CITY of BREA

FISCAL YEAR ENDING
JUNE 30, 2024

Annual Comprehensive Financial Report

Brea, California

CITY OF BREA, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Prepared By:
Administrative Services Department

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CITY OF BREA, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Table of Contents

CITY OF BREA, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Table of Contents

Page

Required Supplementary Information:

Supplementary Information

Table of Contents

Page

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Introductory Section

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December 20, 2024

Honorable Mayor, Members of the City Council, and Citizens of the City of Brea:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Brea, a California City, for the Fiscal Year ended June 30, 2024. This report has been prepared in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Brea. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Brea has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that financial statements will be free from material misstatement.

As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Brea. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants, has audited the City of Brea's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brea for the Fiscal Year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Brea's financial statements for the Fiscal Year ended June 30, 2024, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The City of Brea is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's 2 CFR Part 200 Uniform Guidance, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.* The City continually seeks federal assistance whenever possible and for Fiscal Year ending June 30, 2024 received more than $750,000 in grant revenues and is required to issue the Single Audit Report for FY 2023-24. For FY 2023-24, the City received approximately $1.5 million in federal awards. Information related to this single audit, including a schedule of expenditures of federal awards assistance and the independent auditors' reports on the internal controls and compliance with applicable laws and regulations is available in the City of Brea's separately issued Single Audit Report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brea's MD&A can be found immediately following the report of the independent auditors.

CITY OF BREA PROFILE

The City of Brea, a diverse residential and business community is located at the most northern tip of Orange County at the juncture of three counties with access to major airports, popular regional attractions, beaches, deserts and mountains. Nestled among the hillsides, just 25 miles southeast of Los Angeles, Brea is home to more than 47,725 residents and hosts a daytime working population of more than 125,000.

The City is a major retail center featuring one of the county's largest shopping centers, the Brea Mall; the Brea Union Plaza; and a host of other retail and service businesses. Brea is also a center for big businesses such as ViewSonic Corporation, NCH Management Systems Inc., EVGA Corporation, Beckman-Coulter, American Financial Network, Inc., California Roadside Service, Kirkhill Aircraft Part Co. and Flexfit LLC. Several companies' corporate headquarters are located within Brea, including Beckman-Coulter, and Suzuki Motor of America.

Although Brea is a major retail and business hub, it maintains a balance with nature, preserving its hillside and canyon areas, which also contribute to Brea's quality of life. Brea is home to one of the nation's largest outdoor sculpture collections, with currently 191 pieces of sculpture created to date, an art gallery and a performing arts theatre. Brea has long been recognized for its vision and innovation. It possesses a focused economic development strategy, designed to ensure a well-balanced, economically viable community which includes a wide range of housing, beautiful parks and excellent schools.

Brea provides an excellent portfolio of responsive municipal services. The City operates as a "full service city," providing a full range of services including police and fire protection, water and sanitation services, construction and maintenance of streets and infrastructure, as well as recreational and cultural services. Besides serving its own residential and business customers, Brea has a tradition of entrepreneurial ventures providing services to numerous other public agencies such as information technology and printing services.

The City of Brea operates under the Council-Manager form of government, and is governed by a five-member City Council elected at large, serving staggered four-year terms. Council elections are held in November of even-numbered years in conjunction with statewide general elections.

The budget serves as the foundation for the City of Brea's financial planning and control. The budget is adopted on a biennial basis by the City Council in June of each odd year. The budget team, with the approval of the City Manager, develops budget guidelines in January. The various City departments then submit revenue estimates and expenditure appropriation requests for the period that begins July 1 of each odd year. Budget meetings are held with each department, which leads to the development of the proposed budget. The City Manager then presents the proposed budget document to the City Council, which is discussed with the City Council in public workshops in mid-May. Formal public hearings are held in early June with final approval by City Council on or before June 30 of each odd year. At the conclusion of the first year, the budget team prepares a report on the progress of the first half of the biennial budget cycle. The City Manager formally reviews the report with the City Council. The City Council adopts budget adjustments as needed. The level of budgetary control is established at the fund level for all funds.

