3,114,695)	(209,688)	-
Proceeds of debts	15,657,682	-	-
Issuance costs paid on capital debt	(254,610)	-	-
Principal paid on capital debt	(505,000)	-	(350,000)
Payment to escrow agent to refund capital debt	(17,260,000)	-	-
Interest paid on capital debt	(1,709,619)	-	(672,038)
Net cash provided by (used in) capital and related financing activities	<u>(7,186,242)</u>	<u>(209,688)</u>	<u>(1,022,038)</u>
Cash flows from investing activities:			
Purchase of investments	(1,406,463)	-	-
Sales of investments	-	32,965	37,471
Interest on investments	176,154	29,501	64,520
Net cash provided by investing activities	<u>(1,230,309)</u>	<u>62,466</u>	<u>101,991</u>
Net increase (decrease) in cash and cash equivalents	(5,141,607)	24,758	(332,295)
Cash and cash equivalents, beginning of year	13,246,694	1,786,280	3,595,740
Cash and cash equivalents, end of year	<u>\$ 8,105,087</u>	<u>\$ 1,811,038</u>	<u>\$ 3,263,445</u>
Cash and cash equivalents:			
Cash and investments	\$ 8,064,384	\$ 1,811,038	\$ 2,088,029
Cash and investments with fiscal agents	40,703	-	1,175,416
Total cash and cash equivalents	<u>\$ 8,105,087</u>	<u>\$ 1,811,038</u>	<u>\$ 3,263,445</u>

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds

<u>Major Fund</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<u>Refuse</u>			
\$ 4,303,622	\$ 3,236,736	\$ 25,140,119	\$ 50,910
2,133	147,334	1,524,505	6,449,750
(3,613,098)	(2,377,263)	(14,129,191)	(3,889,769)
(235,902)	(465,399)	(4,726,460)	(622,409)
(306,839)	(376,049)	(3,880,445)	(2,030,223)
<u>149,916</u>	<u>165,359</u>	<u>3,928,528</u>	<u>(41,741)</u>
(150,263)	-	(317,361)	-
-	92,500	317,361	2,200,000
-	-	363,660	472,518
-	-	-	-
-	-	-	(1,300)
<u>(150,263)</u>	<u>92,500</u>	<u>363,660</u>	<u>2,671,218</u>
(87,541)	(20,274)	(3,432,198)	(175,080)
-	-	15,657,682	-
-	-	(254,610)	-
-	-	(855,000)	(472,518)
-	-	(17,260,000)	-
-	-	(2,381,657)	(104,594)
<u>(87,541)</u>	<u>(20,274)</u>	<u>(8,525,783)</u>	<u>(752,192)</u>
-	-	(1,406,463)	-
121,776	50,331	242,543	208,281
109,404	38,432	418,011	291,452
<u>231,180</u>	<u>88,763</u>	<u>(745,909)</u>	<u>499,733</u>
143,292	326,348	(4,979,504)	2,377,018
<u>6,475,046</u>	<u>2,404,071</u>	<u>27,507,831</u>	<u>11,181,902</u>
<u>\$ 6,618,338</u>	<u>\$ 2,730,419</u>	<u>\$ 22,528,327</u>	<u>\$ 13,558,920</u>
\$ 6,618,338	\$ 2,730,419	\$ 21,312,208	\$ 12,893,151
-	-	1,216,119	665,769
<u>\$ 6,618,338</u>	<u>\$ 2,730,419</u>	<u>\$ 22,528,327</u>	<u>\$ 13,558,920</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2020

	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)	\$ 2,036,674	\$ (96,993)	\$ 541,744
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation	1,219,639	208,688	-
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	(440,255)	(73,289)	-
(Increase) decrease in due from other governments		5,802	-
(Increase) decrease in inventory	(227,969)	-	-
(Increase) decrease in prepaid items		-	-
Increase (decrease) in accounts payable	21,697	(7,496)	737
Increase (decrease) in accrued liabilities	(86,643)	6,562	1,639
Increase (decrease) in deposits payable	(8,712)	-	-
Increase (decrease) in unearned revenue		-	-
Increase (decrease) in claims liabilities		-	-
Increase (decrease) in pollution remediation liability		-	-
Increase (decrease) in compensated absences	7,794	6,792	5,061
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	344,546	108,664	38,571
Total adjustments	830,097	255,723	46,008
Net cash provided by (used in) operating activities	<u>\$ 2,866,771</u>	<u>\$ 158,730</u>	<u>\$ 587,752</u>
Noncash Capital and Related Financing Transactions			
Amortization of unamortized loss on refunding of debt	\$ 18,973	\$ -	\$ 64,373
Amortization of bond discount (premium)	(310,605)	-	9,441
Amortization of prepaid insurance cost related to bonds	-	-	10,317
Capital expenses funded by accounts payable	21,917	-	-

See Accompanying Notes to Financial Statements.

Business-Type Activities - Enterprise Funds			
Major Fund	Other		Internal
Refuse	Nonmajor	Totals	Service Funds
	Funds		
\$ 85,485	\$ (72,553)	\$ 2,494,357	\$ (1,030,249)
12,748	171,613	1,612,688	546,985
2,601	4,943	(506,000)	231,403
-	77,162	82,964	(1,668)
-	-	(227,969)	7,227
-	(2,398)	(2,398)	-
(15,014)	(28,046)	(28,122)	11,471
4,546	(3,238)	(77,134)	15,110
-	-	(8,712)	-
13,709	(102)	13,607	-
-	-	-	(155,730)
-	-	-	-
5,493	(20,476)	4,664	125,348
<u>40,348</u>	<u>38,454</u>	<u>570,583</u>	<u>208,362</u>
<u>64,431</u>	<u>237,912</u>	<u>1,434,171</u>	<u>988,508</u>
<u>\$ 149,916</u>	<u>\$ 165,359</u>	<u>\$ 3,928,528</u>	<u>\$ (41,741)</u>
\$ -	\$ -	\$ 83,346	\$ 29,163
-	-	(301,164)	2,260
-	-	10,317	-
146,583	-	168,500	159,326

CITY OF LA HABRA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private-Purpose Trust Fund	Agency Fund
Assets:		
Current assets:		
Cash and investments	\$ 1,812,702	\$ 1,789,197
Accounts receivable	1,647	-
Interest receivable	-	4,571
Total current assets	1,814,349	1,793,768
Noncurrent assets:		
Cash and investments with fiscal agent	143,029	-
Prepaid insurance costs	32,357	-
Land held for resale	2,500,000	-
Total noncurrent assets	2,675,386	-
Total assets	\$ 4,489,735	\$ 1,793,768
Liabilities:		
Current liabilities:		
Accounts payable	\$ 3,250	\$ 98,745
Accrued liabilities	2,824	23,176
Accrued interest	37,932	-
Deposits	-	1,671,847
Due to City of La Habra	143,109	-
Bonds payable	285,000	-
Total current liabilities	472,115	1,793,768
Noncurrent liabilities:		
Loans due to City of La Habra	3,414,076	-
Bonds payable	3,772,601	-
Total noncurrent liabilities	7,186,677	-
Total liabilities	7,658,792	\$ 1,793,768
Net Position (Deficit):		
Held in trust for redevelopment dissolution	\$ (3,169,057)	

See Accompanying Notes to Financial Statements.

CITY OF LA HABRA, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

	Private-Purpose Trust Fund
Additions:	
Taxes	\$ 2,723,793
Other revenues	9,455
Total additions	2,733,248
Deductions:	
Program expenses	2,154
Administrative expenses	256,526
Interest and fiscal agency expenses	302,520
Total deductions	561,200
Change in net position	2,172,048
Net Position (deficit) held in trust:	
Beginning of year	(5,341,105)
End of year	\$ (3,169,057)

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements
June 30, 2020

(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, 2020

former Redevelopment Agency pursuant to City Council actions taken on January 12, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary fund statements as a private-purpose trust fund. Separate financial statements are not prepared for this component unit. See Note (3)(d) for further detail regarding the dissolution.

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

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

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

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

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

General Fund

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

Capital Projects Fund

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Housing Authority Fund

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

Refuse Fund

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

Additionally, the City reports the following:

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

The debt service fund accounts for debt service activities for the lease financing to acquire properties at 115 & 121 North Euclid Avenue.

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

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

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

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

The Other Post Employment Benefit Set-aside Fund accounts for set-aside money to fund future other post employment benefit other than pension. This fund is financed by departmental charges based on each department full time equivalent.

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

a. Private-Purpose Trust Fund

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

b. Agency Fund

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

(d) *Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position or Fund Balance*

1. Deposits and investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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 32% and 56%, respectively, of the outstanding common stock and preferred stock of a mutual water company at June 30, 2020, and has valued this asset at cost as this stock does not have a readily determinable value and does not meet the requirements of accounting under the equity method (see Note (2)(f)). Cost is the amount of the City's basis in an investment less any distributions. Investments at cost are analyzed for impairment to determine if events or changes in circumstances indicate the carrying amount of the investment may not be recoverable. An investment is impaired and a loss is recognized in the period when a decline in its fair value below the amortized cost basis is other than temporary. Investment gains and losses are recognized when the investment is sold. Investment earnings, including interest and dividends, are recognized in the period earned.

2. *Statement of Cash Flows*

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

3. *Receivables*

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

Accounts receivable and due from other governments – These balances are comprised primarily of revenues that have already been earned but not yet received by the City as of June 30, 2020, 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are allocable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective funds' operating statements.

Activity between funds that is representative of lending/borrowing arrangements at the end of the fiscal year is referred to as "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement of net position as "internal balances."

5. *Taxes Receivable*

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

6. *Inventories, Prepaid Items and Land Held for Resale*

Inventory reported in governmental funds is valued at cost using the first in, first out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed (purchases method). Inventory in the proprietary funds consists of expendable supplies and water held for consumption.

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

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

7. *Capital Assets*

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

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

8. *Compensated Absences*

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

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

9. *Unearned Revenue*

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

10. *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Unamortized loss on refunding of debt reported in the government-wide statement of net position and proprietary statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred amount from pension plans (see Note (3)(a) for detail)
- Deferred amount from OPEB (see Note (3)(b) for detail)

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

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

11. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expended when incurred.

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

12. Pensions

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

13. Postemployment Benefits Other Than Pensions (OPEB)

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

14. Budgets and Encumbrances

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

The appropriated budget is prepared by fund, function, and department. The government's department head, with approval of the Director of Finance and City Manager, may make transfers of appropriations within a department. Transfers of appropriations between departments within a fund must be approved by the City Manager. Transfers between funds must be approved by the City Council; therefore, the legal level of budgetary control is at the fund level. The council made several supplemental budgetary appropriations throughout the year. Certain types of transfers between funds are approved by the City Council in the budget resolution. The amounts of these transfers are typically unknown until the year end therefore not included in the final budget. An annual budget is not legally adopted for General Plan Update Special Revenue Fund, Public Art Special Revenue Fund, SB2 Permanent Local Housing Special Revenue Fund, and Coronavirus Relief Special Revenue Fund in fiscal year ended June 30, 2020.

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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

15. Net Position/ Fund Balance

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

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

- **Nonspendable Fund Balance** – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- **Restricted Fund Balance** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority (i.e. ordinance), the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- **Assigned Fund Balance** – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council body by delegating the authority to assign amounts to be used for specific purposes.
- **Unassigned Fund Balance** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

The following funds have deficit fund balances at June 30, 2020. The deficit balances are expected to be eliminated with future revenues and transfers.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Fund	Deficit Fund Balance
Child Development Special Revenue Fund	\$ 5,128
SB2 Permanent Local Housing Special Revenue Fund	207,834
Coronavirus Relief Specail Revenue Fund	174,632
Other Debt Service Fund	826,482

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, 2020:

- GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this Statement are effective immediately (FY19/20).

18. Pronouncements Issued but Not Yet Adopted

GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 84 – *Fiduciary Activities*. The provision of this Statement are effective for fiscal year ending June 30, 2021.
- GASB Statement No. 87 – *Leases*. The provision of this Statement are effective for fiscal year ending June 30, 2022.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provision of this Statement are effective for fiscal year ending June 30, 2022.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The provision of this Statement are effective for fiscal year ending June 30, 2021.
- GASB Statement No. 91 – *Conduit Debt Obligations*. The provision of this Statement are effective for fiscal year ending June 30, 2023.
- GASB Statement No. 92 – *Omnibus 2020*. The provision of this Statement are effective for fiscal year ending June 30, 2022.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The provision of this Statement are effective for fiscal year ending June 30, 2022.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provision of this Statement are effective for fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The provision of this Statement are effective for fiscal year ending June 30, 2023.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The provision of this Statement are effective for fiscal year ending June 30, 2022. Portions of this Statement related to GASB 84 are effective for fiscal year ending June 30, 2021.

(2) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments at June 30, 2020, consist of the following:

Statement of net position:

Cash and investments	\$ 61,122,277
Cash and investments with fiscal agents	3,599,058

Fiduciary funds:

Cash and investments	3,601,899
Cash and investments with fiscal agents	143,029

Total	\$ 68,466,263
-------	---------------

Cash and investments at June 30, 2020 are classified as follows:

Petty cash	\$ 2,010
Deposits with financial institutions	6,168,860
Investments: City pool	58,553,306
Held by fiscal agents	3,742,087
Total cash and investments	\$ 68,466,263

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
City or City Agency Bonds	5 years	10%	None
U.S. Treasury Obligations	5 years	100%	None
State of California Obligations	5 years	20%	None
California Local Agency Bonds	5 years	20%	None
U.S. Agency Obligations	5 years	100%	35% *
Bankers’ Acceptance	180 days	20% *	5% *
Commercial Paper	270 days	25%	5% *
Negotiable CDs	5 years	30%	5% *
Time Certificates of Deposit	5 years	30% *	5%*
Repurchase Agreements	90 days *	100%	None
Medium Term Notes	5 years	25% *	5% *
Money Market Mutual Funds	N/A	20%	20%*
Asset-Backed and Mortgage-Back Securities	5 years	10% *	5% *
Supranational Securities	5 years	20% *	10% *
Local Agency Investment Fund (LAIF)	N/A	100%	\$65 million per account

* 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.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

- Medium Term Notes – The California Government Code allows a city to invest up to 30% of its portfolio and up to 30% in a single issuer.
- Money Market Mutual Funds – The California Government Code does not have an investment limitation in a single issuer.
- Asset-Backed and Mortgage-Back Securities - The California Government Code allows a city to invest up to 20% of its portfolio and does not have an investment limitation in a single issuer.
- Supranational Securities - The California Government Code allows a city to invest up to 30% of its portfolio and does not have an investment limitation in a single issuer.

Investments Authorized by Debt Agreements

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

<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	\$65 million per account

Interest Rate Risk

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

Investment Types	Amount	Remaining Maturity		
		Less Than 1 Year	1 to 3 Years	3 to 5 Years
U.S. Agency obligations	\$ 15,304,105	\$ 2,398,611	\$ 6,157,679	\$ 6,747,815
LAIF	24,010,321	24,010,321	-	-
U.S. Treasury obligations	10,620,592	-	4,116,350	6,504,242
Corporate medium-term notes	5,501,925	1,618,002	2,152,357	1,731,566
Asset-backed securities	1,521,303	-	1,077,685	443,618
Supranational	1,514,874	227,441	919,481	367,952
Money market mutual funds	80,186	80,186	-	-
Total	<u>\$ 58,553,306</u>	<u>\$ 28,334,561</u>	<u>\$ 14,423,552</u>	<u>\$ 15,795,193</u>

Credit Risk

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

Investment Types	Amount	Minimum Legal Rating	Moody's Rating as of Year End (where applicable)				
			Exempt from Disclosure	AAA	AA	A	Not Rated
U.S. Agency obligations	\$ 15,304,105	N/A	\$ -	\$ 15,304,105	\$ -	\$ -	\$ -
LAIF	24,010,321	Not Rated	-	-	-	-	24,010,321
U.S. Treasury obligations	10,620,592	N/A	10,620,592	-	-	-	-
Corporate medium-term notes	5,501,925	A	-	401,630	1,681,608	3,418,687	-
Asset-backed securities	1,521,303	A	-	1,521,303	-	-	-
Supranational	1,514,874	AAA	-	1,514,874	-	-	-
Money market mutual funds	80,186	AAA	-	80,186	-	-	-
	<u>\$ 58,553,306</u>		<u>\$ 10,620,592</u>	<u>\$ 18,822,098</u>	<u>\$ 1,681,608</u>	<u>\$ 3,418,687</u>	<u>\$ 24,010,321</u>

Concentration of Credit Risk

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

Issuer Name	Investment Type	Reported Amount
U.S. Treasury obligations	U.S. Treasury obligations	\$ 10,620,592
Federal National Mortgage Association	U.S. Agency obligations	7,164,657
Federal Home Loan Bank	U.S. Agency obligations	5,995,651

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City’s deposits were not subject to custodial credit risk at June 30, 2020.

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	\$ 186,048	Less than 1 year	AAA
Section 115 Trust Pool	1,717,170	Less than 1 year	Not Rated
LAIF	1,838,869	Less than 1 year	Not Rated
	\$ 3,742,087		

Investment in State Investment Pool

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

The total amount invested by all public agencies in LAIF as of June 30, 2020, was \$32.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020, had a balance of \$101.0 billion, of that amount, 3.37% was invested in medium-term and short-term

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

structured notes and asset-backed securities. At June 30, 2020, these investments matured in an average of 191 days.

Investments in Public Agency Retirement Trust (Section 115)

The City has established a Section 115 Trust with the Public Agency Retirement System (PARS) to accumulate resources for future contributions to CalPERS. As of June 30, 2020, the City reported \$1,717,170 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:

<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 asseptions about the inputs market pariticipants would use in pricing the asst or liability (including assumptions about risk).

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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, 2020, the City has the following fair value measurements:

Investment Types	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Agency Obligations	\$ -	\$ 15,304,105	\$ -	\$ 15,304,105
U.S. Treasury Obligations	-	10,620,592	-	10,620,592
Corporate Medium-Term Notes	-	5,501,925	-	5,501,925
Asset-backed Securities	-	1,521,303	-	1,521,303
Supranational	-	1,514,874	-	1,514,874
Total Leveled Investments	<u>\$ -</u>	<u>\$ 34,462,799</u>	<u>\$ -</u>	<u>34,462,799</u>
Local Agency Investment Fund*				24,010,321
Money Market Mutual Funds*				80,186
Held by Fiscal Agents:				
Local Agency Investment Fund*				1,838,869
Money Market Mutual Funds*				186,048
Section 115 Trust Pool*				1,717,170
Total Investment Portfolio				<u>\$ 62,295,393</u>

* Not subject to fair value measurements.