LOCAL ECONOMIC FACTORS

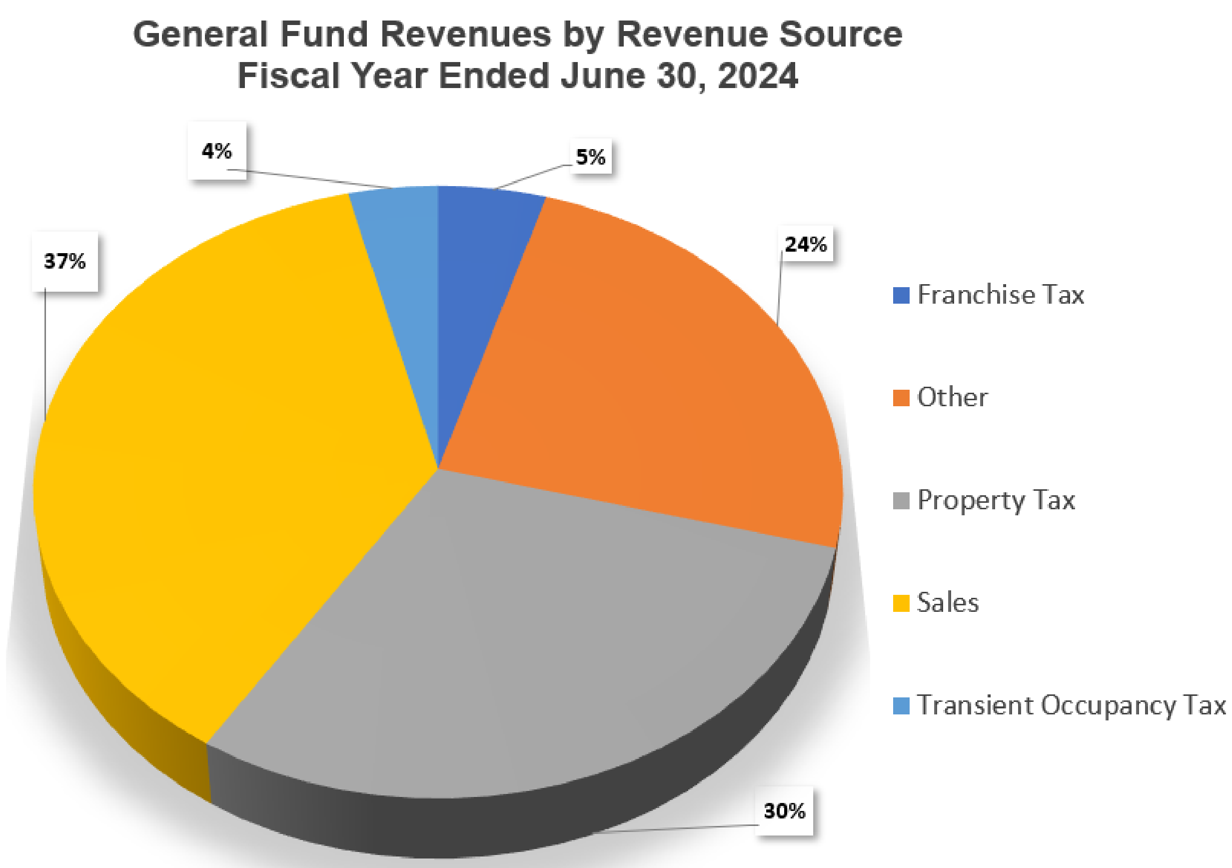
Brea encompasses about 8,300 acres or 13 square miles of land. The City's land use is distributed as follows:

Land Use Distribution

Land Use	Percent
Residential (single-family, multi-family, and mobile homes)	45.3%
Commercial and Office	4.0%
Industrial	11.6%
Parks and Open Space	18.2%
Public Facilities (City facilities, schools, drainage channels, and fire stations)	2.6%
Mixed Use	3.7%
Cemetery	0.3%
Other (streets)	14.3%
Total	**100.0%**

Source: City of Brea General Plan (2003, and subsequent updates 2008, 2014, 2021)

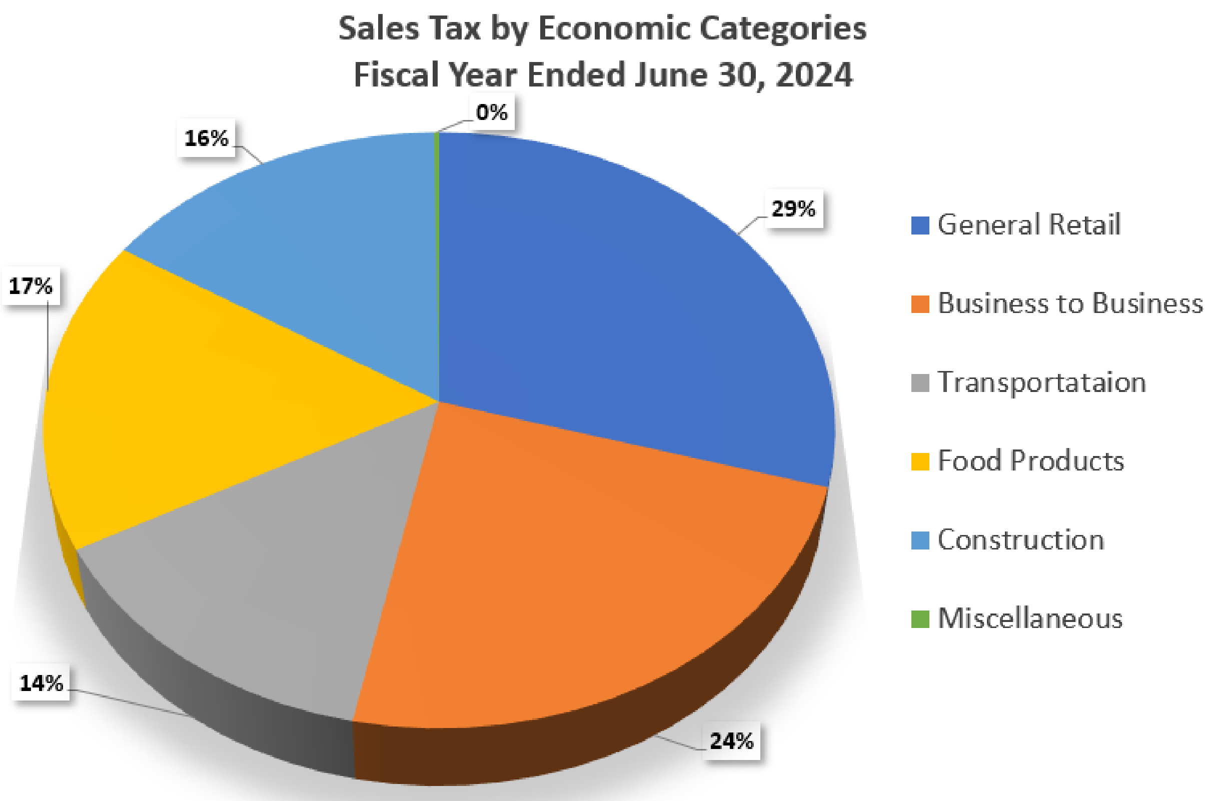
The current land use mix produces General Fund revenues of approximately $77.4 million. Sales taxes, property taxes and franchise taxes account for the top three revenue sources. These revenue sources account for 62.8% of the total amount of General Fund revenues. The remaining revenues account for 37.2% of the total and are represented by a broad range of sources.



CITY of BREA

Sales Tax

Sales tax represents the single largest source of General Fund revenue at $25.2 million. It is derived from six major economic categories as listed in the following chart. The retail category, including department stores, apparel stores and general merchandise, makes up 29% of the total sales tax generated. This sector includes the regional Brea Mall, which is one of the largest malls in Orange County. The second largest economic sector being business to business. Overall, Brea's sales tax on a per capita basis consistently outperforms other municipalities, a strong indicator that the City imports sales tax dollars from surrounding communities.



Property Taxes

Brea is a very diverse community as previously indicated in the land use chart. General Fund property taxes represent $20.3 million or 30% of General Fund revenues. Assessed valuation of all property (including the former Brea Redevelopment Agency) in Brea is $13.2 billion, an increase of 6.3% over the prior fiscal year. The valuation is split between residential at 60%, commercial/industrial at 36%, and the remaining 3% for other miscellaneous uses. Of the City's 18,711 dwelling units, 62% are single-family units, 33% are multi-family units and 5% are mobile homes. Housing costs in Brea continue to rank among the highest in North Orange County. Brea, like other cities in Orange County, is experiencing an increase in housing prices. The median price of a single-family home increased to $1,040,000, up from $975,000, which is a 6.7% rise compared to the previous fiscal year.

Vehicle License Fees (VLF)

When a vehicle is registered in California, a license fee is charged by the State of California. This fee includes a small administrative fee and a property tax in-lieu fee. The in-lieu fee is based on depreciated value of the vehicle and declines over the useful life of the vehicle. The in-lieu fee, while collected by the State Department of Motor Vehicles, belongs to local government (cities and counties). It is allocated based on a per capita basis.

Beginning in January 2005, the Vehicle License Fee was permanently reduced to 0.65% from 2.0% of the vehicle's fair market value. Any loss to cities by this rate reduction at that time was made up, dollar for dollar, with an allocation from the County's Educational Revenue Augmentation Fund (ERAF) property tax account with two payments, due on or before January 31st and May 1st of each year. This allocation will grow with any corresponding growth in the City's secured property tax valuation.

Franchise Taxes

The franchise revenue received by the City is based on adopted City ordinances and contractual agreements. Public utilities (electric and gas) account for 39.8% of the $2.8 million in annual franchise tax revenue. The remaining 60.2% of this revenue includes franchise fees for oil pipelines, cable television, and other non-city utilities.

Franchise Taxes
Fiscal Year Ended June 30, 2024

	Annual Revenue	Percent of Total
Public Utilities	$ 1,128,139	35.8%
All Others	2,020,906	64.2%
Totals	$ 3,149,045	100.0%

ECONOMIC OUTLOOK

Development within Brea continues to remain active and there are many projects in different phases throughout the City. Development within Brea continues and remains active with large scale projects underway including the Brea Mall Mixed Use Project which will redevelop a 15.5-acre portion of the current Brea Mall providing new retail, restaurants, residential and commercial opportunities for the community including a Lifetime Fitness. Demolition started and construction of various buildings have begun including a new mall entrance. Once the current phases are further along, construction on the landscaping and outdoor plaza will begin. The residential and Lifetime Fitness buildings are next to start construction. This project is a multi-phased effort and is anticipated new retail and restaurants will be available to the public Spring/Summer 2025.

Brea Plaza, a vibrant shopping center located along Imperial Highway, between the 57 Freeway and Associated Road, is also undergoing a remodel that will modernize the area located northwest corner of the shopping center. This project will demolish the existing theatre building and add additional ground floor retail spaces and second-floor office spaces with outdoor balcony areas to two of the existing buildings. Construction has started and is anticipated to be completed by late 2025.

Development improvements are also being made to the Gaslight Square site located on Imperial Highway west of State Route 57 which is a mixed-use site that will demolition a portion of the project site to add a new 2,000 square food-drive through restaurant with an outdoor seating area and a 6,000 square foot commercial building consisting of 2,400 square feet of restaurant and 3,600 square feet of medical or retail space. Construction is currently underway.

New development within the City provides an opportunity to generate additional revenue that will assist the City in tempering the increasing cost of goods and services that have remained constant these past few years following the COVID-19 pandemic. Though the organization has been able to pivot and think strategically when navigating a rapidly changing economic environment, the organization continues to maintain and enhance core service levels to the community. This has been especially difficult as the organization repositions itself as work capacity attributed to employee attrition ("Great Resignation") which continued through this post-pandemic environment. To allow flexibility and responsiveness within the organization, the City Manager's authority as it relates to the budget appropriation carryovers is recommended to be expanded to allow the ability to carryover available appropriation from one year to another year for a new expenditure so long as the total appropriation per expenditure does not exceed the City Manager's authority limit of $50,000. This will provide the organization the ability to respond and adapt quicker.

Fortunately, through the guidance of the City Council, the organization has positioned itself with healthy General Fund reserves, above the current policy level of 25%. The excess reserves above the 25% policy limit may help the organization maintain and expand current service levels as the organization adapts to economic pressures in the current and upcoming fiscal years. Staff will also continue to closely monitor actual versus projected revenues and opportunities for vacancy savings that will assist in providing more firm estimates as we navigate the next two fiscal years. Staff commits to providing budget updates to the City Council as the financial picture changes.