(b) Receivables

Receivables of the City as of June 30, 2020, are as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable:			
Property taxes	\$ 234,292	\$ -	\$ 234,292
Sales and transaction taxes	3,521,005	-	3,521,005
Water sales	-	2,324,653	2,324,653
Sewer sales	-	348,848	348,848
Refuse sales	-	733,674	733,674
Franchise fees	498,719	-	498,719
Leases	-	13,145	13,145
Others	847,222	105	847,327
	<u>5,101,238</u>	<u>3,420,425</u>	<u>8,521,663</u>
Total accounts receivable			
Less allowance for uncollectible accounts	<u>-</u>	<u>(140,765)</u>	<u>(140,765)</u>
Total receivables	<u>\$ 5,101,238</u>	<u>\$ 3,279,660</u>	<u>\$ 8,380,898</u>

(c) Interfund Receivables, Payables and Transfers

Due To and Due From

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Due To</u>	<u>Due From</u>			<u>Totals</u>	<u>Due from Successor Agency</u>
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>		<u>General Fund</u>
General Fund	\$ -	\$ 784,279	\$ 36,633	\$ 820,912	\$ 143,109
Measure M Special Revenue Fund	8,184	-	-	8,184	-
Totals	<u>\$ 8,184</u>	<u>\$ 784,279</u>	<u>\$ 36,633</u>	<u>\$ 829,096</u>	<u>\$ 143,109</u>

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, 2020

Advances To and Advances From

The composition of interfund advances as of June 30, 2020 is as follows:

<u>Advances From</u>	<u>Advances To</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
Water Enterprise Fund	\$ 525,000	-	\$ 525,000
Sewer Enterprise Fund	225,000	-	225,000
Internal Service Funds	1,300,000	826,482	2,126,482
Totals	<u>\$ 2,050,000</u>	<u>\$ 826,482</u>	<u>\$ 2,876,482</u>

- On November 1, 2015, Utility Authority (Water and Sewer Enterprise Funds) entered into a promissory note with the City in the amount of \$2,000,000, at a simple interest rate of 1.5%, for assistance in funding the construction of a new civic center. Outstanding principal and all accrued interest under this note shall be paid on November 1, 2020. At June 30, 2020, the outstanding balance of the advance was \$750,000.
- On September 15, 1998, the Civic Improvement Authority issued the Certificates of Participation Series B and C in an aggregate amount of \$6,705,000. The certificates are payable from lease payments made by the General Fund to the Authority. The outstanding balance at June 30, 2020 is \$1,300,000.
- On July 26, 2018, the Authority issued the Lease Financing in the amount of \$904,000 to finance the acquisition of properties located at 115 & 121 North Euclid Street. The debt service payments are payable from lease payments made by the debt service fund to the Authority. The outstanding balance at June 30, 2020 is \$826,482.

Interfund loans consist of loans as follows:

<u>Loans to Successor Agency Private-Purpose Trust Fund</u>	<u>Loans due to City of La Habra</u>
	<u>Successor Agency Private-Purpose Trust Fund</u>
General Fund	\$ 3,414,076

- As of June 30, 1992, the former Redevelopment Agency had borrowed an aggregate amount of \$5,700,000 million from the General Fund. From that date through September 1998, the balance of the advances, excluding unpaid interest of \$1,319,247, from the City totaled \$6,705,000, representing \$5,640,000 from the Series B Tax-Exempt Certificates and \$1,065,000 from the Series C Tax Certificates. On September 15, 1998, a loan agreement was entered into between the City and the former Redevelopment Agency whereby the former Redevelopment Agency would repay these advances in annual principal installments of between \$160,000 and \$455,000, plus interest of between 4.0% and 6.5%, maturing in 2022. In addition, any installment of principal or interest which was not paid when due would continue to accrue interest at 6.5% per

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

annum. In October 2000, the agreement was amended to account for the former Redevelopment Agency's available cash flow, whereby the amount of the annual payments will be contingent upon the amount of the former Redevelopment Agency's available cash flow (i.e. the former Redevelopment Agency's ability to make scheduled payments). Outstanding amounts as of January 31, 2012, the date the former Redevelopment Agency was dissolved in accordance with California Assembly Bill X1 26 (AB X1 26), were transferred to the Successor Agency. At June 30, 2020, the outstanding balance of the advance was \$1,300,000.

- In August 2007, the General Fund advanced the former Redevelopment Agency \$2,000,000, at an interest rate of 9%, towards the purchase of a building and land. Outstanding amounts as of January 31, 2012, the date the former Redevelopment Agency was dissolved in accordance with AB X1 26, were transferred to the Successor Agency. In addition, the interest on the remaining principal amount of the loan was recalculated from origination of the loan at a simple interest rate of 3% in accordance with SB 107. At June 30, 2020, the outstanding balance of the advance was \$2,114,076. The total accrued interest included in the balance was \$712,376.

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2020, is as follows:

Transfers Out	Transfers In						Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 239,172	\$ -	\$ -	\$ 2,200,000	\$ 2,439,172
Nonmajor Governmental Funds	48,903	72,463	-	-	-	-	121,366
Water Enterprise Fund	-	-	-	-	71,250	-	71,250
Sewer Enterprise Fund	-	-	-	79,598	16,250	-	95,848
Refuse Enterprise Fund	-	-	-	145,263	5,000	-	150,263
	<u>\$ 48,903</u>	<u>\$ 72,463</u>	<u>\$ 239,172</u>	<u>\$ 224,861</u>	<u>\$ 92,500</u>	<u>\$ 2,200,000</u>	<u>\$ 2,877,899</u>

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

(d) Loans Receivable

The City has entered into multiple owner-occupied rehabilitation loans utilizing HOME Investment Partnerships Program, which are reflected in the Housing and Community Development Special Revenue Fund. These loans were for the purpose of assisting owners in the rehabilitation of the owner-occupied residences. The loans have 30-year term with 0% interest. In the governmental funds financial statements, due to the extended period of time over which loans receivable are to be collected and the contingent nature of certain sources of repayment, the City has recorded deferred inflows of resources equal to the outstanding principal of the loans receivable. At June 30, 2020, the outstanding balance of the loans receivable was \$519,639.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

(e) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,801,872	\$ -	\$ -	\$ 12,801,872
Construction in progress	1,637,002	6,624,465	2,898,692	5,362,775
Total capital assets not being depreciated	<u>14,438,874</u>	<u>6,624,465</u>	<u>2,898,692</u>	<u>18,164,647</u>
Capital assets being depreciated:				
Land improvements	7,977,597	-	-	7,977,597
Buildings and improvements	39,769,342	-	-	39,769,342
Improvements other than buildings	1,222,696	107,746	-	1,330,442
Machinery and equipment	11,122,609	210,055	50,229	11,282,435
Autos and trucks	5,434,342	17,645	236,490	5,215,497
Infrastructure	105,596,355	2,790,945	-	108,387,300
Total capital assets being depreciated	<u>171,122,941</u>	<u>3,126,391</u>	<u>286,719</u>	<u>173,962,613</u>
Less accumulated depreciation for:				
Land improvements	3,874,914	384,571	-	4,259,485
Buildings and improvements	10,298,201	935,020	-	11,233,221
Improvements other than buildings	1,073,293	18,940	-	1,092,233
Machinery and equipment	6,600,255	696,208	46,819	7,249,644
Autos and trucks	4,076,739	354,687	236,490	4,194,936
Infrastructure	47,143,788	3,431,199	-	50,574,987
Total accumulated depreciation	<u>73,067,190</u>	<u>5,820,625</u>	<u>283,309</u>	<u>78,604,506</u>
Total capital assets being depreciated, net	<u>98,055,751</u>	<u>(2,694,234)</u>	<u>3,410</u>	<u>95,358,107</u>
Governmental activities capital assets, net	<u>\$ 112,494,625</u>	<u>\$ 3,930,231</u>	<u>\$ 2,902,102</u>	<u>\$ 113,522,754</u>

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

Governmental activities:	
General government	\$ 535,560
Public safety	999,664
Public works	3,965,604
Community services	310,107
Community development	9,690
Total depreciation expense, Governmental Activities	<u>\$ 5,820,625</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

	<u>Balance at July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2020</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,800,000	\$ -	\$ -	\$ 12,800,000
Construction in progress	<u>2,617,743</u>	<u>1,865,009</u>	<u>537,359</u>	<u>3,945,393</u>
Total capital assets not being depreciated	<u>15,417,743</u>	<u>1,865,009</u>	<u>537,359</u>	<u>16,745,393</u>
Capital assets being depreciated:				
Buildings and improvements	4,251,106	-	-	4,251,106
Improvements other than buildings	253,490	-	-	253,490
Machinery and equipment	1,934,550	21,082	-	1,955,632
Autos and trucks	230,465	-	-	230,465
Infrastructure	<u>58,008,773</u>	<u>537,359</u>	<u>-</u>	<u>58,546,132</u>
Total capital assets being depreciated	<u>64,678,384</u>	<u>558,441</u>	<u>-</u>	<u>65,236,825</u>
Less accumulated depreciation for:				
Buildings and improvements	4,080,281	17,040	-	4,097,321
Improvements other than buildings	246,781	382	-	247,163
Machinery and equipment	1,142,231	144,623	-	1,286,854
Autos and trucks	230,465	-	-	230,465
Infrastructure	<u>18,579,152</u>	<u>1,450,643</u>	<u>-</u>	<u>20,029,795</u>
Total accumulated depreciation	<u>24,278,910</u>	<u>1,612,688</u>	<u>-</u>	<u>25,891,598</u>
Total capital assets being depreciated, net	<u>40,399,474</u>	<u>(1,054,247)</u>	<u>-</u>	<u>39,345,227</u>
Business-type activities capital assets, net	<u>\$ 55,817,217</u>	<u>\$ 810,762</u>	<u>\$ 537,359</u>	<u>\$ 56,090,620</u>

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

Business-type activities:	
Water	\$ 1,219,639
Sewer	208,688
Refuse	12,748
Children's Museum	30,682
Mobile Home Lease	<u>140,931</u>
Total depreciation expense, Business-type Activities	<u>\$ 1,612,688</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

(f) Water Rights Stock

The Utility Authority currently imports approximately 65% of its water from two major suppliers: California Domestic Water Company (Cal Domestic) and the Metropolitan Water District (MWD). Since October 2008, the Utility Authority has been purchasing shares of water rights stock from Cal Domestic to secure the purchase of water at a discounted rate known as an “entitlement” rate each year from the Main San Gabriel Basin. The Utility Authority owns two classes of stock: Capital Stock and Class A Preferred Stock. Currently, a share of Capital Stock represents the right to purchase approximately 1.45 acre feet (AF) of water and a share of Class A Preferred Stock represents the right to purchase 0.76 AF of water. At June 30, 2020, the Utility Authority owned 2,455.25 shares of Capital Stock and 912.85 shares of Class A Preferred Stock. The Utility Authority has valued its water rights stock at approximately \$17.7 million, which represents cost and does not intend to sell its interest in Cal Domestic.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

(g) Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for the year ended June 30, 2020:

	<u>Balance at July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2019</u>	<u>Due within One Year</u>
Governmental activities:					
Direct borrowings and direct placements:					
Energy capital lease agreement	\$ 76,701	\$ -	\$ 76,701	\$ -	\$ -
Motorola capital lease agreement	1,307,815	-	126,702	1,181,113	130,997
Note Payable (Lowell Joint School District)	44,953	-	44,953	-	-
Other debts:					
Compensated absences *	4,730,909	2,729,759	2,311,933	5,148,735	1,544,621
Internal service funds included in governmental activities:					
Direct borrowings and direct placements:					
Opus bank loan agreement	904,000	-	77,518	826,482	80,463
Other debts:					
1998 Certificates of Participation, Series B	1,400,000	-	325,000	1,075,000	340,000
1998 Certificates of Participation, Series C	295,000	-	70,000	225,000	70,000
Less unamortized discount	(7,169)	-	(2,260)	(4,909)	-
Total long-term debt of governmental activities	<u>\$ 8,752,209</u>	<u>\$ 2,729,759</u>	<u>\$ 3,030,547</u>	<u>\$ 8,451,421</u>	<u>\$ 2,166,081</u>
Business-type activities:					
Other debts:					
Compensated absences	\$ 271,613	\$ 133,508	\$ 128,844	\$ 276,277	\$ 82,886
2010 Refunding Certificates of Participation, Series A	13,455,000	-	350,000	13,105,000	365,000
2010 Revenue Bonds, Series A&B	17,260,000	-	17,260,000	-	-
2013 Revenue Bonds, Series A	17,920,000	-	505,000	17,415,000	525,000
2019 Revenue Bonds, Series A&B	-	13,795,000	-	13,795,000	350,000
	48,906,613	13,928,508	18,243,844	44,591,277	1,322,886
Add unamortized premium	1,070,137	2,594,969	310,605	3,354,501	-
Less unamortized discount	(199,845)	-	(9,442)	(190,403)	-
Total long-term debt of business-type activities	<u>\$ 49,776,905</u>	<u>\$ 16,523,477</u>	<u>\$ 18,545,007</u>	<u>\$ 47,755,375</u>	<u>\$ 1,322,886</u>
Private-purpose trust activities:					
Other debts:					
1999 Refunding Special Tax Bonds	\$ 260,000	-	260,000	-	-
2016 Refunding Tax Allocation Bonds	4,185,000	-	250,000	3,935,000	285,000
Add unamortized premium	132,409	-	9,808	122,601	-
Total long-term debt of private-purpose trust activities	<u>\$ 4,577,409</u>	<u>\$ -</u>	<u>\$ 519,808</u>	<u>\$ 4,057,601</u>	<u>\$ 285,000</u>

* The portion of compensated absences due within one year in governmental activities is reported in the Internal Service Employee Benefit fund. All compensated absences are expended out of each respective funds that the payroll time was allocated to during that payroll period. For governmental fund types, the amount of accumulated unpaid vacation and sick leave, which is payable from available resources is recorded as a liability and is liquidated in the respective fund.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

1. Governmental Activities

Energy Loan Agreement and Energy Capital Lease Agreement

During the fiscal year ended June 30, 2003, Chevron Energy Solutions Company (Chevron) conducted a study of the City’s energy use. Based on that study, in March 2004 the City and Chevron Energy Solutions Company entered into a service contract whereby Chevron would construct and install approximately \$2.3 million of energy saving solutions for the City. These solutions include lighting, motors, tiller systems, air conditioners, controllers, and control systems in both City buildings and on other City property (i.e. parks and streets). To pay for these solutions, the City entered into a \$1,080,000 loan agreement and a separate \$1,273,390 capital lease agreement for the acquisition of buildings and improvements. Energy Loan balance was paid off in the fiscal year 2018-19 and energy capital lease balance was paid off in the fiscal year 2019-20.

Motorola Capital Lease Agreement

In December 2017, the City executed an equipment lease-purchase agreement with Motorola Solutions, inc. for the amount of \$1,430,097 to acquire and upgrade radios and communication system for the police department (i.e. 800 MHz radio equipment system). The lease bears interest at 3.39% per annum and is secured by the acquired equipment. The lease is due in 10 annual payments of \$171,036 beginning on December 31, 2018. The equipment was capitalized with a cost of \$1,430,097 and accumulated depreciation of \$286,019 as of June 30, 2020. The debt service payments of the lease are as follows:

Fiscal Year	Lease Payable	
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 130,997	\$ 40,039
2022	135,437	35,599
2023	140,029	31,007
2024	144,776	26,261
2025	149,684	21,353
2026-2028	480,190	32,919
Totals	<u>\$ 1,181,113</u>	<u>\$ 187,178</u>

Notes Payable

The City has a note payable to the Lowell Joint School District that bears interest at 4.75% per annum and is secured by a deed of trust. The note payable calls for monthly payments of \$5,720, including interest, and expires in February 2020. There was no outstanding balance as of June 30, 2020.

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

certificates mature in various annual amounts through September 1, 2022, and are payable from lease payments made by the City to the Authority as defined in the lease agreement. Lease payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pledged lease payment received during the year ended June 30, 2020, was \$471,300 and was used against the total debt service payments of \$471,300. Pursuant to the trust agreement, a debt service reserve fund was established with a fund requirement in the amount of \$665,763 as of June 30, 2020. The outstanding balance at June 30, 2020 was \$1,300,000.

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

Fiscal Year Ending June 30	COPs Series B		COPs Series C	
	Principal	Interest	Principal	Interest
2021	\$ 340,000	\$ 43,440	\$ 70,000	\$ 12,350
2022	360,000	26,640	75,000	7,638
2023	375,000	9,000	80,000	2,600
Subtotal	1,075,000	79,080	225,000	22,588
Unamortized discount	(4,194)	4,194	(715)	715
Total	<u>\$ 1,070,806</u>	<u>\$ 83,274</u>	<u>\$ 224,285</u>	<u>\$ 23,303</u>

Opus Bank Loan Agreement

On July 26, 2018, the Civic Improvement Authority entered into a \$904,000 10-year loan agreement with Opus Bank in connection with the acquisition of properties located at 115 & 121 North Euclid Street. Principal is payable annually on each August 1, commencing August 1, 2019. Interest is payable semiannually on each February 1 and August 1, commencing February 1, 2019. Interest is payable at a fixed rate of 3.27%. The outstanding balance at June 30, 2020 was \$826,482. The debt service schedules of the loan are as follows:

Fiscal Year Ending June 30	Opus Loan Agreement	
	Principal	Interest
2021	\$ 80,463	\$ 25,710
2022	83,094	23,036
2023	85,811	20,275
2024	88,617	17,423
2025	91,515	14,478
2026-2028	396,982	26,485
Totals	<u>\$ 826,482</u>	<u>\$ 127,407</u>

2. *Business-Type Activities*

2010 Refunding Certificates of Participation, Series A

On March 25, 2010, the Housing Authority issued Certificates of Participation, Series A (Certificates) in an aggregate amount of \$15,910,000 with interest rates ranging from 1.00% to 5.25% to provide

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

funds to refund on a current basis the outstanding 1998 Refunding Certificates of Participation, Series A (1998 Certificates), with interest rates ranging from 4% to 4.8%. The Certificates mature in varying annual amounts through September 1, 2040. Lease payments are to be paid by the city in each rental period for and in consideration of the right to use and occupy the properties during each such period. Pursuant to the trust agreement, a debt service reserve fund was established with a fund requirement in the amount of \$1,175,375 as of June 30, 2020. The outstanding balance at June 30, 2020 was \$13,105,000.

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

Fiscal Year	2010 COPs Series A	
Ending June 30	Principal	Interest
2021	\$ 365,000	\$ 657,281
2022	380,000	641,213
2023	400,000	623,900
2024	420,000	605,240
2025	440,000	585,240
2026-2030	2,550,000	2,568,250
2031-2035	3,285,000	1,830,856
2036-2040	4,270,000	845,250
2041	995,000	26,119
Subtotal	13,105,000	8,383,349
Unamortized discount	(190,403)	190,403
Total	\$ 12,914,597	\$ 8,573,752

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, 2020 was \$4,867,824 against the total debt service payment of \$1,337,225. 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, 2020 was \$17,415,000.

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 reacquisition price exceeded the net carrying amount of the old debt by \$732,288. This amount is being amortized

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

over the life of the old debt which is the same as the refunding debt obligation. At June 30, 2020, the unamortized deferred amount on refunding was \$715,280. The transaction also resulted in an economic gain of \$3,456,556 and a reduction of \$6,455,553 in future debt 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, 2020 was \$4,867,824 against the total debt service payment of \$953,490. 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, 2020 was \$13,795,000.

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
2021	525,000	811,525	350,000	579,323
2022	550,000	784,650	360,000	572,400
2023	580,000	756,400	365,000	565,240
2024	615,000	726,525	375,000	557,653
2025	645,000	695,025	380,000	549,535
2026-2030	3,725,000	2,950,450	2,120,000	2,550,328
2031-2035	4,195,000	2,049,356	3,080,000	1,960,750
2036-2040	3,295,000	1,212,547	5,515,000	940,600
2041-2044	3,285,000	324,766	1,250,000	31,250
Subtotal	17,415,000	10,311,244	13,795,000	8,307,078
Unamortized premium	841,912	(841,912)	2,512,589	(2,512,589)
Total	<u>\$ 18,256,912</u>	<u>\$ 9,469,332</u>	<u>\$ 16,307,589</u>	<u>\$ 5,794,489</u>

3. Private-Purpose Trust Activities

2016 Refunding Tax Allocation Bonds

On December 13, 2016, the Successor Agency issued \$4,715,000 of Tax Allocation Bonds, Series 2016 and used the proceeds to 1) refund the 2000 Tax Allocation Bonds, 2) fund a debt service reserve fund for the bonds, and 3) pay the costs of issuing the bonds. As a result, the refunded 2000 Tax Allocation Bonds are considered to be defeased and the liability has been removed from the Private-Purpose Trust Fund. This current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$899,073 and decreased total debt service payments over the next 16 years by \$989,079. The bonds mature in various annual amounts through October 2032 and are secured by a pledge of tax revenue deposited into the Redevelopment Property Tax Trust Fund. Tax revenue recognized during the year ended June 30, 2020 was \$2,723,793 against the total debt service payment of \$407,563. 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, 2020 was \$3,935,000. The debt service schedules of the Tax Allocation Bonds are as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>2016 Tax Allocation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 285,000	\$ 146,863
2022	290,000	135,363
2023	305,000	123,463
2024	315,000	111,063
2025	325,000	96,638
2026-2030	1,440,000	302,447
2031-2033	975,000	54,909
Subtotal	<u>3,935,000</u>	<u>970,746</u>
Unamortized premium	122,601	(122,601)
Total	<u><u>\$ 4,057,601</u></u>	<u><u>\$ 848,145</u></u>

Upon the dissolution of the former Redevelopment Agency on January 31, 2012, the outstanding balances of the former Redevelopment Agency's obligations were transferred to the Successor Agency. The future payments of these obligations are subject to the Recognized Obligation Payment Schedule (ROPS) review and approval process by the California Department of Finance (DOF).

(h) Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2020, were distributed as follows:

	<u>General Fund</u>	<u>Other Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$ 13,906	\$ -	\$ 68,126	\$ 82,032
Loans to Successor Agency	2,701,700	-	-	2,701,700
Restricted for:				
Child development	-	-	-	-
Street and road improvement	-	-	8,216,155	8,216,155
Park and capital development	-	-	3,718,259	3,718,259
Air quality improvement	-	-	58,398	58,398
Law enforcement	-	-	587,456	587,456
Housing and community development	-	-	112,509	112,509
Employment and training	-	-	25,829	25,829
Low-moderate income housing	-	-	331,451	331,451
Abandoned vehicles	-	-	11,293	11,293
Public, education & governmental	297,839	-	-	297,839
General plan update	-	-	686,136	686,136
Public Art	-	-	155,153	155,153
Pension rate program	1,717,170	-	-	1,717,170
Assigned for:				
Capital projects	-	3,450,080	-	3,450,080
Pension rate program	1,000,000	-	-	1,000,000
Facility improvement program	750,000	-	-	750,000
Land acquisition program	1,505,000	-	-	1,505,000
Special events program	300,000	-	-	300,000
Unassigned	<u>8,602,672</u>	<u>-</u>	<u>(1,270,763)</u>	<u>7,331,909</u>
Total fund balances	<u><u>\$ 16,888,287</u></u>	<u><u>\$ 3,450,080</u></u>	<u><u>\$ 12,700,002</u></u>	<u><u>\$ 33,038,369</u></u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

(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	\$ 28,374,801	\$ 55,583,496	\$ 83,958,297
Deferred outflows of resources related to pension	3,072,872	10,806,994	13,879,866
Deferred inflows of resources related to pension	778,388	3,066,705	3,845,093
Pension expense	6,077,128	8,633,312	14,710,440

2. General Information about the Pension Plans

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

The Plans' provisions and benefits in effect at June 30, 2019 (measurement date), 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	8.164%	8.164%	8.164%
Payment of unfunded liability	\$1,499,235	Included with the classic plan	
	Safety Plans		
	Prior to 1/1/2012	Between 1/1/2012 and 12/31/2012	On or after 1/1/2013
Hire date			
Benefit formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.75%
Required employer contribution rates:			
Normal cost rates	22.346%	17.334%	12.965%
Payment of unfunded liability	\$2,849,576	\$368	\$2,328

Employees Covered – At June 30, 2019 (measurement date), the following employees were covered by the benefit terms for each Plan:

	Misc Plan	Safety Plans
Inactive employees or beneficiaries currently receiving benefits	304	195
Inactive employees entitled to but not yet receiving benefits	471	69
Active employees	246	68
Total	<u>1,021</u>	<u>332</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the measurement period ended June 30, 2019, the contributions to Miscellaneous and Safety Plans were as follows:

<u>Plan</u>	<u>Employer Contributions</u>
Miscellaneous Plan	\$ 2,567,072
Safety Plans	4,161,228
Total	<u>\$ 6,728,300</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, 2019, using the actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures.

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

<u>Reporting Period</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance at June 30, 2019	\$ 116,192,809	\$ 88,739,432	\$ 27,453,377
Changes in the year:			
Service cost	2,087,182	-	2,087,182
Interest on the total pension liability	8,203,581	-	8,203,581
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(44,376)	-	(44,376)
Plan to plan resource movement	-	-	-
Contribution - employer	-	2,566,946	(2,566,946)
Contribution - employees	-	937,306	(937,306)
Net Investment income	-	5,883,832	(5,883,832)
Benefit payments, including refunds of employee contributions	(4,913,250)	(4,913,250)	-
Administrative expense	-	(63,326)	63,326
Other miscellaneous Income/(Expense)	-	205	(205)
Net changes	<u>5,333,137</u>	<u>4,411,713</u>	<u>921,424</u>
Balance at June 30, 2020	<u>\$ 121,525,946</u>	<u>\$ 93,151,145</u>	<u>\$ 28,374,801</u>

Safety Plans – As of June 30, 2020, the City reported net pension liabilities of \$55,583,496 for proportionate shares of the net pension liability of Safety Plans. The City’s net pension liability for the Safety Plans is measured as the proportionate share of the net pension liability. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate shares of the net pension liability for Safety Plans as of measurement period ended June 30, 2018 and 2019 were as follows:

<u>Measurement Date</u>	<u>Safety Plans</u>	
	<u>Amount</u>	<u>%</u>
Proportion - June 30, 2018	\$ 52,128,243	0.54096%
Proportion - June 30, 2019	55,583,496	0.54243%
Change - Increase (Decrease)	<u>\$ 3,455,253</u>	<u>0.00147%</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability using standard update procedures, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

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

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

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

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

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

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) 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% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 45,454,243	\$ 28,374,801	\$ 14,395,784
Safety Plans	79,059,946	55,583,496	36,336,484

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

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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

For the year ended June 30, 2020, the City recognized pension expenses of \$6,077,128 and \$8,633,312 for Miscellaneous Plan and Safety Plans, respectively. At June 30, 2020, 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	\$ 3,072,872	\$ -
Differences between expected and actual experience	-	89,721
Changes in assumptions	-	131,052
Net difference between projected and actual earnings on pension plan investments	-	557,615
Total	<u>\$ 3,072,872</u>	<u>\$ 778,388</u>

	Safety Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,815,194	\$ -
Differences between expected and actual experience	3,629,101	
Changes in assumptions	2,278,271	444,602
Differences between employer's contributions and proportionate share of contributions	-	1,295,836
Net difference between projected and actual earnings on pension plan investments		764,645
Changes in employer's proportion	84,428	561,622
Total	<u>\$ 10,806,994</u>	<u>\$ 3,066,705</u>

The City reported \$3,072,872 and \$4,815,194 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Year Ending June 30	Misc Plan	Safety Plan
	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
2021	\$ 95,461	\$ 3,033,652
2022	(795,256)	(726,713)
2023	(156,932)	469,380
2024	78,339	148,776
2025	-	-
Thereafter	-	-
Total	<u>\$ (778,388)</u>	<u>\$ 2,925,095</u>

5. Payable to the Pension Plan

At June 30, 2020, the City reported payables of \$47,050 and \$56,256 for the outstanding amount of contributions to the pension Miscellaneous Plan and Safety Plans, respectively, required for the year ended June 30, 2020.

(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, 2019 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees or beneficiaries entitled to but not yet receiving benefits	139
Active employees	217
Total	<u>441</u>

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Contributions

There is no statutory requirement for the City to the more than the PEMHCA minimum for eligible retirees and surviving spouses. The City has currently chosen to contribution 100% of the actuarially determined contribution. For the measurement period ended June 30, 2019, the City’s cash contributions were \$436,000 in payment to the trust and \$153,552 in payment outside the trust. Administrative expenses paid outside of trust was \$1,751. The estimated implied subsidy was \$100,829. This results in a total contribution of \$692,132. There are no employee contributions.

2. *Net OPEB Liability:*

The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	6/30/2018
Measurement Date	6/30/2019
Contribution Policy	City contributes full Actuarially Determined Contribution
Actuarial Assumptions:	
Discount Rate and Long term expected rate of return on assets	6.75%
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	Derived from CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Salary Increase	Aggregate 3% annually, Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare 7.5% & Medicare 6.5% for 2020, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25% annually
Increase on \$200 Cap	0%
Healthcare Participation for Future Retirees	50%

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

The actuarial assumptions used in the June 30, 2018 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

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

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

* Policy target effective on October 1, 2018.

Discount Rate

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

Change of Discount Rate

There were no changes of discount rate.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

4. Changes in the net OPEB Liability:

The changes in the net OPEB liability are as follows:

<u>Reporting Period</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at June 30, 2019	\$ 6,585,177	\$ 2,082,839	\$ 4,502,338
Changes in the year:			
Service cost	230,803	-	230,803
Interest on the total OPEB liability	451,493	-	451,493
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer	-	692,132	(692,132)
Contribution - employees	-	-	-
Net Investment income	-	128,601	(128,601)
Benefit payments, including refunds of employee contributions	(254,381)	(254,381)	-
Administrative expense	-	(2,197)	2,197
Net changes	<u>427,915</u>	<u>564,155</u>	<u>(136,240)</u>
Balance at June 30, 2020	<u>\$ 7,013,092</u>	<u>\$ 2,646,994</u>	<u>\$ 4,366,098</u>

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Plan	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
Net OPEB Liability	\$ 5,406,779	\$ 4,366,098	\$ 3,524,754

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	\$ 3,375,057	\$ 4,366,098	\$ 5,624,397

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$471,269. At June 30, 2020, 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	\$ 710,296	\$ -
Differences between expected and actual experience	-	50,589
Changes in assumptions	-	489,780
Net difference between projected and actual earnings on OPEB plan investments	-	4,967
Total	\$ 710,296	\$ 545,336

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.

\$710,296 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, 2021. 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, 2020

Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2021	\$ (72,353)
2022	(70,353)
2023	(67,353)
2024	(65,092)
2025	(67,546)
Thereafter	(202,639)
Total	\$ (545,336)

6. Payable to the OPEB Plan:

At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

(c) Commitments and Contingencies

1. Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City established a self-insurance program, the Risk Management Fund, to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$750,000 for each miscellaneous claim, \$1,000,000 for each safety workers' compensation claim, and \$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.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year end. The accruals are in the amounts of \$3,721,220 and \$969,227 for the workers' compensation claims and general liability claims, respectively, and are reported as accrued liabilities on the Statement of Net Position in the Risk Management Internal Services Fund.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

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, 2018	\$ 3,914,485	\$ 867,822	\$ 4,782,307
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	798,951	43,036	841,987
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(746,736)</u>	<u>(31,381)</u>	<u>(778,117)</u>
Amounts of accrued claims at June 30, 2019	3,966,700	879,477	4,846,177
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	377,088	103,150	480,238
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(622,568)</u>	<u>(13,400)</u>	<u>(635,968)</u>
Amounts of accrued claims at June 30, 2020	<u>\$ 3,721,220</u>	<u>\$ 969,227</u>	<u>\$ 4,690,447</u>
Due within one year	\$ 966,428	\$ 351,098	1,317,526
Due in more than one year	<u>2,754,792</u>	<u>618,129</u>	<u>3,372,921</u>
	<u>\$ 3,721,220</u>	<u>\$ 969,227</u>	<u>\$ 4,690,447</u>

2. *Litigation*

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

3. *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, 2020.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

Fund	Balance
General Fund	\$ 121,075
Capital Projects Fund	226,618
Nonmajor Governmental Funds	3,497,550
Water Fund	208,740
Sewer Fund	10,025
Refuse Fund	422,623
Nonmajor Enterprise Funds	11,373
Internal Service Funds	109,371
Total Contractual Commitments	<u>\$ 4,607,375</u>

4. Pollution Remediation Obligation

The City was named as a responsible party in the environmental remediation of a City-owned park. The property had been previously used as a refuse disposal site operated by the County of Orange, California (County), between 1949 and 1958. Prior to 1949, the park site was a burn dump operated by the City. As a result of these prior refuse disposal activities, several regulatory agencies have issued notices, orders and/or directives requiring the City to monitor methane gas emissions. In response to the regulatory agencies, the City has installed a methane monitoring system. The City estimates the cost to fully remediate the property to be \$2,800,000, which includes the preliminary design and construction of a permanent landfill “cap.”

The City anticipates spending approximately \$70,000 annually for an indeterminable period of time for environmental mitigation and monitoring obligations. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

Measurement and Assumptions

The City measured the environmental liabilities for pollution remediation site using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as preliminary engineering and construction instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained City staff. Changes to estimates will be made when new information becomes available and/or benchmarks in the estimated outlay change, such as the following:

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and postremediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.

CITY OF LA HABRA, CALIFORNIA
Notes to Financial Statements (Continued)
June 30, 2020

- 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, 2020, the City has expensed \$1,820,752 related to monitoring activities. \$2,800,000 of the remaining cash balance is off-set by a pollution remediation liability and \$374,248 is restricted for future annual monitoring expenses that will be incurred.

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

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

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the prior Redevelopment Agency have been paid in full and all assets have been liquidated. After the date of dissolution, the assets and activities of the dissolved redevelopment agreement are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

(4) SUBSEQUENT EVENTS

On August 27, 2020, the Housing Authority issued \$11,835,000 of Refunding Certificates of Participation, Series A and used the proceeds to refund the outstanding 2010 Certificates of Participation, Series A.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 29, 2021, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, 2020
Last 10 Years⁽¹⁾

Measurement Period	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Total Pension Liability						
Service cost	\$ 2,087,182	\$ 2,227,994	\$ 2,219,809	\$ 1,962,288	\$ 1,868,111	\$ 1,961,553
Interest on the total pension liability	8,203,581	7,831,360	7,492,882	7,156,766	6,783,896	6,385,852
Changes of benefit terms	-	-	-	-	-	-
Difference between actual and expected experience	(44,376)	(183,580)	(517,414)	103,775	682,560	-
Changes in assumptions	-	(393,154)	6,591,774	-	(1,740,320)	-
Benefit payments, including refunds of employee contributions	(4,913,250)	(4,564,114)	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Net change in total pension liability	5,333,137	4,918,506	11,538,973	5,312,703	3,646,850	4,876,328
Total pension liability - beginning	116,192,809	111,274,303	99,735,330	94,422,627	90,775,777	85,899,449
Total pension liability - ending	<u>\$ 121,525,946</u>	<u>\$ 116,192,809</u>	<u>\$ 111,274,303</u>	<u>\$ 99,735,330</u>	<u>\$ 94,422,627</u>	<u>\$ 90,775,777</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 2,566,946	\$ 2,214,726	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371	\$ 1,513,328
Contributions - employee	937,306	985,232	858,098	914,124	892,674	860,073
Net investment income	5,883,832	7,060,817	8,508,652	388,841	1,708,919	11,556,149
Benefit payments, including refunds of employee contributions	(4,913,250)	(4,564,114)	(4,248,078)	(3,910,126)	(3,947,397)	(3,471,077)
Plan to plan resource movement	-	(205)	(49)	-	130	-
Administrative expense	(63,326)	(129,991)	(112,619)	(46,933)	(86,653)	-
Other Miscellaneous Income/(Expense)	205	(246,855)	-	-	-	-
Net change in plan fiduciary net position	4,411,713	5,319,610	7,142,113	(731,252)	237,044	10,458,473
Plan fiduciary net position - beginning	88,739,432	83,419,822	76,277,709	77,008,961	76,771,917	66,313,444
Plan fiduciary net position - ending	<u>\$ 93,151,145</u>	<u>\$ 88,739,432</u>	<u>\$ 83,419,822</u>	<u>\$ 76,277,709</u>	<u>\$ 77,008,961</u>	<u>\$ 76,771,917</u>
Net pension liability - ending	<u>\$ 28,374,801</u>	<u>\$ 27,453,377</u>	<u>\$ 27,854,481</u>	<u>\$ 23,457,621</u>	<u>\$ 17,413,666</u>	<u>\$ 14,003,860</u>
Fiduciary net position as a percentage of the total pension liability	76.65%	76.37%	74.97%	76.48%	81.56%	84.57%
Covered payroll	\$ 13,043,260	\$ 13,848,797	\$ 13,928,651	\$ 13,577,030	\$ 12,416,819	\$ 12,471,730
Net pension liability as percentage of covered payroll	217.54%	198.24%	199.98%	172.77%	140.24%	112.28%

Notes to Schedule:

Benefit Changes:

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

Changes of Assumptions:

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

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

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Miscellaneous Pension Plan
Schedule of Contribution
As of June 30, 2020
Last 10 Years ⁽¹⁾

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Actuarially determined contribution	\$ 3,072,872	\$ 2,567,072	\$ 2,214,726	\$ 2,136,109	\$ 1,922,842	\$ 1,669,371
Contributions in relation to the actuarially determined contributions	<u>(3,072,872)</u>	<u>(2,567,072)</u>	<u>(2,214,726)</u>	<u>(2,136,109)</u>	<u>(1,922,842)</u>	<u>(1,669,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 13,858,299	\$ 13,043,260	\$ 13,848,797	\$ 13,928,651	\$ 13,577,030	\$ 12,416,819
Contributions as a percentage of covered payroll	22.17%	19.68%	15.99%	15.34%	14.16%	13.44%
Notes to Schedule						
Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)	(2)	Level percent of payroll, closed
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method	Actuarial value of assets method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.375%	7.375%	7.50%	7.50%	7.50%	7.50%
Post-Retirement Mortality	(3)	(3)	(3)	(3)	(3)	(3)

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

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

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

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of the City's Proportionate Share of the Net Pension Liability
As of June 30, 2020
Last 10 Years ⁽¹⁾

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes of Assumptions:

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

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

CITY OF LA HABRA, CALIFORNIA
Cost Sharing Defined Benefit Safety Pension Plans
Schedule of Contribution
As of June 30, 2020
Last 10 Years ⁽¹⁾