Overall it is important to note that Brea is paying all of its obligations on time; is setting aside funding for ongoing capital facility and equipment replacement; and is funding a robust Capital Improvement Program (CIP) to adequately maintain City infrastructure systems. The City Council also took the opportunity as part of this budget process to refine the organization's Fiscal Policies Statement to provide additional guidance regarding capital replacement reserve policies and the inclusion of the City's Reserve Fund Transparency Ordinance.

The organization will make every effort to continue to build prudent reserves and strategic savings programs to be able to insulate the City from a downturn in the economy and minimize organizational disruption. The City Council is also committed to pension modifications and plans to continue setting aside money in an irrevocable trust fund, administered through the Public Agency Retirement Services (PARS), that is specifically designed to help stabilize pension costs. This, combined with continued efforts to promote pension modifications at the legislation front, are steps in the right direction.

The entire organization continues to work hard to preserve core City services. Staff will continue to be diligent in monitoring long-term economic uncertainties that could impact Brea's budget picture. These include:

- The effects of the pandemic and the likelihood of a resurgence;
- Increases in the cost-of-living (inflation);
- Uncertainty in the State's budget; and
- CalPERS projected rate increases

City staff uses a variety of tools, such as looking strategically at vacancies and consolidation of functions to structurally close the budget gap when needed. Staff continues to research new and innovative ways of doing business.

LONG-TERM FINANICAL PLANNING

<u>Brea Forward Strategy Team</u>

Representatives from all City departments meet to discuss strategic planning issues. Over 40 City staff members work collaboratively on an ongoing basis to focus on identifying and evaluating changing City needs. As needed, this group is also instrumental in tackling economic impacts on the City's Budget. Brea Forward meets as needed to address changes to the organization that may be necessary to financially sustain the City over the course of the next several fiscal years and beyond.

Capital Improvement Program (CIP) Budget

The goal of the seven-year CIP is to enhance the quality of life in the community, ensure a safe environment and to promote transportation improvement in the City. The CIP budget for Fiscal Year 2023-25 reflects the City Council's commitment to this goal by enhancing existing infrastructure and providing new infrastructure to aid in service delivery to the community. The remaining six years of the CIP are not a commitment of actual funds, but rather a long-range planning tool for subsequent investments in the City's infrastructure. The CIP is divided into six categories: streets, traffic safety, water, storm drain, sewer, and facility improvements.

Community Center Reserves

Funds are set aside annually for the future replacement of the Community Center facility and equipment. Ongoing review of facility and equipment needs allows the City to manage and plan for expenditures in a more proactive manner. The balance in Community Center Reserves at June 30, 2024 was $1,053,819.

Capital Asset Replacement Reserves

Funds are set aside annually for the replacement of City-owned infrastructure, facilities and capital assets. In addition to a fixed annual contribution, an assessment is made at the end of each fiscal year to determine whether an additional contribution can be made based upon a review of General Fund excess revenues over expenditures. The balance in Capital Asset Replacement Reserves at June 30, 2024 was $4,406,226.

Pension Rate Stabilization Program

On November 17, 2015, the City of Brea established a pension rate stabilization program with Public Agency Retirement Services (PARS) to reduce the future unfunded pension liability for current and future retirement costs for both safety and non-safety employees. The City's initial contribution of $6,000,000 from the General Fund was made during FY 2015-16. During FY 2018-19, the City's Enterprise Funds contributed an additional $756,800 for a total contribution of $6,756,800. The balance as of June 30, 2024 including interest earned to date was $10,592,454.

MAJOR INITIATIVES

State Route 57/Lambert Road Interchange Improvements

Starting in August 2019, the City in conjunction with Caltrans began construction on a new eastbound to northbound loop on-ramp and modify the spacing between the existing SR-57 on and off ramps to improve traffic flow on Lambert Road. The project budget is $100 million with more than 90% of the funding from grants; federal funding of $74 million and $18 million from the Orange County Transportation Authority (OCTA). The remainder is funded by the City with Traffic Impact Fees. Caltrans is the lead agency for environmental and implementation while the City of Brea is the lead for the Right-of-Way and Design.

Arovista Park Modernization Project

The City embarked on the modernization of a 30+ year old park in its historic south Brea neighborhood. With key pedestrian connections to the downtown via the Tracks at Brea trail system, and adjacency to the Brea Senior Center, Brea Creek Golf Course and local schools, this 14-acre site serves as a primary location for multi-generational recreational uses for the community. The City is also adding the first all-accessible playground in North Orange County which will provide an opportunity for children and adults of all ages and all abilities to have a safe space to play and enjoy the outdoors. The construction of Arovista Park East (Phase One) began in May 2024 and is anticipated to be completed in Fall of 2025 with a project budget of $24.1 million.

In-House Ambulance Program

In order to enhance service to the Brea community, the Brea Fire Department is developing an in-house ambulance program. Rather than contracting with a private ambulance company, the fire department will own and operate the ambulances, and the ambulance operators/Emergency Medical Technicians (EMTs) on the ambulances will be City employees. The in-house ambulance program is anticipated to be fully implemented by January 2025. As part of the development of this program, the City has entered into a contract with third party ambulance billing provider. As of July 1, 2024, the City has taken over the billing component of ambulance transportation. Brea's current contracted private ambulance provider, Emergency Ambulance Services (EAS) Inc., will continue providing transport services in Brea until January 2025, at which time, all services will be transferred over to the Brea Fire Department.

Integrated Crime Center (ICC)

The ICC at the Brea Police Department is a modern, technology-based system that is designed to change the paradigm in crime prevention, management, and resolution. Equipped with advanced tools such as video management systems, video analytics, Automated License Plate Readers (LPR), Unmanned Aerial Systems (UAS), and a Drone as a First Responder Program (DFR), the ICC provides first responders with real-time, critical information while generating investigative leads. To further extend the system, the City of Brea has hired a company that will design the fiber network required for a citywide camera system. This will be used as the foundation for construction bids to be solicited in January 2025, expanding ICC's reach and effectiveness and enhancing public safety and community engagement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Brea for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023. This was the 34th consecutive year that the City of Brea has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEGMENTS

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of Monica Lo, Deputy Director of Administrative Services, Ana Conrique, Senior Accountant and the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We also would like to thank our independent auditing firm, Lance, Soll & Lunghard, LLP for their expertise and advice in the preparation of this year's financial report.

In closing, without the leadership and support of the City Council of the City of Brea, preparation of this report would not have been possible.

Sincerely,

Kristin Griffith
Interim City Manager

City Council

Blair Stewart
Mayor Pro Tem

Cecilia Hupp
Council Member

Christine Marick
Mayor

Marty Simonoff
Council Member

Steve Vargas
Council Member

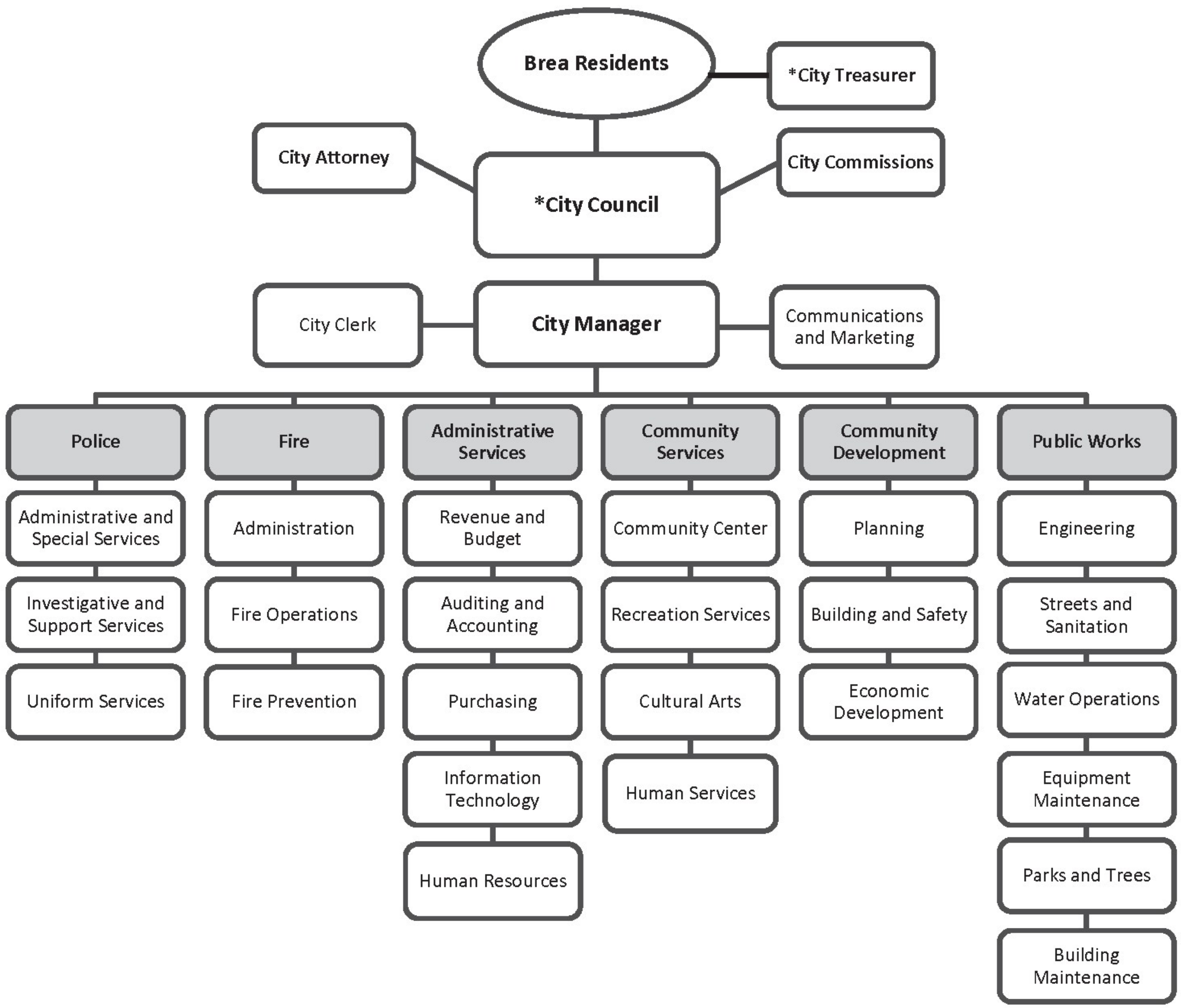
Elected Official

Treasurer	Denise Eby

Administrative Personnel

City Manager	Bill Gallardo
Deputy City Manager/ Administrative Services Director	Kristin Griffith
Deputy City Manager/ Community Development Director	Jason Killebrew
Chief of Police	Adam Hawley
City Clerk	Lillian Harris-Neal
Community Services Director	Carrie Hernandez
Public Works Director	Michael Ho
Fire Chief	Mark Terrill
City Attorney	Terence Boga

CITY ORGANIZATION CHART



*Elected

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brea
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Brea, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brea, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Honorable Mayor and Members of the City Council
City of Brea, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Honorable Mayor and Members of the City Council
City of Brea, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Irvine, California
December 20, 2024

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Management’s Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Brea's Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2024. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Long-Term Economic Resource (Government-wide) Focus – Economic resources are differentiated from financial resources in that the economic measurement focus measures changes in net position as soon as the event occurs regardless of the timing of related cash flows. Therefore, this measurement focus includes both current spendable resources and fixed non-spendable assets, and long-term claims against these assets. The resulting net position utilizing this measurement focus provides one measure of the City's overall long-term financial condition.