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Actuarially determined contribution	\$ 4,815,194	\$ 4,161,228	\$ 3,576,391	\$ 3,296,710	\$ 2,950,460	\$ 2,058,944
Contributions in relation to the actuarially determined contributions	<u>(4,815,194)</u>	<u>(4,161,228)</u>	<u>(3,576,391)</u>	<u>(3,296,710)</u>	<u>(2,950,460)</u>	<u>(2,058,944)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 8,130,979	\$ 7,933,244	\$ 8,300,113	\$ 8,702,118	\$ 8,142,184	\$ 7,158,033
Contributions as a percentage of covered	59.22%	52.45%	43.09%	37.88%	36.24%	28.76%

Notes to Schedule

Valuation date: 6/30/2017 6/30/2016 6/30/2015 6/30/2014 6/30/2013 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method/period	(2)	(2)	(2)	(2)	(2)	Level percent of payroll, closed
Asset valuation method	Fair value method	Fair value method	Fair value method	Fair value method	Fair value method	Actuarial value of assets method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.375%	7.375%	7.50%	7.50%	7.50%	7.50%
Post-Retirement Mortality	(3)	(3)	(3)	(3)	(3)	(3)

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

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

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

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2020
Last 10 Years⁽¹⁾

Fiscal year end	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Measurement Period	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Total OPEB Liability			
Service cost	\$ 230,803	\$ 200,241	\$ 194,000
Interest on the total OPEB liability	451,493	468,398	445,000
Changes of benefit terms	-	-	-
Difference between actual and expected experience	-	(63,237)	-
Changes in assumptions	-	(612,224)	-
Benefit payments, including refunds	(254,381)	(294,001)	(281,000)
Net change in total OPEB liability	427,915	(300,823)	358,000
Total OPEB liability - beginning	6,585,177	6,886,000	6,528,000
Total OPEB liability - ending	<u>\$ 7,013,092</u>	<u>\$ 6,585,177</u>	<u>\$ 6,886,000</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 692,132	\$ 726,001	\$ 724,000
Contributions - employee	-	-	-
Net investment income	128,601	116,706	105,000
Benefit payments, including refunds	(254,381)	(294,001)	(281,000)
Administrative expense	(2,197)	(2,867)	(1,000)
Net change in plan fiduciary net position	564,155	545,839	547,000
Plan fiduciary net position - beginning	2,082,839	1,537,000	990,000
Plan fiduciary net position - ending	<u>\$ 2,646,994</u>	<u>\$ 2,082,839</u>	<u>\$ 1,537,000</u>
Net OPEB liability - ending	<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	37.74%	31.63%	22.32%
Covered payroll	\$ 20,719,346	\$ 22,331,468	\$ 23,756,220
Net pension liability as percentage of covered payroll	21.07%	20.16%	22.52%

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: Measurement Period FY 17-18

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

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

CITY OF LA HABRA, CALIFORNIA
Agent Multiple-Employer Defined Benefit Postemployment Healthcare Plan
Schedule of Contribution
As of June 30, 2020
Last 10 Years⁽¹⁾

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

Notes to Schedule

Valuation date: 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
Amortization method/period	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
Inflation	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
Investment rate of return	6.75%	6.75%	6.75%
Healthcare cost trend rates	(2)	(2)	(2)
Mortality	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.

CITY OF LA HABRA, CALIFORNIA
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
			(See Note 2)	Positive (Negative)
Revenues:				
Property taxes and special assessments	\$ 18,014,579	\$ 18,014,579	\$ 18,749,790	\$ 735,211
Sales and use tax	11,008,000	11,008,000	11,344,359	336,359
Transaction and use tax	5,688,000	5,688,000	5,752,140	64,140
Franchise tax	1,801,410	1,801,410	1,983,537	182,127
Intergovernmental	-	-	50,291	50,291
Licenses and permits	1,079,600	1,079,600	1,360,776	281,176
Charges for services	4,403,109	4,403,109	5,036,161	633,052
Fines, forfeitures, and penalties	1,042,800	1,042,800	733,065	(309,735)
Use of money and property	2,804,243	2,804,243	2,821,874	17,631
Other revenues	24,700	62,033	198,902	136,869
Total revenues	<u>45,866,441</u>	<u>45,903,774</u>	<u>48,030,895</u>	<u>2,127,121</u>
Expenditures:				
Current:				
General government	3,399,544	3,399,544	3,425,978	(26,434)
Public safety	30,870,874	30,870,874	30,727,821	143,053
Public works	5,276,615	5,281,615	5,262,066	19,549
Community services	3,864,250	3,893,508	3,341,646	551,862
Community development	2,043,485	2,046,580	2,033,365	13,215
Capital outlay	-	-	-	-
Debt service:				
Principal	203,403	203,403	203,403	-
Interest expense	59,902	59,902	60,653	(751)
Total expenditures	<u>45,718,073</u>	<u>45,755,426</u>	<u>45,054,932</u>	<u>700,494</u>
Excess (deficiency) of revenues over expenditures	<u>148,368</u>	<u>148,348</u>	<u>2,975,963</u>	<u>2,827,615</u>
Other financial sources (uses):				
Transfers in	-	-	48,903	48,903
Transfers out	(151,568)	(167,548)	(2,439,172)	(2,271,624)
Proceeds from sale of capital assets	3,200	3,200	-	(3,200)
Total other financing sources (uses)	<u>(148,368)</u>	<u>(164,348)</u>	<u>(2,390,269)</u>	<u>(2,225,921)</u>
Net change in fund balance	-	(16,000)	585,694	601,694
Fund balance, beginning of year	<u>15,927,593</u>	<u>15,927,593</u>	<u>15,927,593</u>	-
Fund balance, end of year	<u>\$ 15,927,593</u>	<u>\$ 15,911,593</u>	<u>\$ 16,513,287</u>	<u>\$ 601,694</u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA HABRA, CALIFORNIA
Note to Required Supplementary Information
June 30, 2020

(1) Budgets and Budgetary Accounting

Annual budgets are adopted on a substantially modified accrual basis of accounting for all governmental funds except for General Plan Update Special Revenue Fund and Public Art Special Revenue Fund, SB2 Permanent Local Housing Special Revenue Fund, and Coronavirus Relief Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The government's department head, with approval of the Finance Director and City Manager, may make transfers of appropriations within a department. Transfers of appropriations between departments within a fund must be approved by the City Manager. Transfers between funds must be approved by the City Council; therefore, the legal level of budgetary control is at the fund level. The Council made several supplemental budgetary appropriations throughout the year. Certain types of transfers between funds are approved by the City Council in the budget resolution. The amounts of these transfers are typically unknown until the year end therefore not included in the final budget. An annual budget is not legally adopted for General Plan Update Special Revenue Fund, Public Art Special Revenue Fund, SB2 Permanent Local Housing Special Revenue Fund, and Coronavirus Relief Special Revenue Fund in fiscal year ended June 30, 2020.

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

(a) Excess of Expenditures Over Appropriations

Fund	Amount Over Budget
Law Enforcement Speical Revenue Fund	\$ 53,944
Traffic Improvement Speical Revenue Fund	13,935
Low-Moderate Income Housing Assets Capital Project Fund	160,000

(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 comparision schedules	\$ 45,054,932
Adjustments:	
Principal payment for Advances to Other Funds is reported as expenditure for budgetary purposes, but as a reduction of liability for GAAP reporting	(375,000)
Total expenditures for the General Fund on a GAAP basis of accounting	\$ 44,679,932

SUPPLEMENTARY INFORMATION

CITY OF LA HABRA
Other Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	95,246	95,246
Total revenues	-	95,246	95,246
Expenditures:			
Current:			
Public works	523,183	133,262	389,921
Capital outlay	1,592,089	179,550	1,412,539
Total expenditures	2,115,272	312,812	1,802,460
Excess (deficiency) of revenues over (under) expenditures	(2,115,272)	(217,566)	1,897,706
Other financing sources (uses):			
Transfers out	-	-	-
Total other financing sources (uses)	-	72,463	72,463
Net change in fund balance	(2,115,272)	(145,103)	1,970,169
Fund balance, beginning of year	3,595,183	3,595,183	-
Fund balance, end of year	\$ 1,479,911	\$ 3,450,080	1,970,169



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

State Gas Tax Fund

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

Park and Capital Development Funds

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

Air Quality Improvement Fund

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

Law Enforcement Fund

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

Child Development Fund

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

Housing and Community Development Fund

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

Employment and Training Fund

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

Measure M Special Revenue Fund

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

Public Safety Augmentation Fund

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

Other Federal Grants Fund

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

Traffic Safety Fund

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

Service Authority for Abandoned Vehicles Fund

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

Traffic Improvement Fund

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

General Plan Update Fund

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

Public Art Fund

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

SB2 Permanent Local Housing Fund

The SB2 Permanent Local Housing Fund accounts for receipts 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 receipts 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.

Debt Service Fund

Other Debt Service Fund

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

Capital Projects Funds

Low and Moderate Income Housing Assets Fund

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



CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Assets:			
Cash and investments	\$ 4,507,287	\$ 3,260,779	\$ 19,463
Accounts receivables	-	-	2,195
Interest receivables	12,701	10,317	53
Prepaid items	-	-	-
Due from other governments	168,058	1,098,956	36,687
Loans receivable	-	-	-
Total assets	<u>\$ 4,688,046</u>	<u>\$ 4,370,052</u>	<u>\$ 58,398</u>
Liabilities:			
Accounts payable	\$ 102,555	\$ 590,619	\$ -
Accrued liabilities	57,230	61,174	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>159,785</u>	<u>651,793</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	4,528,261	3,718,259	58,398
Unassigned	-	-	-
Total fund balances	<u>4,528,261</u>	<u>3,718,259</u>	<u>58,398</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,688,046</u>	<u>\$ 4,370,052</u>	<u>\$ 58,398</u>

Special Revenue Funds

Law Enforcement	Child Development	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation
\$ 487,750	\$ 426,022	\$ 112,509	\$ -	\$ 1,241,119	\$ 242,907
-	581	-	-	-	-
-	-	-	-	6,015	1,710
9,700	-	1,739	-	-	-
34,317	618,243	222,972	137,206	1,661,349	30,536
-	-	519,639	-	-	-
<u>\$ 531,767</u>	<u>\$ 1,044,846</u>	<u>\$ 856,859</u>	<u>\$ 137,206</u>	<u>\$ 2,916,667</u>	<u>\$ 275,153</u>
\$ 22,836	\$ 278,488	\$ 65,355	\$ 4,508	\$ 346,775	\$ -
33,817	79,504	27,816	16,011	12,367	-
-	-	129,801	90,858	-	-
-	-	-	-	-	-
247,595	691,982	-	-	-	-
<u>304,248</u>	<u>1,049,974</u>	<u>222,972</u>	<u>111,377</u>	<u>359,142</u>	<u>-</u>
-	-	519,639	-	-	-
-	-	519,639	-	-	-
9,700	-	1,739	-	-	-
217,819	-	112,509	25,829	2,557,525	275,153
-	(5,128)	-	-	-	-
<u>227,519</u>	<u>(5,128)</u>	<u>114,248</u>	<u>25,829</u>	<u>2,557,525</u>	<u>275,153</u>
<u>\$ 531,767</u>	<u>\$ 1,044,846</u>	<u>\$ 856,859</u>	<u>\$ 137,206</u>	<u>\$ 2,916,667</u>	<u>\$ 275,153</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2020

	Special Revenue Funds		
	Other Federal Grants	Traffic Safety	Service Authority for Abandoned Vehicles
Assets:			
Cash and investments	\$ -	\$ 54,012	\$ 12,813
Accounts receivables	-	84	-
Interest receivables	-	241	40
Prepaid items	-	-	-
Due from other governments	8,046	40,601	-
Loans receivable	-	-	-
Total assets	<u>\$ 8,046</u>	<u>\$ 94,938</u>	<u>\$ 12,853</u>
Liabilities:			
Accounts payable	\$ -	\$ 81	\$ -
Accrued liabilities	-	373	1,560
Due to other funds	8,046	-	-
Advances from other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>8,046</u>	<u>454</u>	<u>1,560</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	-	94,484	11,293
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>94,484</u>	<u>11,293</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,046</u>	<u>\$ 94,938</u>	<u>\$ 12,853</u>

Special Revenue Funds					Debt Service Fund
Traffic Improvement	General Plan Update	Public Art	SB 2 Permanent Local Housing	Coronavirus Relief Fund	Other Debt Service
\$ 1,127,442	\$ 687,252	\$ 154,755	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,927	1,766	398	-	-	-
-	-	-	56,687	-	-
-	-	-	-	116,421	-
-	-	-	-	-	-
<u>\$ 1,130,369</u>	<u>\$ 689,018</u>	<u>\$ 155,153</u>	<u>\$ 56,687</u>	<u>\$ 116,421</u>	<u>\$ -</u>
\$ -	\$ 2,882	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	264,521	291,053	-
-	-	-	-	-	826,482
-	-	-	-	-	-
-	<u>2,882</u>	-	<u>264,521</u>	<u>291,053</u>	<u>826,482</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	56,687	-	-
1,130,369	686,136	155,153	-	-	-
-	-	-	(264,521)	(174,632)	(826,482)
<u>1,130,369</u>	<u>686,136</u>	<u>155,153</u>	<u>(207,834)</u>	<u>(174,632)</u>	<u>(826,482)</u>
<u>\$ 1,130,369</u>	<u>\$ 689,018</u>	<u>\$ 155,153</u>	<u>\$ 56,687</u>	<u>\$ 116,421</u>	<u>\$ -</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2020

	Capital Projects Funds Low-Moderate Income Housing Assets	Total	
Assets:			
Cash and investments	\$ 330,602	\$ 12,664,712	
Accounts receivables	-	2,860	
Interest receivables	849	37,017	
Prepaid items	-	68,126	
Due from other governments	-	4,173,392	
Loans receivable	-	519,639	
Total assets	\$ 331,451	\$ 17,473,930	
Liabilities:			
Accounts payable	\$ -	\$ 1,414,099	
Accrued liabilities	-	289,852	
Due to other funds	-	784,279	
Advances from other funds	-	826,482	
Unearned revenues	-	939,577	
Total liabilities	-	4,254,289	
Deferred inflows of resources:			
Unavailable revenues	-	519,639	
Total deferred inflows of resources	-	519,639	
Fund balances:			
Nonspendable	-	68,126	
Restricted	331,451	13,902,639	
Unassigned	-	(1,270,763)	
Total fund balances	331,451	12,700,002	
Total liabilities, deferred inflows of resources, and fund balances	\$ 331,451	\$ 17,473,930	



CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds		
	State Gas Tax	Park and Capital Development	Air Quality Improvement
Revenues:			
Intergovernmental	\$ 2,556,104	\$ 1,092,435	\$ 165,128
Licenses and permits	-	6,459	-
Charges for services	-	-	-
Use of money and property	175,662	137,253	567
Other revenues	-	-	-
Total revenues	<u>2,731,766</u>	<u>1,236,147</u>	<u>165,695</u>
Expenditures:			
Current:			
General government	-	167,236	-
Public safety	-	-	-
Public works	233,922	1,166	-
Community services	-	-	142,498
Community development	-	16,927	-
Capital outlay	2,914,806	1,223,464	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>3,148,728</u>	<u>1,408,793</u>	<u>142,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(416,962)</u>	<u>(172,646)</u>	<u>23,197</u>
Other financing sources (uses):			
Transfers in	-	75,000	-
Transfers out	-	(72,463)	-
Total other financing sources (uses)	<u>-</u>	<u>2,537</u>	<u>-</u>
Net change in fund balances	<u>(416,962)</u>	<u>(170,109)</u>	<u>23,197</u>
Fund balances, beginning of year	<u>4,945,223</u>	<u>3,888,368</u>	<u>35,201</u>
Fund balances, ending of year	<u>\$ 4,528,261</u>	<u>\$ 3,718,259</u>	<u>\$ 58,398</u>

Special Revenue Funds

Law Enforcement	Child Development	Housing and Community Development	Employment and Training	Measure M	Public Safety Augmentation
\$ 737,854	\$ 5,508,105	\$ 1,143,362	\$ 660,246	\$ 1,451,599	\$ 285,672
-	-	-	-	-	-
-	42,767	-	-	-	-
6,914	1,340	-	-	70,040	22,107
-	-	-	2,358	-	-
<u>744,768</u>	<u>5,552,212</u>	<u>1,143,362</u>	<u>662,604</u>	<u>1,521,639</u>	<u>307,779</u>
-	-	-	-	-	-
690,683	-	-	-	-	438,243
-	-	-	-	389,873	-
-	5,560,472	-	664,732	-	-
-	-	378,685	-	-	-
-	-	732,840	-	699,039	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>690,683</u>	<u>5,560,472</u>	<u>1,111,525</u>	<u>664,732</u>	<u>1,088,912</u>	<u>438,243</u>
<u>54,085</u>	<u>(8,260)</u>	<u>31,837</u>	<u>(2,128)</u>	<u>432,727</u>	<u>(130,464)</u>
4,558	-	-	-	-	-
-	-	-	-	(48,903)	-
<u>4,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,903)</u>	<u>-</u>
<u>58,643</u>	<u>(8,260)</u>	<u>31,837</u>	<u>(2,128)</u>	<u>383,824</u>	<u>(130,464)</u>
<u>168,876</u>	<u>3,132</u>	<u>82,411</u>	<u>27,957</u>	<u>2,173,701</u>	<u>405,617</u>
<u>\$ 227,519</u>	<u>\$ (5,128)</u>	<u>\$ 114,248</u>	<u>\$ 25,829</u>	<u>\$ 2,557,525</u>	<u>\$ 275,153</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, 2020

	Special Revenue Funds		
	Other Federal Grants	Traffic Safety	Service Authority for Abandoned Vehicles
Revenues:			
Intergovernmental	\$ 199,099	\$ 26,069	\$ -
Licenses and permits	-	-	-
Charges for services	-	21,691	-
Use of money and property	-	3,209	596
Other revenues	-	-	-
Total revenues	<u>199,099</u>	<u>50,969</u>	<u>596</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	65,594	-
Public works	207,144	-	-
Community services	-	-	-
Community development	-	-	73,786
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>207,144</u>	<u>65,594</u>	<u>73,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,045)</u>	<u>(14,625)</u>	<u>(73,190)</u>
Other financing sources (uses):			
Transfers in	8,045	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>8,045</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(14,625)</u>	<u>(73,190)</u>
Fund balances, beginning of year	<u>-</u>	<u>109,109</u>	<u>84,483</u>
Fund balances, ending of year	<u>\$ -</u>	<u>\$ 94,484</u>	<u>\$ 11,293</u>