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a net position of $344.4 million.

- The City's total net position decreased overall by $15.9 million, of which $21.0 million is related to a decrease in governmental activities, while $5.1 million is related to an increase in business-type activities. The decrease in net position is primarily related to pension expense as discussed further in this document. Of the $5.1 million increase in business-type activities, $2.6 million is related to the Water Utility fund revenues exceeding expenses, $1.4 million is related to the Sewer Utility fund revenues exceeding expenses and $1.2 million relating to activities in Non-major Enterprise Funds.

- The City's noncurrent liabilities of $240,4 million primarily includes $166,6 million in net pension liabilities, $22 million in other post-employment (OPEB) liabilities and $51.9 million of outstanding bonded debt, leases, subscription IT liabilities, compensated absences and claims. Total capital assets, net of depreciation, represents $355.9 million of the $545.3 million in total assets. A significant portion of the capital assets have been funded through bond financing from the former Brea Redevelopment Agency.

Short-Term Financial Resource (Fund) Focus – The financial resources focus measures inflows of current spendable assets. The resulting net difference between current financial assets and current financial liabilities, otherwise known as fund balance (or net working capital in the private sector), is to measure the City's ability to finance activities in the near term.

- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of $100 million, an increase of $1.9 million, which is largely due to an overall increase in investment income for fiscal year ended June 30, 2024. Of the total combined fund balance of $100 million for governmental funds, $58.3 million was restricted, $13 million was assigned, $1.5 million committed and $27.1 million was unassigned.

- The General Fund reported an increase of $1.9 million primarily due to an increase in investment income resulting in a total ending fund balance of $55 million. Of the total ending fund balance, $13 million was assigned, $12.3 million was restricted, $1.5 million was committed and $28.1 million was unassigned. The unassigned balance is available for future appropriations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements,* 2) *Fund Financial Statements* and 3) *Notes to the Financial Statements.* The Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements. Required supplementary information is included in addition to the basic financial statements.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements – The Government-wide Financial Statements are intended to provide a "Big Picture" view of 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 (including non-spendable assets like streets and roads) and any deferred outflows, liabilities (including long-term liabilities that may be paid over twenty or more years) and any deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Government-wide Financial Statements report the City's net position and how they have changed. Net position – the difference between the City's assets and deferred outflows of resources vs. its liabilities and deferred inflows of resources– is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The City's Government-wide Financial Statements are divided into two categories:

1. **Governmental Activities** – This statement depicts the extent to which programs are self-supporting and the net amount provided by property taxes and other general revenues. Most of the City's basic services are included in this category, such as public safety, community development, community services, public works, and general administration. Taxes and charges for services finance most of these activities.

2. **Business-type Activities** – The City's business enterprises include water utility, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. The City charges fees to customers to recover the cost of providing these services.

Fund Financial Statements – Funds are accounting devices that the City uses to track and control resources intended for specific purposes. The Fund Financial Statements provide more detailed information about the City's most significant funds (major funds) but not the City as a whole. Some funds are required by State and Federal law or by bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes.

The City utilizes three broad categories of funds:

Governmental Funds – Governmental Funds are used to account for essentially the same functions reported as Government Activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements utilize the financial resources measurement focus and thus concentrate on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

Proprietary Funds – Services for which the City charges customers a fee is generally reported in Proprietary Funds (Enterprise Funds and Internal Service Funds). Like the Government-wide Financial Statements, these funds provide both long and short-term financial information utilizing the economic resources measurement focus. The City's Enterprise Funds (urban runoff, water, utility, sewer utility, sanitation, information technology external support to public agencies and golf course activities) are individual funds represented in the combined presentation of Business-type Activities in the Government-wide Financial Statements. The individual fund presentation provides more detailed information about each business segment, its operating statements, and statements of cash flow. The City also uses Internal Service Funds that are utilized to report and allocate the cost of certain centrally managed and operated activities (risk management, equipment replacement, and building occupancy). Because the Internal Service Funds primarily serve the government, they are reported with Governmental Activities rather than the Business-type Activities in the Government-wide Financial Statements.

Fiduciary Funds – The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements – The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Basic Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

Supplementary Information – In addition to the required elements of the Basic Financial Statements, we have also included a Supplementary Information section, which includes budgetary and combining schedules that provide additional details about the City's non-major Governmental Funds, Enterprise Funds, Internal Service Funds, and Fiduciary Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. Our analysis focuses on the net position (Table 1) and changes in net position and changes in net position (Table 2) of the City's governmental activities. The government-wide statements also include the City's water and sewer activities as business-type activities.

Net Position – Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position for the year ended June 30, 2024 was $344.4 million of which $313.2 million was the net investment in capital assets such as construction in progress, equipment, buildings and infrastructure. Of the remaining total, $57.4 million was restricted to specific law, contracts or other agreements such as affordable housing, public safety, capital projects and debt service. The remaining $26 million deficit was unrestricted.

Table 1
Net Position
June 30, 2024
(in thousands)

	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total Activities 2024	Total Activities 2023
Current and other assets	$ 111,866	$ 106,206	$ 29,925	$ 25,127	$ 141,791	131,333
Capital assets	217,462	211,095	138,415	138,329	355,877	349,424
Noncurrent assets	30,761	31,285	17,189	17,463	47,950	48,748
Total assets	360,089	348,586	185,529	180,919	545,618	529,505
Deferred charge on refunding	-	-	907	1,003	907	1,003
Deferred pension/OPEB related items	75,278	99,539	2,846	3,233	78,124	102,772
Total Deferred Outflows of Resources	75,278	99,539	3,753	4,236	79,031	103,775
Noncurrent liabilities	186,553	177,046	51,982	53,721	238,535	230,767
Other liabilities	17,108	16,379	7,367	7,216	24,475	23,595
Total liabilities	203,661	193,425	59,349	60,937	263,010	254,362
Deferred Pension/OPEB/Lease related	16,121	17,688	800	870	16,921	18,558
Total Deferred Inflows of Resources	16,121	17,688	800	870	16,921	18,558
Net Investment in Capital Assets	214,585	208,081	98,595	96,874	313,180	304,955
Restricted	54,760	45,252	2,684	2,213	57,444	47,465
Unrestricted	(53,760)	(16,321)	27,854	24,261	(25,906)	7,940
Total net position	$ 215,585	$ 237,012	$ 129,133	$ 123,348	$ 344,718	$ 360,360

Net Investment of Capital Assets – The largest component of the $545.3 million in total assets is the City's investment in capital assets (e.g., land, buildings, infrastructure, and equipment), representing $356 million or 65.3% of total assets.

Noncurrent Liabilities –Of the $240.4 million in long-term (non-current) liabilities, $51.9 million represents outstanding bonded debt, leases, subscriptions, compensated absences, and claims payable, $166.6 million represents net pension liability, and $22 million represents the City's total OPEB liability. During the fiscal year ended June 30, 2024, noncurrent liabilities increased $7.8 million. This increase includes an 8.9% rise in net pension liabilities, a 2.9% decrease in OPEB liability, and a 2.4% decrease related to principal payments on bonds, leases, SBITA, claims and compensated absences. Please refer to Notes 9 through 12 to the basic financial statements for additional information.

The following table indicates the changes in net position for governmental and business-type activities:

Table 2
Changes in Net Position
Fiscal Year Ended June 30, 2024
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	$ 7,983	$ 6,686	$ 34,968	$ 32,624	$ 42,951	$ 39,310
Operating grants and contributions	6,906	10,788	145	11	7,051	10,799
Capital grants and contributions	3,864	1,815	-	-	3,864	1,815
General Revenues:						
Taxes:						
Property taxes	24,080	27,008	-	-	24,080	27,008
Sales taxes	27,128	28,812	-	-	27,128	28,812
Transient occupancy taxes	2,617	2,230	-	-	2,617	2,230
Franchise taxes	3,149	2,833	-	-	3,149	2,833
Other taxes	5,570	1,475	-	-	5,570	1,475
Unrestricted grants and contributions	2,906	-	-	-	2,906	-
Use of money and property	5,113	3,911	1,132	237	6,245	4,148
Other	4,398	3,735	-	-	4,398	3,735
Gain on sale of capital asset	183	274	52	69	235	343
Total Revenues	93,897	89,567	36,297	32,941	130,194	122,508
Expenses:						
General government	13,215	9,467	-	-	13,215	9,467
Public safety	72,585	45,981	-	-	72,585	45,981
Community development	10,402	2,889	-	-	10,402	2,889
Community services	9,701	10,309	-	-	9,701	10,309
Public works	10,200	16,514	-	-	10,200	16,514
Interest on long-term debt	96	27	-	-	96	27
Water utility	-	-	17,759	16,848	17,759	16,848
Sewer utility	-	-	2,668	2,646	2,668	2,646
Urban runoff	-	-	790	621	790	621
Sanitation	-	-	4,256	4,008	4,256	4,008
Information Technology External Support	-	-	1,097	953	1,097	953
Golf Course	-	-	3,765	3,579	3,765	3,579
Total Expenses	116,199	85,187	30,335	28,655	146,534	113,842
Change in net position before transfers	(22,302)	4,380	5,962	4,286	(16,340)	8,666
Transfers	875	1,725	(875)	(1,725)	-	-
Change in net position	(21,427)	6,105	5,087	2,561	(16,340)	8,666
Net position at beginning of year, as restated	237,012	230,907	124,046	120,787	361,058	351,694
Net position at end of year	$ 215,585	$ 237,012	$ 129,133	$ 123,348	$ 344,718	$ 360,360

The City’s total revenues for the fiscal year ended June 30, 2024 were $130.2 million. Of the City’s total revenues, $43 million (33%) were derived from fees charged for services, and $62.5 million (48%) were received in taxes. Overall, revenues for the fiscal year ended June 30, 2024 increased by $7.7 million, a 6.3% increase from the prior year.

- Charges for services increased $3.6 million, primarily due to the recent cost recovery from the enterprise funds, such as water and sewer utility user fees.

- Operating grants and contributions decreased $3.7 million, partly due to the final receipt in the amount of $5.2 million of the City's share of the American Rescue Plan Act (ARPA) received in the prior fiscal year.

- Total taxes increased $185,178 mainly attributable to franchise and transient occupancy taxes.

- Use of money and property increased $2.1 million (1.7%) mainly due to the increase in investment income as a result of favorable market rates.

- The City's total expenses were $146.1 million, comprising of $72.1 million (49.3%) for public safety, $10.4 million (7%) for public works, $9.6 million (6.6%) for community services and $30.3 million (20.8%) for business-type activities. Total expenses increased $32.3 million from the prior year. Of the total increase, $26.1 million was attributable to increased expenses for public safety. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City's pension expense.