Special Revenue Funds					Debt Service Fund
Traffic Improvement	General Plan Update	Public Art	SB 2 Permanent Local Housing	Coronavirus Relief Fund	Other Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 116,421	\$ -
-	-	-	-	-	-
141,759	125,602	-	-	-	-
39,216	24,046	5,287	-	-	-
-	-	-	-	-	-
<u>180,975</u>	<u>149,648</u>	<u>5,287</u>	<u>-</u>	<u>116,421</u>	<u>-</u>
-	-	-	-	-	28,293
-	-	-	-	-	-
13,935	-	-	-	-	-
-	-	-	-	291,053	-
-	9,881	-	207,834	-	-
-	-	-	-	-	-
-	-	-	-	-	44,953
-	-	-	-	-	805
<u>13,935</u>	<u>9,881</u>	<u>-</u>	<u>207,834</u>	<u>291,053</u>	<u>74,051</u>
<u>167,040</u>	<u>139,767</u>	<u>5,287</u>	<u>(207,834)</u>	<u>(174,632)</u>	<u>(74,051)</u>
-	-	-	-	-	151,569
-	-	-	-	-	-
-	-	-	-	-	151,569
<u>167,040</u>	<u>139,767</u>	<u>5,287</u>	<u>(207,834)</u>	<u>(174,632)</u>	<u>77,518</u>
<u>963,329</u>	<u>546,369</u>	<u>149,866</u>	<u>-</u>	<u>-</u>	<u>(904,000)</u>
<u>\$ 1,130,369</u>	<u>\$ 686,136</u>	<u>\$ 155,153</u>	<u>\$ (207,834)</u>	<u>\$ (174,632)</u>	<u>\$ (826,482)</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, 2020

	Capital Projects Fund Low-Moderate Income Housing Assets	Total
Revenues:		
Intergovernmental	\$ -	\$ 13,942,094
Licenses and permits	-	6,459
Charges for services	-	331,819
Use of money and property	12,008	498,245
Other revenues	3,461	5,819
	15,469	14,784,436
Expenditures:		
Current:		
General government	-	195,529
Public safety	-	1,194,520
Public works	-	846,040
Community services	-	6,658,755
Community development	250,000	937,113
Capital outlay	-	5,570,149
Debt service:		
Principal retirement	-	44,953
Interest and other charges	-	805
	250,000	15,447,864
Excess (deficiency) of revenues over (under) expenditures	(234,531)	(663,428)
Other financing sources (uses):		
Transfers in	-	239,172
Transfers out	-	(121,366)
	-	117,806
Net change in fund balances	(234,531)	(545,622)
Fund balances, beginning of year	565,982	13,245,624
Fund balances, ending of year	\$ 331,451	\$ 12,700,002



CITY OF LA HABRA, CALIFORNIA
State Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,689,141	\$ 2,556,104	\$ (133,037)
Use of money and property	43,800	175,662	131,862
	<u>2,732,941</u>	<u>2,731,766</u>	<u>(1,175)</u>
Expenditures:			
Current:			
Public works	305,133	233,922	71,211
Capital outlay	7,251,795	2,914,806	4,336,989
	<u>7,556,928</u>	<u>3,148,728</u>	<u>4,408,200</u>
Net change in fund balance	(4,823,987)	(416,962)	4,407,025
Fund balance, beginning of year	<u>4,945,223</u>	<u>4,945,223</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 121,236</u></u>	<u><u>\$ 4,528,261</u></u>	<u><u>\$ 4,407,025</u></u>

CITY OF LA HABRA, CALIFORNIA
Park and Capital Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,211,690	\$ 1,092,435	\$ (119,255)
Licenses and permits	820,000	6,459	(813,541)
Use of money and property	37,100	137,253	100,153
Total Revenues	<u>2,068,790</u>	<u>1,236,147</u>	<u>(832,643)</u>
Expenditures:			
Current:			
General government	-	167,236	(167,236)
Public works	-	1,166	(1,166)
Community development	60,000	16,927	43,073
Capital outlay	1,384,690	1,223,464	161,226
Total Expenditures	<u>1,444,690</u>	<u>1,408,793</u>	<u>35,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>624,100</u>	<u>(172,646)</u>	<u>(796,746)</u>
Other financing sources:			
Transfers in	-	75,000	75,000
Transfers out	-	(72,463)	(72,463)
Total other financing sources (uses)	<u>-</u>	<u>2,537</u>	<u>2,537</u>
Net change in fund balance	624,100	(170,109)	(794,209)
Fund balance, beginning of year	<u>3,888,368</u>	<u>3,888,368</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,512,468</u>	<u>\$ 3,718,259</u>	<u>\$ (794,209)</u>

CITY OF LA HABRA, CALIFORNIA
Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 160,121	\$ 165,128	\$ 5,007
Use of money and property	450	567	117
Total revenues	<u>160,571</u>	<u>165,695</u>	<u>5,124</u>
Expenditures:			
Current:			
Community services	<u>168,000</u>	<u>142,498</u>	<u>25,502</u>
Net change in fund balance	(7,429)	23,197	30,626
Fund balance, beginning of year	<u>35,201</u>	<u>35,201</u>	-
Fund balance, end of year	<u><u>\$ 27,772</u></u>	<u><u>\$ 58,398</u></u>	<u><u>\$ 30,626</u></u>

CITY OF LA HABRA, CALIFORNIA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 665,200	\$ 737,854	\$ 72,654
Use of money and property	1,000	6,914	5,914
Total revenues	<u>666,200</u>	<u>744,768</u>	<u>78,568</u>
Expenditures:			
Current:			
Public safety	615,200	690,683	(75,483)
Capital outlay	21,539	-	21,539
Total Expenditures	<u>636,739</u>	<u>690,683</u>	<u>(53,944)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,461</u>	<u>54,085</u>	<u>24,624</u>
Other financing sources:			
Transfers in	-	4,558	4,558
Net change in fund balance	29,461	58,643	29,182
Fund balance, beginning of year	<u>168,876</u>	<u>168,876</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 198,337</u></u>	<u><u>\$ 227,519</u></u>	<u><u>\$ 29,182</u></u>

CITY OF LA HABRA, CALIFORNIA
Child Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,699,140	\$ 5,508,105	\$ (191,035)
Charges for services	60,000	42,767	(17,233)
Use of money and property	-	1,340	1,340
Other revenues	178,800	-	(178,800)
	<u>5,937,940</u>	<u>5,552,212</u>	<u>(385,728)</u>
Total revenues			
Expenditures:			
Current:			
Community services	5,937,940	5,560,472	377,468
	<u>5,937,940</u>	<u>5,560,472</u>	<u>377,468</u>
Net change in fund balance	-	(8,260)	(8,260)
Fund balance, beginning of year	3,132	3,132	-
	<u>3,132</u>	<u>3,132</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,132</u>	<u>\$ (5,128)</u>	<u>\$ (8,260)</u>

CITY OF LA HABRA, CALIFORNIA
Housing and Community Development Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 681,180	\$ 1,143,362	\$ 462,182
Expenditures:			
Current:			
Community development	264,498	378,685	(114,187)
Capital outlay	928,022	732,840	195,182
Total expenditures	1,192,520	1,111,525	80,995
Net change in fund balance	(511,340)	31,837	543,177
Fund balance, beginning of year	82,411	82,411	-
Fund balance, end of year	<u>\$ (428,929)</u>	<u>\$ 114,248</u>	<u>\$ 543,177</u>

CITY OF LA HABRA, CALIFORNIA
Employment and Training Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 747,950	\$ 660,246	\$ (87,704)
Other revenues	-	2,358	2,358
	747,950	662,604	(85,346)
Expenditures:			
Current:			
Community services	747,950	664,732	83,218
Net change in fund balance	-	(2,128)	(2,128)
Fund balance, beginning of year	27,957	27,957	-
Fund balance, end of year	\$ 27,957	\$ 25,829	\$ (2,128)

CITY OF LA HABRA, CALIFORNIA
Measure M Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 4,031,730	\$ 1,451,599	\$ (2,580,131)
Use of money and property	19,700	70,040	50,340
Total Revenues	4,051,430	1,521,639	(2,529,791)
Expenditures:			
Current:			
Public works	624,694	389,873	234,821
Capital outlay	5,807,741	699,039	5,108,702
Total expenditures	6,432,435	1,088,912	5,343,523
Excess (deficiency) of revenues over (under) expenditures	(2,381,005)	432,727	2,813,732
Other financing sources:			
Transfers out	-	(48,903)	(48,903)
Total other financing sources (uses)	-	(48,903)	(48,903)
Net change in fund balance	(2,381,005)	383,824	2,764,829
Fund balance, beginning of year	2,173,701	2,173,701	-
Fund balance (deficit), end of year	\$ (207,304)	\$ 2,557,525	\$ 2,764,829

CITY OF LA HABRA, CALIFORNIA
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 250,000	\$ 285,672	\$ 35,672
Use of money and property	2,900	22,107	19,207
Total revenues	<u>252,900</u>	<u>307,779</u>	<u>54,879</u>
Expenditures:			
Current:			
Public safety	467,600	438,243	29,357
Capital outlay	-	-	-
Total expenditures	<u>467,600</u>	<u>438,243</u>	<u>29,357</u>
Net change in fund balance	(214,700)	(130,464)	84,236
Fund balance, beginning of year	<u>405,617</u>	<u>405,617</u>	-
Fund balance, end of year	<u><u>\$ 190,917</u></u>	<u><u>\$ 275,153</u></u>	<u><u>\$ 84,236</u></u>

CITY OF LA HABRA, CALIFORNIA
Other Federal Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 924,436	\$ 199,099	\$ (725,337)
Total revenues	<u>924,436</u>	<u>199,099</u>	<u>(725,337)</u>
Expenditures:			
Current:			
Public works	9,636	207,144	(197,508)
Capital outlay	<u>1,214,800</u>	<u>-</u>	<u>1,214,800</u>
Total expenditures	<u>1,224,436</u>	<u>207,144</u>	<u>1,017,292</u>
Excess (deficiency) of revenues over expenditures	<u>(300,000)</u>	<u>(8,045)</u>	<u>291,955</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>8,045</u>	<u>8,045</u>
Net change in fund balance	(300,000)	-	300,000
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (300,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 300,000</u></u>

CITY OF LA HABRA, CALIFORNIA
Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,549,700	\$ 26,069	\$ (2,523,631)
Charges for services	20,000	21,691	1,691
Use of money and property	1,100	3,209	2,109
Total revenues	<u>2,570,800</u>	<u>50,969</u>	<u>(2,519,831)</u>
Expenditures:			
Current:			
Public safety	-	65,594	(65,594)
Capital outlay	<u>2,588,200</u>	<u>-</u>	<u>2,588,200</u>
Total expenditures	<u>2,588,200</u>	<u>65,594</u>	<u>2,522,606</u>
Net change in fund balance	(17,400)	(14,625)	2,775
Fund balance, beginning of year	<u>109,109</u>	<u>109,109</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 91,709</u></u>	<u><u>\$ 94,484</u></u>	<u><u>\$ 2,775</u></u>

CITY OF LA HABRA, CALIFORNIA
Service Authority for Abandoned Vehicles Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 850	\$ 596	\$ (254)
Expenditures:			
Current:			
Community development	85,000	73,786	11,214
Net change in fund balance	(84,150)	(73,190)	10,960
Fund balance, beginning of year	84,483	84,483	-
Fund balance, end of year	<u>\$ 333</u>	<u>\$ 11,293</u>	<u>\$ 10,960</u>

CITY OF LA HABRA, CALIFORNIA
Traffic Improvement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 25,000	\$ 141,759	\$ 116,759
Use of money and property	35,200	39,216	4,016
	<u>60,200</u>	<u>180,975</u>	<u>120,775</u>
Total revenues	60,200	180,975	120,775
Expenditures:			
Current:			
Public works	-	13,935	(13,935)
	<u>60,200</u>	<u>167,040</u>	<u>106,840</u>
Net change in fund balance	60,200	167,040	106,840
Fund balance, beginning of year	<u>963,329</u>	<u>963,329</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,023,529</u></u>	<u><u>\$ 1,130,369</u></u>	<u><u>\$ 106,840</u></u>

CITY OF LA HABRA, CALIFORNIA
Other Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government	\$ 105,811	\$ 28,293	\$ 77,518
Debt service:			
Principal	44,953	44,953	-
Interest expense	805	805	-
Total expenditures	<u>151,569</u>	<u>74,051</u>	<u>77,518</u>
Excess (deficiency) of revenues over (under) expenditures	(151,569)	(74,051)	77,518
Other financing sources:			
Transfers in	<u>151,569</u>	<u>151,569</u>	<u>-</u>
Net change in fund balance	-	77,518	77,518
Fund balance, beginning of year	<u>(904,000)</u>	<u>(904,000)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (904,000)</u></u>	<u><u>\$ (826,482)</u></u>	<u><u>\$ 77,518</u></u>

CITY OF LA HABRA, CALIFORNIA
Low-Moderate Income Housing Assets Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 7,500	\$ 12,008	\$ 4,508
Other revenues	30,000	3,461	(26,539)
Total revenues	37,500	15,469	(22,031)
Expenditures:			
Current:			
Community development	90,000	250,000	(160,000)
Net change in fund balance	(52,500)	(234,531)	(182,031)
Fund balance, beginning of year	565,982	565,982	-
Fund balance, end of year	\$ 513,482	\$ 331,451	\$ (182,031)

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Children's Museum Fund

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

Mobile Home Lease Fund

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



CITY OF LA HABRA, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

	Children's Museum	Mobile Home Lease	Total
Assets:			
Current assets:			
Cash and investments	\$ 485,310	\$ 2,245,109	\$ 2,730,419
Accounts receivable, net	105	13,145	13,250
Interest receivable	1,268	5,767	7,035
Prepaid items	-	21,486	21,486
Due from other governments	147,333	-	147,333
Total current assets	634,016	2,285,507	2,919,523
Noncurrent assets:			
Capital assets, not being depreciated	-	20,274	20,274
Capital assets, being depreciated net of depreciation	196,969	2,380,112	2,577,081
Total assets	830,985	4,685,893	5,516,878
Deferred outflows of resources:			
Deferred amount from pension plans	39,785	-	39,785
Total deferred outflows of resources	39,785	-	39,785
Liabilities:			
Current Liabilities:			
Accounts payable	5,828	4,734	10,562
Accrued liabilities	4,677	-	4,677
Unearned revenue	-	-	-
Compensated absences, current	-	-	-
Total current liabilities	10,505	4,734	15,239
Noncurrent Liabilities:			
Compensated absences, noncurrent	-	-	-
Net pension liability	504,810	-	504,810
Total noncurrent liabilities	504,810	-	504,810
Total liabilities	515,315	4,734	520,049
Deferred inflows of resources:			
Deferred amount from pension plans	10,079	-	10,079
Total deferred inflows of resources	10,079	-	10,079
Net position:			
Net investment in capital assets	196,969	2,400,386	2,597,355
Unrestricted	148,407	2,280,773	2,429,180
Total net position	\$ 345,376	\$ 4,681,159	\$ 5,026,535

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

	Children's Museum	Mobile Home Lease	Total
Operating revenues:			
Charges for services	\$ 373,080	\$ 2,855,176	\$ 3,228,256
Intergovernmental	73,810	-	73,810
Total operating revenues	<u>446,890</u>	<u>2,855,176</u>	<u>3,302,066</u>
Operating expenses:			
Contractual services	76,607	565,133	641,740
Wages and fringe benefits	390,789	-	390,789
Equipment and maintenance	5,074	149,811	154,885
Materials and supplies	15,619	-	15,619
Utilities	62,087	286,901	348,988
Depreciation	30,682	140,931	171,613
Administration	79,079	1,571,906	1,650,985
Total operating expenses	<u>659,937</u>	<u>2,714,682</u>	<u>3,374,619</u>
Operating income (loss)	<u>(213,047)</u>	<u>140,494</u>	<u>(72,553)</u>
Nonoperating revenues (expenses):			
Interest income	7,949	31,086	39,035
Net increase (decrease) in fair value of investment	8,925	41,406	50,331
Total nonoperating revenues	<u>16,874</u>	<u>72,492</u>	<u>89,366</u>
Income (loss) before transfers	(196,173)	212,986	16,813
Transfers in	92,500	-	92,500
Transfers out	-	-	-
Change in net position	(103,673)	212,986	109,313
Net position, beginning of year	<u>449,049</u>	<u>4,468,173</u>	<u>4,917,222</u>
Net position, end of year	<u>\$ 345,376</u>	<u>\$ 4,681,159</u>	<u>\$ 5,026,535</u>

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 388,939	\$ 2,847,797	\$ 3,236,736
Receipts from interfund services provided	147,334	-	147,334
Payments to suppliers	(209,569)	(2,167,694)	(2,377,263)
Payments for internal services used	(59,696)	(405,703)	(465,399)
Payments for employees' salaries and benefits	(376,049)	-	(376,049)
Net cash provided by (used in) operating activities	<u>(109,041)</u>	<u>274,400</u>	<u>165,359</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	-	-
Transfers from other funds	92,500	-	92,500
Net cash provided by (used in) noncapital financing activities	<u>92,500</u>	<u>-</u>	<u>92,500</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(20,274)	(20,274)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>(20,274)</u>	<u>(20,274)</u>
Cash flows from investing activities:			
Sale of investments	8,925	41,406	50,331
Interest on investments	7,946	30,486	38,432
Net cash provided by (used in) investing activities	<u>16,871</u>	<u>71,892</u>	<u>88,763</u>
Net increase (decrease) in cash and cash equivalents	330	326,018	326,348
Cash and cash equivalents, beginning of year	<u>484,980</u>	<u>1,919,091</u>	<u>2,404,071</u>
Cash and cash equivalents, end of year	<u>\$ 485,310</u>	<u>\$ 2,245,109</u>	<u>\$ 2,730,419</u>
Cash and cash equivalents:			
Cash and investments	\$ 485,310	\$ 2,245,109	\$ 2,730,419
Cash and investments with fiscal agents	-	-	-
Total cash and cash equivalents	<u>\$ 485,310</u>	<u>\$ 2,245,109</u>	<u>\$ 2,730,419</u>

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2020

	<u>Children's Museum</u>	<u>Mobile Home Lease</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ (213,047)	\$ 140,494	\$ (72,553)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	30,682	140,931	171,613
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in receivables	12,220	(7,277)	4,943
(Increase) decrease in from other governments	77,162	-	77,162
(Increase) decrease in prepaid items	-	(2,398)	(2,398)
Increase (decrease) in accounts payable	(30,798)	2,752	(28,046)
Increase (decrease) in accrued liabilities	(3,238)	-	(3,238)
Increase (decrease) in unearned revenue	-	(102)	(102)
Increase (decrease) in compensated absences	(20,476)	-	(20,476)
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	38,454	-	38,454
Total adjustments	<u>104,006</u>	<u>133,906</u>	<u>237,912</u>
Net cash provided by (used in) operating activities	<u>\$ (109,041)</u>	<u>\$ 274,400</u>	<u>\$ 165,359</u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Fleet Management Fund

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

Risk Management Fund

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

Information Technology Fund

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

Civic Improvement Authority Fund

The Civic Improvement Authority Fund accounts for all revenue and expenses of the separate legal entity as a joint powers agency by the City and the Housing Authority. Financing is mainly through the issuance of Certificates of Participation used for the acquisition of equipment to be leased to the City.

Fleet Replacement Fund

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

Employee Benefits Fund

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

Other Post Employment Benefit set-aside Fund

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

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Assets:			
Current assets:			
Cash and investments	\$ 521,421	\$ 6,546,330	\$ 2,596,250
Accounts receivable, net	-	1,166	707
Interest receivable	955	16,503	3,625
Due from other governments	8,531	-	-
Inventory	35,774	-	-
Total current assets	<u>566,681</u>	<u>6,563,999</u>	<u>2,600,582</u>
Noncurrent assets:			
Cash and investments with fiscal agents	-	-	-
Advances to other funds	-	-	-
Capital assets, net of accumulated depreciation	-	-	570,975
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>570,975</u>
Total assets	<u>566,681</u>	<u>6,563,999</u>	<u>3,171,557</u>
Deferred outflows of resources:			
Unamortized loss on refunding of debt	-	-	-
Deferred amount from pension plans	73,621	50,830	91,638
Total deferred outflows of resources	<u>73,621</u>	<u>50,830</u>	<u>91,638</u>
Liabilities:			
Current liabilities:			
Accounts payable	20,592	15,793	394,512
Accrued liabilities	13,372	9,352	19,729
Accrued interest	-	-	-
Due to other funds	-	-	-
Claims payable, current	-	1,317,526	-
Certificates of participation, current	-	-	-
Compensated absences, current	-	-	-
Lease financing, current	-	-	-
Total current liabilities	<u>33,964</u>	<u>1,342,671</u>	<u>414,241</u>
Noncurrent liabilities:			
Claims payable, noncurrent	-	3,372,921	-
Certificates of participation, noncurrent	-	-	-
Lease financing, noncurrent	-	-	-
Net pension liability	559,619	438,031	1,091,491
Total noncurrent liabilities	<u>559,619</u>	<u>3,810,952</u>	<u>1,091,491</u>
Total liabilities	<u>593,583</u>	<u>5,153,623</u>	<u>1,505,732</u>
Deferred inflows of resources:			
Deferred amount from pension plans	18,650	12,876	23,213
Total deferred inflows of resources	<u>18,650</u>	<u>12,876</u>	<u>23,213</u>
Net position:			
Net investment in capital assets	-	-	570,975
Unrestricted	28,069	1,448,330	1,163,275
Total net position	<u>\$ 28,069</u>	<u>\$ 1,448,330</u>	<u>\$ 1,734,250</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 1,394,583	\$ 1,824,688	\$ 9,879	\$ 12,893,151
-	-	-	-	1,873
243	3,548	2,497	927	28,298
-	-	-	-	8,531
-	-	-	-	35,774
<u>243</u>	<u>1,398,131</u>	<u>1,827,185</u>	<u>10,806</u>	<u>12,967,627</u>
665,769	-	-	-	665,769
2,126,482	-	-	-	2,126,482
-	1,467,336	-	-	2,038,311
<u>2,792,251</u>	<u>1,467,336</u>	<u>-</u>	<u>-</u>	<u>4,830,562</u>
<u>2,792,494</u>	<u>2,865,467</u>	<u>1,827,185</u>	<u>10,806</u>	<u>17,798,189</u>
63,187	-	-	-	63,187
-	-	-	-	216,089
<u>63,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,276</u>
-	1,966	-	-	432,863
-	1,939	-	-	44,392
33,154	-	-	-	33,154
36,633	-	-	-	36,633
-	-	-	-	1,317,526
410,000	-	-	-	410,000
-	-	1,544,621	-	1,544,621
80,463	-	-	-	80,463
<u>560,250</u>	<u>3,905</u>	<u>1,544,621</u>	<u>-</u>	<u>3,899,652</u>
-	-	-	-	3,372,921
885,091	-	-	-	885,091
746,019	-	-	-	746,019
-	-	-	-	2,089,141
<u>1,631,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,093,172</u>
<u>2,191,360</u>	<u>3,905</u>	<u>1,544,621</u>	<u>-</u>	<u>10,992,824</u>
-	-	-	-	54,739
-	-	-	-	54,739
-	1,467,336	-	-	2,038,311
664,321	1,394,226	282,564	10,806	4,991,591
<u>\$ 664,321</u>	<u>\$ 2,861,562</u>	<u>\$ 282,564</u>	<u>\$ 10,806</u>	<u>\$ 7,029,902</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, 2020

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Operating revenues:			
Charges for services	\$ 1,136,166	\$ 2,917,302	\$ 1,641,624
Operating expenses:			
Contractual services	139,082	265,258	153,703
Wages and fringe benefits	565,725	382,160	819,989
Benefits and claims	-	480,238	-
Equipment and maintenance	36,344	-	735,612
Materials and supplies	480,525	648	3,329
Utilities	1,521	-	256,801
Depreciation	-	-	140,425
Administration	26,530	1,173,167	32,494
Total operating expenses	<u>1,249,727</u>	<u>2,301,471</u>	<u>2,142,353</u>
Operating income (loss)	<u>(113,561)</u>	<u>615,831</u>	<u>(500,729)</u>
Nonoperating revenues (expenses):			
Interest income	6,291	96,973	24,697
Other nonoperating revenues	-	-	-
Interest (expense)	-	-	-
Gain (loss) on sale of asset	-	-	-
Net increase (decrease) in fair value of investment	7,115	119,725	27,392
Debt issuance costs	-	-	-
Total nonoperating revenues	<u>13,406</u>	<u>216,698</u>	<u>52,089</u>
Income (loss) before transfers	(100,155)	832,529	(448,640)
Transfers in	125,000	-	1,150,000
Changes in net position	<u>24,845</u>	<u>832,529</u>	<u>701,360</u>
Net position, beginning of year	<u>3,224</u>	<u>615,801</u>	<u>1,032,890</u>
Net position, end of year	<u>\$ 28,069</u>	<u>\$ 1,448,330</u>	<u>\$ 1,734,250</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ 191,991	\$ -	\$ 383,842	\$ 6,270,925
-	-	10,566	414,000	982,609
-	71,821	694,429	-	2,534,124
-	-	-	-	480,238
-	6,719	-	-	778,675
-	-	-	-	484,502
-	-	-	-	258,322
-	406,560	-	-	546,985
-	3,528	-	-	1,235,719
-	488,628	704,995	414,000	7,301,174
-	(296,637)	(704,995)	(30,158)	(1,030,249)
123,402	22,894	19,480	2,910	296,647
-	-	-	-	-
(128,287)	-	-	-	(128,287)
-	(754)	-	-	(754)
999	28,469	17,922	6,659	208,281
-	-	-	-	-
(3,886)	50,609	37,402	9,569	375,887
(3,886)	(246,028)	(667,593)	(20,589)	(654,362)
-	-	900,000	25,000	2,200,000
(3,886)	(246,028)	232,407	4,411	1,545,638
668,207	3,107,590	50,157	6,395	5,484,264
\$ 664,321	\$ 2,861,562	\$ 282,564	\$ 10,806	\$ 7,029,902

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 50,910	\$ -	\$ -
Receipts from interfund services provided	1,083,588	3,149,412	1,640,917
Payments to suppliers	(661,403)	(2,200,344)	(1,012,703)
Payments for interfund services used	(16,632)	(2,568)	(30,600)
Payments for employees' salaries and benefits	(493,404)	(332,124)	(719,480)
Net cash provided by (used in) operating activities	<u>(36,941)</u>	<u>614,376</u>	<u>(121,866)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	125,000	-	1,150,000
Receipts of advances to/from other funds	-	-	-
Payments of advances to/from other funds	-	-	-
Receipts of due to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>125,000</u>	<u>-</u>	<u>1,150,000</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	-	(160,091)
Proceeds from sale of capital assets	-	-	-
Proceeds of debts	-	-	-
Issuance costs paid on capital debt	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(160,091)</u>
Cash flows from investing activities:			
Purchase of investments	-	-	-
Sales of investments	7,115	119,725	27,392
Interest on investments	6,092	95,125	23,780
Net cash provided by (used in) investing activities	<u>13,207</u>	<u>214,850</u>	<u>51,172</u>
Net increase (decrease) in cash and cash equivalents	101,266	829,226	919,215
Cash and cash equivalents, beginning of year	<u>420,155</u>	<u>5,717,104</u>	<u>1,677,035</u>
Cash and cash equivalents, end of year	<u>\$ 521,421</u>	<u>\$ 6,546,330</u>	<u>\$ 2,596,250</u>
Cash and cash equivalents:			
Cash and investments	\$ 521,421	\$ 6,546,330	\$ 2,596,250
Cash and investments with fiscal agents	-	-	-
Total cash and cash equivalents	<u>\$ 521,421</u>	<u>\$ 6,546,330</u>	<u>\$ 2,596,250</u>

Civic Improvement Authority	Fleet Replacement	Employee Benefits	Other Post Employment Benefit set-aside	Totals
\$ -	\$ -	\$ -	\$ -	\$ 50,910
-	191,991	-	383,842	6,449,750
-	(4,753)	(10,566)	-	(3,889,769)
-	(3,528)	(569,081)	-	(622,409)
-	(71,215)	-	(414,000)	(2,030,223)
-	112,495	(579,647)	(30,158)	(41,741)
-	-	900,000	25,000	2,200,000
472,518	-	-	-	472,518
-	-	-	-	-
(1,300)	-	-	-	(1,300)
471,218	-	900,000	25,000	2,671,218
-	(14,989)	-	-	(175,080)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(472,518)	-	-	-	(472,518)
(104,594)	-	-	-	(104,594)
(577,112)	(14,989)	-	-	(752,192)
-	-	-	-	-
999	28,469	17,922	6,659	208,281
123,198	21,131	19,284	2,842	291,452
124,197	49,600	37,206	9,501	499,733
18,303	147,106	357,559	4,343	2,377,018
647,466	1,247,477	1,467,129	5,536	11,181,902
\$ 665,769	\$ 1,394,583	\$ 1,824,688	\$ 9,879	\$ 13,558,920
\$ -	\$ 1,394,583	\$ 1,824,688	\$ 9,879	\$ 12,893,151
665,769	-	-	-	665,769
\$ 665,769	\$ 1,394,583	\$ 1,824,688	\$ 9,879	\$ 13,558,920

(Continued)

CITY OF LA HABRA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2020

	<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)	\$ (113,561)	\$ 615,831	\$ (500,729)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	140,425
Change in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:			
(Increase) decrease in accounts receivable	-	232,110	(707)
(Increase) decrease in due from other governments	(1,668)	-	-
(Increase) decrease in inventory	7,227	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	(1,260)	(127,871)	138,636
Increase (decrease) in accrued liabilities	4,279	3,287	6,938
Increase (decrease) in claims liabilities	-	(155,730)	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension liability and related deferred inflows and outflows of resources	68,042	46,749	93,571
Total adjustments	<u>76,620</u>	<u>(1,455)</u>	<u>378,863</u>
Net cash provided by (used in) operating activities	<u>\$ (36,941)</u>	<u>\$ 614,376</u>	<u>\$ (121,866)</u>
Noncash Capital and Related Financing Transactions			
Amortization of unamortized loss on refunding of debt	\$ -	\$ -	\$ -
Amortization of bond discount (premium)	-	-	-
Capital expenses funded by accounts payable	-	-	159,326

<u>Civic Improvement Authority</u>	<u>Fleet Replacement</u>	<u>Employee Benefits</u>	<u>Other Post Employment Benefit set-aside</u>	<u>Totals</u>
\$ -	\$ (296,637)	\$ (704,995)	\$ (30,158)	\$ (1,030,249)
-	406,560	-	-	546,985
-	-	-	-	231,403
-	-	-	-	(1,668)
-	-	-	-	7,227
-	-	-	-	-
-	1,966	-	-	11,471
-	606	-	-	15,110
-	-	-	-	(155,730)
-	-	125,348	-	125,348
-	-	-	-	208,362
-	409,132	125,348	-	988,508
<u>\$ -</u>	<u>\$ 112,495</u>	<u>\$ (579,647)</u>	<u>\$ (30,158)</u>	<u>\$ (41,741)</u>
\$ 29,163	\$ -	\$ -	\$ -	\$ 29,163
2,260	-	-	-	2,260
-	-	-	-	159,326



FIDUCIARY FUND

FIDUCIARY FUND

Agency Fund

Public Deposits Fund

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



CITY OF LA HABRA, CALIFORNIA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Assets:				
Cash and investments	\$ 1,315,492	\$ 1,145,989	672,284	\$ 1,789,197
Interest receivable	3,615	4,571	3,615	4,571
	<u>3,615</u>	<u>4,571</u>	<u>3,615</u>	<u>4,571</u>
Total assets	<u>\$ 1,319,107</u>	<u>\$ 1,150,560</u>	<u>\$ 675,899</u>	<u>\$ 1,793,768</u>
Liabilities:				
Accounts payable	\$ 17,471	\$ 740,959	\$ 659,685	\$ 98,745
Accrued liabilities	22,958	66,904	66,686	23,176
Deposits	1,278,678	1,077,340	684,171	1,671,847
	<u>1,278,678</u>	<u>1,077,340</u>	<u>684,171</u>	<u>1,671,847</u>
Total liabilities	<u>\$ 1,319,107</u>	<u>\$ 1,885,203</u>	<u>\$ 1,410,542</u>	<u>\$ 1,793,768</u>

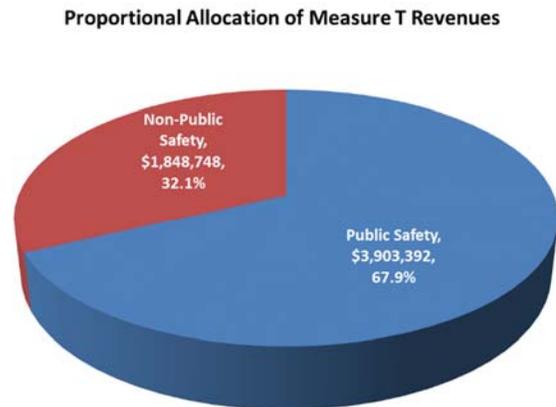
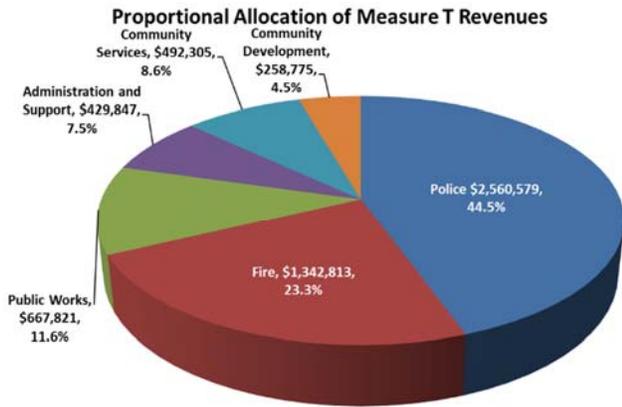
CITY OF LA HABRA, CALIFORNIA
Measure T Transaction and Use Tax: Use of Funds
Year Ended June 30, 2020

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 19/20 and the proportional allocation of the General Fund amended expenditure budget by department.

Measure T Allocation Analysis by General Fund Department

Department	FY 19/20 GF Amended Budget Expenditures	% of Total GF Budgeted Expenditures	Proportional Allocation of Measure T Revenues
Police	\$20,250,927	44.5%	\$2,560,579
Fire	10,619,947	23.3%	1,342,813
Public Works	5,281,615	11.6%	667,821
Administration and Support	3,399,544	7.5%	429,847
Community Services	3,893,508	8.6%	492,305
Community Development	2,046,580	4.5%	258,775
Total	\$45,492,121	100.0%	\$5,752,140



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

STATISTICAL SECTION

CITY OF LA HABRA, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

STATISTICAL SECTION

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

Table of Contents

	<i>Page(s)</i>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	154-163
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>	167-171
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>	174-183
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 Comprehensive Annual Financial Reports for the relevant year.



STATISTICAL SECTION

Financial Trends

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

	Fiscal Year			
	2011	2012	2013 ⁽¹⁾	2014 ⁽²⁾
Governmental activities				
Net investment in capital assets	\$ 74,411,098	\$ 74,666,668	\$ 76,564,962	\$ 78,951,634
Restricted	10,086,784	8,699,455	9,844,805	7,673,024
Unrestricted	14,909,849	25,179,579	27,559,460	27,453,928
Total governmental activities net position	<u>\$ 99,407,731</u>	<u>\$ 108,545,702</u>	<u>\$ 113,969,227</u>	<u>\$ 114,078,586</u>
Business-type activities				
Net investment in capital assets	\$ 15,332,126	\$ 14,823,632	\$ 19,564,982	\$ 22,031,524
Restricted	1,630,052	1,630,052	1,363,180	1,288,543
Unrestricted	20,091,568	22,095,633	19,681,735	19,176,036
Total business-type activities net position	<u>\$ 37,053,746</u>	<u>\$ 38,549,317</u>	<u>\$ 40,609,897</u>	<u>\$ 42,496,103</u>
Primary Government				
Net investment in capital assets	\$ 89,743,224	\$ 89,490,300	\$ 96,129,944	\$ 100,983,158
Restricted	11,716,836	10,329,507	11,207,985	8,961,567
Unrestricted	35,001,417	47,275,212	47,241,195	46,629,964
Total primary government net position	<u>\$ 136,461,477</u>	<u>\$ 147,095,019</u>	<u>\$ 154,579,124</u>	<u>\$ 156,574,689</u>

Source: Finance Office, City of La Habra

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

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

⁽³⁾ During fiscal year ended June 30, 2018, the City adopted GASB Statements 75 which resulted in the restatement of net position in fiscal year ended June 30, 2017.

Fiscal Year

2015	2016	2017 ⁽³⁾	2018	2019	2020
\$ 77,327,812	\$ 87,775,876	\$ 98,908,209	\$ 109,691,038	\$ 109,213,141	\$ 110,949,024
9,119,231	13,465,394	15,849,805	13,451,730	15,535,285	16,437,287
(24,069,863)	(27,711,283)	(39,239,903)	(41,737,731)	(45,505,661)	(50,914,390)
<u>\$ 62,377,180</u>	<u>\$ 73,529,987</u>	<u>\$ 75,518,111</u>	<u>\$ 81,405,037</u>	<u>\$ 79,242,765</u>	<u>\$ 76,471,921</u>
\$ 22,780,994	\$ 22,464,681	\$ 23,274,193	\$ 22,690,776	\$ 25,795,462	\$ 23,818,741
731,879	841,051	1,066,402	1,003,581	951,017	859,248
17,505,632	19,447,151	19,171,906	19,503,712	18,431,882	21,485,432
<u>\$ 41,018,505</u>	<u>\$ 42,752,883</u>	<u>\$ 43,512,501</u>	<u>\$ 43,198,069</u>	<u>\$ 45,178,361</u>	<u>\$ 46,163,421</u>
\$ 100,108,806	\$ 110,240,557	\$ 122,182,402	\$ 132,381,814	\$ 135,008,603	\$ 134,767,765
9,851,110	14,306,445	16,916,207	14,455,311	16,486,302	17,296,535
(6,564,231)	(8,264,132)	(20,067,997)	(22,234,019)	(27,073,779)	(29,428,958)
<u>\$ 103,395,685</u>	<u>\$ 116,282,870</u>	<u>\$ 119,030,612</u>	<u>\$ 124,603,106</u>	<u>\$ 124,421,126</u>	<u>\$ 122,635,342</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 3,391,804	\$ 3,686,663	\$ 3,461,904	\$ 4,017,045
Intergovernmental	-	-	-	-
Public safety	22,518,416	22,890,241	23,605,899	24,505,359
Public works	13,295,177	7,129,157	7,172,065	7,430,857
Community services	9,008,291	8,457,255	9,165,755	9,459,747
Community development	5,675,859	4,632,329	4,034,985	4,592,489
Interest on long-term debt	1,663,267	923,269	266,069	206,922
Total governmental activities expenses	<u>55,552,814</u>	<u>47,718,914</u>	<u>47,706,677</u>	<u>50,212,419</u>
Business-type activities:				
Water	10,171,235	10,111,046	10,699,804	12,095,302
Sewer	1,591,981	1,664,713	2,012,774	1,927,963
Housing Authority	2,093,743	3,035,323	3,049,222	1,629,058
Other business activities	5,315,794	4,189,973	4,201,456	5,997,886
Total business-type activities expenses	<u>19,172,753</u>	<u>19,001,055</u>	<u>19,963,256</u>	<u>21,650,209</u>
Total primary government expenses	<u>\$ 74,725,567</u>	<u>\$ 66,719,969</u>	<u>\$ 67,669,933</u>	<u>\$ 71,862,628</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 102,225	\$ 100,150	\$ 100,360	\$ 105,934
Public safety	3,234,734	2,998,253	3,071,009	3,242,072
Public works	-	-	-	-
Community services	1,144,869	823,340	1,078,848	1,234,637
Community development	1,057,923	869,115	1,335,841	1,148,627
Operating grants and contributions	9,645,109	9,278,565	9,099,096	8,027,156
Capital grants and contributions	13,545,193	3,578,616	3,163,745	4,556,286
Total governmental activities program revenues	<u>28,730,053</u>	<u>17,648,039</u>	<u>17,848,899</u>	<u>18,314,712</u>
Business-type activities:				
Charges for services:				
Water	11,423,986	11,043,029	13,045,637	13,673,720
Sewer	1,450,422	1,509,749	1,541,770	1,622,818
Housing authority	1,247,111	1,582,853	1,584,262	1,577,921
Other business -type activities	6,231,787	6,278,645	6,250,703	6,360,631
Total business-type activities program revenues	<u>20,353,306</u>	<u>20,414,276</u>	<u>22,422,372</u>	<u>23,235,090</u>
Total primary government program revenues	<u>\$ 49,083,359</u>	<u>\$ 38,062,315</u>	<u>\$ 40,271,271</u>	<u>\$ 41,549,802</u>
Net (expense)/revenue:				
Governmental activities	\$(26,822,761)	\$(30,070,875)	\$ (29,857,778)	\$ (31,897,707)
Business-type activities	1,180,553	1,413,221	2,459,116	1,584,881
Total primary government net expense	<u>\$(25,642,208)</u>	<u>\$(28,657,654)</u>	<u>\$ (27,398,662)</u>	<u>\$ (30,312,826)</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,045,640	\$ 5,390,669	\$ 3,671,388	\$ 5,461,015	\$ 4,221,976	\$ 4,828,271
-	-	-	-	-	-
25,574,530	27,410,251	30,195,115	31,295,032	34,350,077	37,142,231
10,181,891	9,246,671	11,002,512	10,295,016	10,154,486	9,817,418
10,086,222	10,290,567	10,591,475	10,694,274	10,639,108	10,876,760
2,228,511	1,968,081	3,064,649	2,698,772	2,520,478	3,224,295
251,344	330,196	281,018	229,533	261,770	187,615
<u>51,368,138</u>	<u>54,636,435</u>	<u>58,806,157</u>	<u>60,673,642</u>	<u>62,147,895</u>	<u>66,076,590</u>
12,132,398	12,120,429	12,946,131	14,829,319	14,779,099	15,479,110
1,908,300	1,934,381	2,107,071	2,381,245	2,270,868	2,444,214
1,594,723	1,737,015	1,491,686	1,631,963	1,569,221	1,578,646
<u>6,632,638</u>	<u>6,322,831</u>	<u>6,341,002</u>	<u>6,527,533</u>	<u>7,162,134</u>	<u>7,578,579</u>
<u>22,268,059</u>	<u>22,114,656</u>	<u>22,885,890</u>	<u>25,370,060</u>	<u>25,781,322</u>	<u>27,080,549</u>
<u>\$ 73,636,197</u>	<u>\$ 76,751,091</u>	<u>\$ 81,692,047</u>	<u>\$ 86,043,702</u>	<u>\$ 87,929,217</u>	<u>\$ 93,157,139</u>
\$ 431,447	\$ 535,708	\$ 549,270	\$ 512,442	\$ 449,012	\$ 437,362
3,180,715	3,354,565	3,351,086	3,390,223	3,185,405	3,152,854
-	2,899,926	203,981	1,250,526	620,539	151,871
1,016,705	1,011,325	1,035,577	1,043,879	1,101,822	938,790
917,062	1,796,341	1,987,112	2,866,742	1,874,548	1,953,166
8,691,442	8,308,818	9,957,548	7,961,383	8,416,487	8,739,837
3,426,786	4,423,311	2,644,726	6,206,726	3,437,594	5,173,881
<u>17,664,157</u>	<u>22,329,994</u>	<u>19,729,300</u>	<u>23,231,921</u>	<u>19,085,407</u>	<u>20,547,761</u>
13,398,340	12,209,656	13,035,748	14,402,538	15,297,469	15,775,170
1,627,871	1,628,705	1,803,519	1,955,880	2,290,963	2,347,221
1,602,845	1,645,982	1,281,830	1,277,656	1,300,213	1,368,862
6,385,815	7,283,219	7,279,389	7,349,063	7,718,806	7,591,511
<u>23,014,871</u>	<u>22,767,562</u>	<u>23,400,486</u>	<u>24,985,137</u>	<u>26,607,451</u>	<u>27,082,764</u>
<u>\$ 40,679,028</u>	<u>\$ 45,097,556</u>	<u>\$ 43,129,786</u>	<u>\$ 48,217,058</u>	<u>\$ 45,692,858</u>	<u>\$ 47,630,525</u>
\$ (33,703,981)	\$ (32,306,441)	\$ (39,076,857)	\$ (37,441,721)	\$ (43,062,488)	\$ (45,528,829)
746,812	652,906	514,596	(384,923)	826,129	2,215
<u>\$ (32,957,169)</u>	<u>\$ (31,653,535)</u>	<u>\$ (38,562,261)</u>	<u>\$ (37,826,644)</u>	<u>\$ (42,236,359)</u>	<u>\$ (45,526,614)</u>

(Continued)

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Taxes:				
Property taxes	\$ 15,512,868	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491
Sales and use taxes	8,116,354	8,490,350	9,033,667	9,593,316
Transaction and use taxes	3,882,815	4,215,209	4,430,751	4,701,077
Franchise tax	1,534,468	1,561,518	1,580,176	1,607,535
Grants and contributions not restricted to specific programs	580,840	316,262	325,718	84,906
Income from property and investments	3,280,649	3,175,312	2,790,519	2,664,660
Gain on sale of capital assets	-	-	-	-
Other general revenues	1,169,235	1,123,908	1,253,294	1,094,588
Extraordinary gain (loss)	-	8,194,111	-	(1,224,331)
Special item	-	-	-	-
Transfers	14,973	557,409	51,592	249,824
Total governmental activities	<u>34,092,202</u>	<u>41,809,546</u>	<u>32,799,399</u>	<u>32,007,066</u>
Business-type activities:				
Income from property and investments	386,167	273,456	30,416	152,270
Other general revenues	132,276	366,303	366,303	398,879
Transfers	(14,973)	(557,409)	(51,592)	(249,824)
Total business-type activities	<u>503,470</u>	<u>82,350</u>	<u>345,127</u>	<u>301,325</u>
Total primary government	<u>\$ 34,595,672</u>	<u>\$ 41,891,896</u>	<u>\$ 33,144,526</u>	<u>\$ 32,308,391</u>
Change in Net Position				
Governmental activities	\$ 7,269,441	\$ 11,738,671	\$ 2,941,621	\$ 109,359
Business-type activities	<u>1,684,023</u>	<u>1,495,571</u>	<u>2,804,243</u>	<u>1,886,206</u>
Total primary government	<u>\$ 8,953,464</u>	<u>\$ 13,234,242</u>	<u>\$ 5,745,864</u>	<u>\$ 1,995,565</u>

Source: Finance Office, City of La Habra

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,389,424	\$ 14,996,789	\$ 16,117,190	\$ 16,538,652	\$ 17,472,895	\$ 18,694,463
9,639,019	10,997,991	9,837,648	10,730,853	10,979,334	11,329,538
4,933,170	5,040,708	5,075,039	5,629,841	5,573,483	5,749,127
1,679,113	1,653,002	1,650,001	1,784,852	1,920,476	1,978,057
58,365	84,051	85,223	88,300	85,255	105,618
2,808,233	3,042,625	2,641,722	2,534,264	3,780,123	3,865,685
-	-	-	4,673,891	-	-
1,495,060	1,340,148	1,655,926	1,222,994	1,088,650	1,035,497
(257,567)	-	-	-	-	-
-	-	6,416,232	-	-	-
60,000	126,177	145,000	125,000	-	-
<u>34,804,817</u>	<u>37,281,491</u>	<u>43,623,981</u>	<u>43,328,647</u>	<u>40,900,216</u>	<u>42,757,985</u>
127,071	220,785	48,994	42,594	811,303	810,499
339,689	306,565	341,028	152,897	342,860	172,346
(60,000)	(126,177)	(145,000)	(125,000)	-	-
<u>406,760</u>	<u>401,173</u>	<u>245,022</u>	<u>70,491</u>	<u>1,154,163</u>	<u>982,845</u>
<u>\$ 35,211,577</u>	<u>\$ 37,682,664</u>	<u>\$ 43,869,003</u>	<u>\$ 43,399,138</u>	<u>\$ 42,054,379</u>	<u>\$ 43,740,830</u>
\$ 1,100,836	\$ 4,975,050	\$ 4,547,124	\$ 5,886,926	\$ (2,162,272)	\$ (2,770,844)
1,153,572	1,054,079	759,618	(314,432)	1,980,292	985,060
<u>\$ 2,254,408</u>	<u>\$ 6,029,129</u>	<u>\$ 5,306,742</u>	<u>\$ 5,572,494</u>	<u>\$ (181,980)</u>	<u>\$ (1,785,784)</u>

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

	Fiscal Year			
	2011 ⁽¹⁾	2012	2013	2014
General fund				
Nonspendable	\$ 9,270,571	\$ 9,191,664	\$ 8,716,824	\$ 8,159,022
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	4,604,127	5,308,531	5,732,904	6,265,883
Total general fund	<u>\$ 13,874,698</u>	<u>\$ 14,500,195</u>	<u>\$ 14,449,728</u>	<u>\$ 14,424,905</u>
All other governmental funds				
Nonspendable	\$ 619,271	\$ 5,454	\$ -	\$ -
Restricted	15,814,036	13,204,678	9,768,600	7,598,774
Assigned	-	-	4,658,192	5,856,196
Unassigned	(11,906,575)	-	-	-
Total all other governmental funds	<u>\$ 4,526,732</u>	<u>\$ 13,210,132</u>	<u>\$ 14,426,792</u>	<u>\$ 13,454,970</u>

Source: Finance Office, City of La Habra

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 8,169,482	\$ 7,406,791	\$ 6,311,389	\$ 5,214,884	\$ 4,425,438	\$ 2,715,606
-	418,195	269,912	327,386	834,185	2,015,009
-	-	-	1,100,000	2,950,000	3,555,000
6,333,144	984,505	2,197,789	6,258,051	7,717,970	8,602,672
<u>\$ 14,502,626</u>	<u>\$ 8,809,491</u>	<u>\$ 8,779,090</u>	<u>\$ 12,900,321</u>	<u>\$ 15,927,593</u>	<u>\$ 16,888,287</u>
\$ -	\$ 9,000	\$ -	\$ -	\$ 62	\$ 68,126
8,934,777	12,848,248	14,955,457	12,507,938	14,149,562	13,902,639
7,259,633	6,608,111	689,121	4,121,516	3,595,183	3,450,080
-	-	-	-	(904,000)	(1,270,763)
<u>\$ 16,194,410</u>	<u>\$ 19,465,359</u>	<u>\$ 15,644,578</u>	<u>\$ 16,629,454</u>	<u>\$ 16,840,807</u>	<u>\$ 16,150,082</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Property taxes and special assessments	\$ 15,512,868	\$ 14,175,467	\$ 13,333,682	\$ 13,235,491
Sales and use tax	8,100,193	8,470,140	9,095,047	9,491,508
Franchise tax	1,539,147	1,560,043	1,581,719	1,592,572
Transaction and use tax	4,009,945	4,217,599	4,496,894	4,567,116
Intergovernmental	24,638,521	13,231,750	12,519,619	12,678,220
Licenses and permits	831,524	983,459	1,328,317	1,223,155
Charges for services	4,750,030	4,097,698	4,783,686	4,533,679
Fines, forfeitures and penalties	933,279	818,988	721,905	1,030,240
Use of money and property	3,781,727	2,336,069	2,472,141	2,308,528
Other revenues	-	-	-	-
Total revenue	<u>64,097,234</u>	<u>49,891,213</u>	<u>50,333,010</u>	<u>50,660,509</u>
Expenditures				
General government	2,637,466	2,670,225	2,768,190	2,959,220
Public safety	22,124,819	22,681,590	23,221,242	24,094,326
Public works	10,442,627	3,922,907	4,077,979	4,211,341
Community services	8,712,935	8,097,168	8,786,491	9,086,497
Community development	5,471,205	4,608,275	4,008,453	4,531,709
Intergovernmental - SERAF payment	183,762	-	-	-
Capital outlay	6,176,601	2,717,895	4,710,527	5,353,232
Debt service:				
Principal	608,560	703,163	216,011	230,425
Interest expense	<u>1,456,522</u>	<u>858,818</u>	<u>80,618</u>	<u>71,003</u>
Total expenditures	<u>57,814,497</u>	<u>46,260,041</u>	<u>47,869,511</u>	<u>50,537,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,282,737</u>	<u>3,631,172</u>	<u>2,463,499</u>	<u>122,756</u>
Other financing sources (uses)				
Issuance of debt	1,450,000	-	-	-
Proceeds from debt	-	-	-	-
Proceeds from sale of property	-	-	2,694	-
Transfers in	6,029,430	3,499,171	3,315,381	1,814,128
Transfers out	<u>(7,104,090)</u>	<u>(4,111,485)</u>	<u>(4,615,381)</u>	<u>(2,933,529)</u>
Total other financing sources (uses)	<u>375,340</u>	<u>(612,314)</u>	<u>(1,297,306)</u>	<u>(1,119,401)</u>
Special item	-	-	-	-
Extraordinary gain (loss)	-	6,290,039	-	-
Net change in fund balances	<u>\$ 6,658,077</u>	<u>\$ 9,308,897</u>	<u>\$ 1,166,193</u>	<u>\$ (996,645)</u>
Debt service as a percentage of noncapital expenditures	4.00%	3.59%	0.69%	0.67%

Source: Finance Office, City of La Habra

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,389,424	\$ 14,996,789	\$ 16,117,190	\$ 16,538,652	\$ 17,527,982	\$ 18,749,790
9,654,374	10,690,774	10,235,873	10,234,115	11,373,624	11,344,359
1,660,284	1,662,712	1,680,204	1,775,865	5,854,399	5,752,140
5,037,656	4,994,922	5,063,240	5,381,995	1,910,805	1,983,537
12,176,593	12,816,180	11,994,355	14,281,399	11,909,924	13,992,385
914,722	4,394,608	1,553,900	3,140,795	1,984,329	1,367,235
4,862,176	5,275,163	5,296,267	5,718,793	5,217,261	5,367,980
986,820	1,133,348	1,140,276	938,095	848,817	733,065
2,131,932	2,603,900	2,246,883	3,152,638	4,849,412	3,415,365
273,181	125,172	194,236	423,269	308,824	204,721
<u>52,087,162</u>	<u>58,693,568</u>	<u>55,522,424</u>	<u>61,585,616</u>	<u>61,785,377</u>	<u>62,910,577</u>
2,774,950	2,923,628	3,196,147	3,009,121	3,042,493	3,246,507
24,757,974	26,535,529	27,512,220	27,739,273	29,963,502	31,922,341
6,138,461	5,955,786	7,034,702	6,276,417	6,452,778	6,241,368
9,684,484	9,863,500	10,150,275	9,798,354	9,845,302	10,000,401
2,199,199	2,050,109	2,921,703	2,427,694	2,319,552	2,970,478
-	-	-	-	-	-
2,258,563	13,851,464	14,994,359	11,729,060	4,505,752	5,749,699
245,632	261,639	278,585	296,419	384,575	248,356
60,738	69,753	68,076	51,933	83,699	61,458
<u>48,120,001</u>	<u>61,511,408</u>	<u>66,156,067</u>	<u>61,328,271</u>	<u>56,597,653</u>	<u>60,440,608</u>
<u>3,967,161</u>	<u>(2,817,840)</u>	<u>(10,633,643)</u>	<u>257,345</u>	<u>5,187,724</u>	<u>2,469,969</u>
-	-	-	-	-	-
-	-	-	1,430,097	-	-
-	2,620	741,229	5,593,665	1,733	-
2,148,984	11,100,887	6,056,274	3,981,698	1,007,504	360,538
(3,298,984)	(11,317,131)	(6,431,274)	(6,156,698)	(2,958,336)	(2,560,538)
<u>(1,150,000)</u>	<u>(213,624)</u>	<u>366,229</u>	<u>4,848,762</u>	<u>(1,949,099)</u>	<u>(2,200,000)</u>
-	-	6,416,232	-	-	-
-	-	-	-	-	-
<u>\$ 2,817,161</u>	<u>\$ (3,031,464)</u>	<u>\$ (3,851,182)</u>	<u>\$ 5,106,107</u>	<u>\$ 3,238,625</u>	<u>\$ 269,969</u>
0.66%	0.70%	0.66%	0.70%	0.90%	0.58%



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
2011	\$ 3,513,333,660	\$ 713,436,330	\$ 308,220,069	\$ 171,182,915	\$4,706,172,974	0.22228%
2012	3,582,370,115	715,788,296	311,503,414	182,755,433	4,792,417,258	0.22158%
2013	3,641,858,952	732,735,818	321,514,482	161,568,293	4,857,677,545	0.21919%
2014	3,723,700,465	726,134,412	332,901,996	196,557,428	4,979,294,301	0.16576%
2015	4,025,849,465	729,226,483	339,313,741	224,105,072	5,318,494,761	0.16583%
2016	4,319,968,637	794,519,583	348,523,897	195,503,449	5,658,515,566	0.16609%
2017	4,543,905,197	802,823,767	368,807,143	218,620,990	5,934,157,097	0.16613%
2018	4,822,489,859	829,028,826	401,127,466	190,801,878	6,243,448,029	0.16611%
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%

(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			
	2011	2012	2013	2014
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	0.05647	0.05362	0.06125	0.05885
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350
Total Direct & Overlapping ¹ Tax Rate	<u>1.06017</u>	<u>1.05732</u>	<u>1.06475</u>	<u>1.06235</u>
Total Direct Rate ²	<u>0.22228</u>	<u>0.22158</u>	<u>0.21919</u>	<u>0.16576</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					
2015	2016	2017	2018	2019	2020
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.05654	0.06821	0.08423	0.08979	0.08814	0.11
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
1.06004	1.07171	1.08773	1.09329	1.09164	1.11788
0.16583	0.16609	0.16613	0.16611	0.16951	0.16872

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

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
CVS Pharmacy Inc	\$ 125,619,329	1.77%	\$ -	0.00%
La Habra Associates LLC	100,633,522	1.42%	-	0.00%
Fairfield 951 Beach LLC	84,534,129	1.19%	-	0.00%
La Habra Westridge Partnership LP	69,636,634	0.98%	-	0.00%
Bex Portfolio Inc	50,153,679	0.71%	-	0.00%
Carefree Communities CA LLC	40,412,967	0.57%	-	0.00%
Costco Wholesale Corporation	31,771,085	0.45%	-	0.00%
Ralphs Grocery Company	31,713,042	0.45%	-	0.00%
Monterra Springs LLC	31,427,510	0.44%	-	0.00%
Bank First Security of Utah Trust	31,174,802	0.44%	-	0.00%
CVS Pharmacy Inc	-	0.00%	102,122,729	2.17%
La Habra Associates LLC	-	0.00%	86,427,203	1.84%
La Habra Westridge Partnership LP	-	0.00%	60,055,248	1.28%
Ralphs Grocery Company	-	0.00%	29,118,896	0.62%
Bank First Security of Utah Trust	-	0.00%	26,856,875	0.57%
Costco Wholesale Corporation	-	0.00%	24,817,276	0.53%
Essex Portfolio	-	0.00%	24,691,525	0.52%
New Albertson's	-	0.00%	21,365,585	0.45%
Clipperton Partners Lowes Hiw INC	-	0.00%	18,767,919	0.40%
Westridge Golf Inc	-	0.00%	18,617,871	0.40%
Top Ten Assessed Value	\$ 597,076,699	8.40%	\$ 412,841,127	8.77%
Total Assessed Value	<u>\$ 7,109,548,820</u>		<u>\$ 4,706,172,974</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
2011	\$11,140,486	\$10,788,148	96.84%	\$ 16,586	\$ 10,804,734	96.99%
2012	11,306,017	10,758,711	95.16%	17,641	10,776,352	95.32%
2013 (2)	8,334,410	8,030,762	96.36%	8,127	8,038,889	96.45%
2014	8,685,217	8,536,194	98.28%	9,463	8,545,657	98.39%
2015	9,045,671	8,753,150	96.77%	12,586	8,765,736	96.91%
2016	9,764,530	9,603,338	98.35%	12,836	9,616,174	98.48%
2017	10,221,070	9,906,814	96.93%	65,013	9,971,827	97.56%
2018	10,701,740	10,415,669	97.33%	70,396	10,486,065	97.98%
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%

Source: Orange County Auditor Controller's Office

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

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

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

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



STATISTICAL SECTION

Debt Capacity

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

Fiscal Year Ended June 30	Governmental Activities					
	Certificates of Participation	Tax Allocation Bonds (2)	Special Tax Bonds (2)	Notes Payable	Loan Payable	Contract and Lease Payable
2011	\$ 4,209,751	\$ 6,795,000	\$ 1,880,000	\$ 1,827,692	\$ 681,234	\$ 911,520
2012	3,947,011	-	-	440,321	601,581	835,402
2013	3,669,271	-	-	391,547	518,682	751,064
2014	3,381,531	-	-	340,405	432,476	693,341
2015	3,073,791	-	-	286,780	342,831	590,979
2016	2,751,051	-	-	230,552	249,642	6,078,757
2017	2,413,311	-	-	171,594	152,704	5,956,068
2018	2,060,571	-	-	109,774	51,899	1,652,371
2019	1,687,831	-	-	44,953	-	2,288,516
2020	1,295,091	-	-	-	-	2,007,595

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

- (1) These ratios are calculated using personal income and population for the prior calendar year. The statistical data ratios for all prior years have been revised to reflect City data rather than County.
- (2) For fiscal year ended June 30, 2012, outstanding long-term debts of the La Habra RDA were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of Redevelopment Agencies in California.

Source: HdL Coren & Cone

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	Total Governmental Long-term Debt	Certificates of Participation	Revenue Bonds	Total Business-type Activities	Total			
2011	\$ 16,305,197	\$14,134,848	\$26,095,000	\$40,229,848	\$ 56,535,045	3.82%	895	
2012	5,824,315	13,914,290	25,655,000	39,569,290	45,393,605	3.03%	746	
2013	5,330,564	13,688,731	25,205,000	38,893,731	44,224,295	2.99%	723	
2014	4,847,753	14,792,948	40,352,412	55,145,360	59,993,113	4.13%	972	
2015	4,294,381	14,502,389	39,571,957	54,074,346	58,368,727	3.89%	946	
2016	9,310,002	14,206,831	38,781,502	52,988,333	62,298,335	3.96%	1,004	
2017	8,693,677	13,901,272	37,966,047	51,867,319	60,560,996	3.66%	975	
2018	3,874,615	13,585,713	37,125,592	50,711,305	54,585,920	3.24%	869	
2019	4,021,300	13,255,154	36,250,137	49,505,291	53,526,591	2.99%	842	
2020	3,302,686	12,914,597	34,564,501	47,479,098	50,781,784	2.84%	801	

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value (1)	Per Capita
	General Obligation Bonds	Tax Allocation Bonds (2)	Total		
2011	n/a	\$ 6,795,000	\$ 6,795,000	0.14%	108
2012	n/a	-	-	-	-
2013	n/a	-	-	-	-
2014	n/a	-	-	-	-
2015	n/a	-	-	-	-
2016	n/a	-	-	-	-
2017	n/a	-	-	-	-
2018	n/a	-	-	-	-
2019	n/a	-	-	-	-
2020	n/a	-	-	-	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

- (1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
- (2) For fiscal year ended June 30, 2012, outstanding long-term debts of La Habra RDA were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of Redevelopment Agencies in California.

CITY OF LA HABRA, CALIFORNIA
Direct and Overlapping Debt
June 30, 2020

2019-20 Assessed Valuation	\$ 7,109,548,820
Redevelopment Incremental Valuation	-
Adjusted Assessed Valuation	\$ 7,109,548,820

	%age Applicable (1)	Outstanding Debt June 30, 2020	Estimated Share of Overlapping Debt June 30, 2020
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.230%	\$ 37,300,000	\$ 85,790
North Orange County Joint Community College District	5.124%	284,769,001	14,591,564
Fullerton Joint Union High School District	19.017%	198,270,000	37,705,006
La Habra City School District	81.285%	25,925,057	21,073,183
Lowell Joint School District	36.680%	14,000,000	5,135,200
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 78,590,742
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.137%	\$ 386,745,000	\$ 4,397,291
Orange County Pension Obligations	1.137%	466,863,754	5,308,241
Orange County Board of Education Certificates of Participation	1.137%	12,930,000	147,014
North Orange County Regional Occupation Program Certificate of Participation	5.272%	8,950,000	471,844
Fullerton Joint Union High School District Certificates of Participation	19.017%	17,980,000	3,419,257
City of La Habra Lease Agreements	100.000%	2,007,595	2,007,595
City of La Habra Note Payable	100.000%	-	-
City of La Habra Certificate of Participation	100.000%	1,295,091	1,295,091
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 17,046,332
<u>OVERLAPPING TAX INCREMTN DEBT (Successor Agency):</u>	100.000%	\$ 4,057,601	\$ 4,057,601
TOTAL DIRECT DEBT			\$ 3,302,686
TOTAL OVERLAPPING DEBT			\$ 96,391,989
COMBINED TOTAL DEBT (2)		\$ 1,461,093,099	\$ 99,694,675

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

Ratios to 2019-20 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 1.11%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt (\$3,302,686).....0.05%
Combined Total Debt.....1.40%

Ratios to Redevelopment Incremental Valuation (\$563,777,631):
Total Overlapping Tax Increment Debt..... 0.72%

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2011	2012	2013	2014
Total Assessed Value of all Real and Personal Property	\$ 4,700,690,212	\$4,792,478,144	\$4,857,042,662	\$4,979,748,482
Debt Limit Percentage	15.00%	15.00%	15.00%	15.00%
Total Debt Limit (1)	705,103,532	718,871,722	728,556,399	746,962,272
Amount of Debt Applicable to Debt Limit (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 705,103,532</u>	<u>\$ 718,871,722</u>	<u>\$ 728,556,399</u>	<u>\$ 746,962,272</u>

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

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

Source: City Finance Department
Orange County Assessor's Office

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$5,318,494,761	\$5,658,515,566	\$5,934,157,097	\$6,243,448,029	\$6,621,019,655	\$7,109,548,820
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
797,774,214	848,777,335	890,123,565	936,517,204	993,152,948	1,066,432,323
<u>\$ -</u>					
<u>\$ 797,774,214</u>	<u>\$ 848,777,335</u>	<u>\$ 890,123,565</u>	<u>\$ 936,517,204</u>	<u>\$ 993,152,948</u>	<u>\$ 1,066,432,323</u>

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	
2011	\$ 12,228,026	\$ 8,186,833	\$ 4,041,193	\$ 165,000	\$ 763,140	4.35
2012	12,769,148	8,107,006	4,662,142	440,000	1,569,580	2.32
2013	13,411,940	6,880,724	6,531,216	450,000	1,447,239	3.44
2014	14,013,649	7,980,760	6,032,889	465,000	1,965,215	2.48
2015	13,420,657	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

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	
\$ 2,614,922	\$ 1,026,535	\$ 1,588,387	\$ -	\$ 688,981	2.31
2,633,169	1,047,143	1,586,026	285,000	736,769	1.55
2,683,325	1,068,889	1,614,437	290,000	733,169	1.58
2,736,650	1,268,626	1,468,024	295,000	728,413	1.43
2,772,644	1,247,469	1,525,175	300,000	722,831	1.49
2,792,492	1,224,794	1,567,698	305,000	716,019	1.54
2,841,649	1,243,808	1,597,841	315,000	707,481	1.56
2,839,602	1,204,925	1,634,677	325,000	697,272	1.60
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

(Continued)

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

Fiscal Year Ended June 30	Tax Allocation Bonds (1)					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	2,446,322	1,614,675	831,647	155,000	391,935	1.52
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-

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

Special Tax Bonds (1)

Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
286,596	8,705	277,892	155,000	117,140	1.02
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-



STATISTICAL SECTION
Demographic and Economic Information

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	62,747	1,484,763	23,663	10.1%
2010	63,184	1,479,959	23,423	10.8%
2011	60,871	1,497,853	24,607	9.8%
2012	61,202	1,478,212	24,153	6.4%
2013	61,717	1,452,756	23,539	5.7%
2014	61,705	1,500,974	24,325	6.2%
2015	62,064	1,573,133	25,346	5.1%
2016	62,084	1,656,119	26,675	4.6%
2017	62,850	1,682,816	26,775	5.2%
2018	63,542	1,787,426	28,129	3.1%
2019	63,371	1,867,702	29,472	2.9%

Source: HdL Coren & Cone

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

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
CVS Pharmacy	969	7.18%	887	3.17%
Wal-Mart/Sams Stores Inc.	740	5.48%	501	1.79%
City of La Habra	330	2.45%	411	1.47%
Costco	321	2.38%	256	0.91%
Technical Safety Services, Inc.	240	1.78%		
Target Stores	203	1.50%	195	0.70%
The Kroger Co./La Habra Bakery	200	1.48%	248	0.89%
Home Depot	180	1.33%	131	0.47%
JC Ford Company	179	1.33%		
Northgate Market	161	1.19%		
Lowe's Home Centers Inc.			122	0.44%
Kohl's Department Stores Inc.			136	0.49%
Preferred Emploment			513	1.83%

"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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Manager	3.75	3.75	3.75	4.75	2.59	2.59	2.59	2.59	1.94	1.94
City Clerk	3.00	2.53	2.75	2.75	4.90	4.31	4.41	4.41	3.70	3.69
Community Development	28.84	30.70	32.85	21.76	21.19	23.03	19.93	20.61	19.07	16.89
Community Services	99.25	94.50	101.67	103.23	111.39	118.12	122.95	89.45	87.84	88.06
Finance/Administrative Services	21.82	22.45	23.82	23.04	23.08	22.54	22.74	23.74	23.26	22.77
Police	120.68	121.76	119.21	120.44	124.16	123.52	125.05	124.78	122.24	121.99
Public Works	54.24	54.50	45.22	65.34	69.58	69.80	70.31	72.03	70.85	68.96
Children's Museum	<u>7.89</u>	<u>6.19</u>	<u>9.53</u>	<u>6.29</u>	<u>6.58</u>	<u>8.73</u>	<u>8.73</u>	<u>11.36</u>	<u>9.00</u>	<u>9.31</u>
Total	<u>339.47</u>	<u>336.38</u>	<u>338.80</u>	<u>347.60</u>	<u>363.47</u>	<u>372.64</u>	<u>376.71</u>	<u>348.97</u>	<u>337.90</u>	<u>333.61</u>

Source: City of La Habra, Finance Department

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Arrests	2,087	2,285	2,238	2,039	2,015	2,141	2,134	1,858	1,587	1,640
Crime Reports	7,786	6,909	6,465	6,334	6,261	6,948	6,933	6,679	4,531	7,914
Moving citations issued	7,683	5,070	5,859	7,845	6,439	6,569	6,767	6,446	5,254	4,940
Parking citations issued	10,546	8,389	10,452	11,644	12,979	16,756	16,405	13,628	12,653	9,681
Fire										
Number of emergency calls	3,418	3,527	3,549	3,697	3,984	4,309	4,259	4,305	4,208	4,301
Public Works										
Street resurfacing, centerline (miles)	9	11	11	8	-	-	-	3	1	10
Community development										
Building Permits Issued	1,747	1,786	1,818	1,818	1,871	2,593	1,878	2,125	1,878	1,690
Building Inspections	3,922	3,422	3,170	3,170	3,200	4,260	3,843	4,116	4,010	2,879
Building Plan Checks	176	166	191	191	351	453	382	360	462	428
Parks and recreation:										
Number of Parks	24	24	25	25	25	25	25	25	25	25
Park Acreage	133.66	133.66	134.37	134.37	134.37	134.37	134.37	134.37	134.37	134.37
Municipal Water Department										
Number of Accounts	12,312	12,325	12,400	12,857	12,870	12,915	12,945	12,951	12,961	13,002
Average daily consumption (thousands of gallons)	7,108	7,435	8,092	8,257	7,978	6,688	6,864	7,604	6,973	6,995

Source: City of La Habra, Finance Department

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Public works:										
Streets, centerline (miles)	108	108	108	108	108	108	108	113	111	111
Streetlights	2,510	2,537	2,540	2,523	2,527	2,529	2,531	2,542	2,542	2,648
Traffic signals	34	34	34	35	35	35	35	35	35	35
Parks and recreation:										
Parks	24	24	25	25	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	130	130	130	158	158	158	158	158	158	158
Sewer										
Sanitary sewers (miles)	108	108	108	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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Services										
Residential	11,225	11,237	11,307	11,757	11,774	\$ 11,825	\$ 11,847	\$ 11,839	\$ 11,842	\$ 11,880
Commercial/Industrial	794	795	799	801	797	793	794	806	807	807
Schools/Other	293	293	294	299	299	297	304	306	312	315
Total	<u>12,312</u>	<u>12,325</u>	<u>12,400</u>	<u>12,857</u>	<u>12,870</u>	<u>\$ 12,915</u>	<u>\$ 12,945</u>	<u>\$ 12,951</u>	<u>\$ 12,961</u>	<u>\$ 13,002</u>

Source: City of La Habra

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

Adopted: 1/16/18 & 12/18/19

Effective: 1/1/19 & 1/1/20

Meter Size	2019				2020			
	Monthly Meter Charge	Water Consumption Charge			Monthly Meter Charge	Water Consumption Charge		
		Residential				Residential		
5/8 inch	\$ 14.81	Tier 1: 0-8 ccf	\$ 2.33	\$ 16.50	Tier 1: 0-8 ccf	\$ 2.33		
3/4 inch	20.70	Tier 2: 9-16 ccf	\$ 3.88	22.82	Tier 2: 9-16 ccf	\$ 3.80		
1 inch	32.49	Tier 3: 16+ ccf	\$ 4.65	35.45	Tier 3: 16+ ccf	\$ 5.51		
1-1/2 inches	61.95	Multi-Family			67.05	Multi-Family		
2 inches	97.31	Uniform Tier	\$ 2.84	104.96	Uniform Tier	\$ 3.40		
3 inches	179.80	Commercial			193.42	Commercial		
4 inches	297.65	Uniform Tier	\$ 3.32	319.80	Uniform Tier	\$ 3.46		
6 inches	592.26	Municipal			635.74	Municipal		
8 inches	945.81	Uniform Tier	\$ 3.91	1,014.87	Uniform Tier	\$ 4.21		
		Irrigation				Irrigation		
		Uniform Tier	\$ 4.51		Uniform Tier	\$ 4.95		

Source: City of La Habra

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

Water Agency	FY 2019				FY 2020			
	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill	Usage (in ccf's)	Commodity Charge	Readiness to Serve	Total Bill
La Habra (Tiered Rate)	1-8	\$ 2.33	\$ 14.81		1-8	\$ 2.33	\$ 16.50	
La Habra (Tiered Rate)	9-16	3.88			9-16	3.80		
La Habra (Tiered Rate)	16-25	4.65		\$ 106.34	16-25	5.51		\$ 115.13
Brea (Tiered Rate)	1-10	3.59	15.93		1-10	3.59	15.93	
Brea (Tiered Rate)	11-20	4.69			11-20	4.69		
Brea (Tiered Rate)	21-25	6.18		129.63	21-25	6.18		129.63
Fullerton (Tiered Rate)	1-10	3.21	14.78		1-10	2.28	26.07	
Fullerton (Tiered Rate)	11-17	3.51			11-17	2.28		
Fullerton (Tiered Rate)	18-25	3.80		101.87	18-25	4.58		101.47
La Habra Heights (Lower Zone)	25	1.88	36.34	83.34	25	2.02	38.89	89.39
La Habra Heights (Higher Zone)	25	2.11	36.34	89.09	25	2.26	38.89	95.39
Suburban Water System	1-20	2.65	13.11		1-20	2.81	13.53	
Suburban Water System (La Mirada & Whittier)	5	2.93		80.76	5	3.17		85.64
Whittier (3/4 meter - Tierd Rate)	25				1-22	2.08	32.92	
Whittier (3/4 meter - Tierd Rate)	25	1.99	40.35	90.10	23-25	3.41		88.91

Source: City of La Habra

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

Customer	2020		2019	
	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption	12 Month Consumption (100 Cubic Feet)	Percentage of Total Consumption
City of La Habra	91,215	2.67%	91,535	2.69%
Westridge Golf, Inc.	53,341	1.56%	81,318	2.39%
La Habra School District	43,153	1.26%	45,345	1.33%
Heritage HOA	29,977	0.88%	31,420	0.92%
Tapestry	29,213	0.86%	24,986	0.73%
Brooklake Apartments	26,994	0.79%	25,142	0.74%
Friendly Village	22,097	0.65%	22,021	0.65%
Westridge Community Association	21,774	0.64%	35,755	1.05%
Sunny Hills HOA	21,320	0.62%	22,028	0.65%
Village Green Apartment	20,525	0.60%	20,035	0.59%
Total Consumption in 100 CCF		<u>3,413,163</u>		<u>3,402,361</u>

Source: City of La Habra