Brea is a full-service city providing residents, businesses and visitors with the following functional services:

General Government is comprised of two departments (City Council/City Manager and Administrative Services) providing general governance, executive management, legal services, communication and marketing, human resources, records management, information technology, accounting, budget, treasury, utility billing, purchasing and reprographics.

Public Safety is comprised of two departments (Police Services and Fire Services) providing general law enforcement, public safety dispatch, fire suppression, fire prevention, paramedic services and emergency preparedness.

Community Development is comprised of two divisions (Planning & Building Services and Economic Development Services) providing planning, zoning and building services, redevelopment services, economic development and housing services.

Community Services is overseen by one department and includes recreation, arts and human services, and the community center.

Public Works is overseen by one department and includes engineering and construction of public facilities, parks, streets and related infrastructure, traffic engineering as well as the maintenance of all public facilities, parks, streets and related infrastructure.

Business-type activities is comprised of two departments (Public Works and Administrative Services) providing five activities to residential and business customers (urban runoff, water utility, sewer utility, sanitation services, information technology external support to public agencies and golf course activities).

Governmental Activities – Table 3 presents the cost of each of the City's five largest programs – general government, public safety, community development, community services and public works. Each programs' *net* cost (total cost less revenues generated by the activities) is also presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

Table 3
Governmental Activities
(in thousands)

	Program Expenses		Net Cost (revenue) of Services	
	2024	2023	2024	2023
General government	$ 13,126	$ 9,467	$ 11,243	$ 6,960
Public safety	72,064	45,981	68,959	39,439
Community development	10,417	2,889	5,335	2,041
Community services	9,619	10,309	6,264	7,606
Public works	10,484	16,514	5,156	9,826
Totals	$ 115,710	$ 85,160	$ 96,957	$ 65,872

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. See the Statement of Activities for further detail on program revenues and general revenues.

Overall program expenses have increased from prior year by $30.6 million and an increase in net cost of services by $31.1 million due to the significant increase in pension expense as previously discussed. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City's pension expense.

Table 4
Program Expenses and Revenues - Governmental Activities
Fiscal Year Ended June 30, 2024
(in millions)

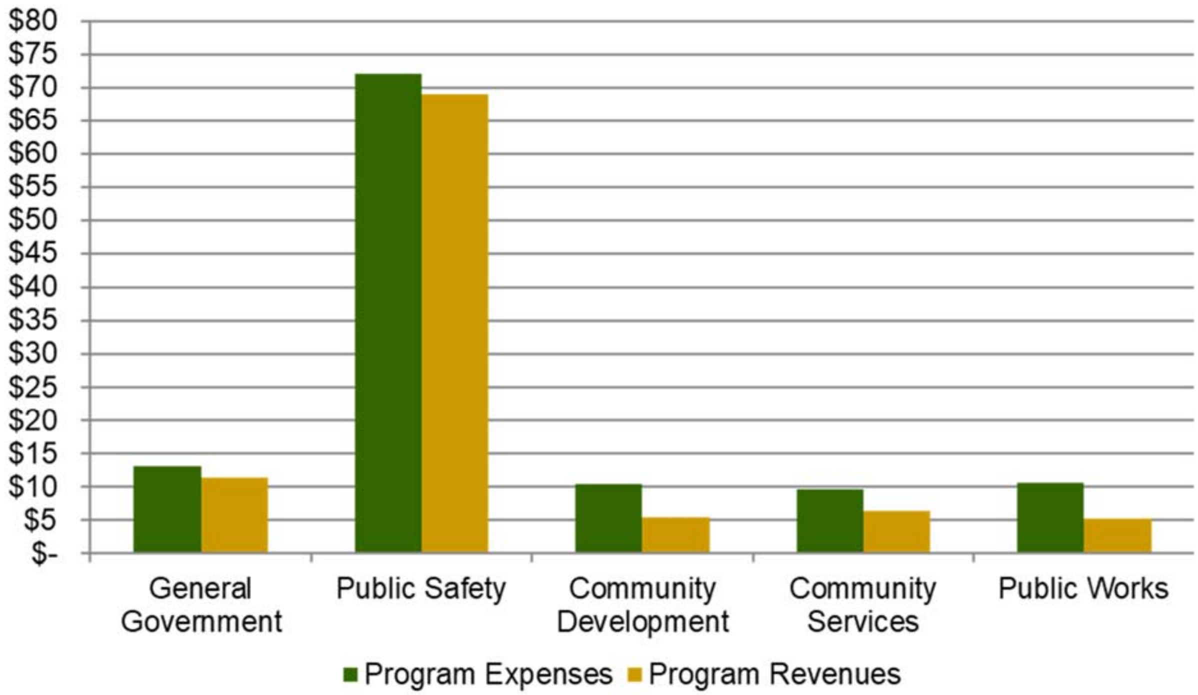
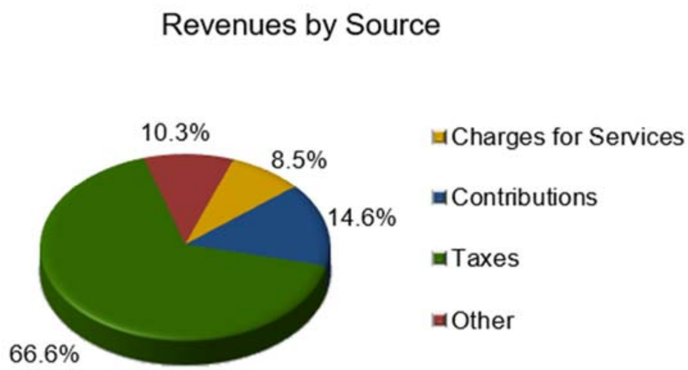
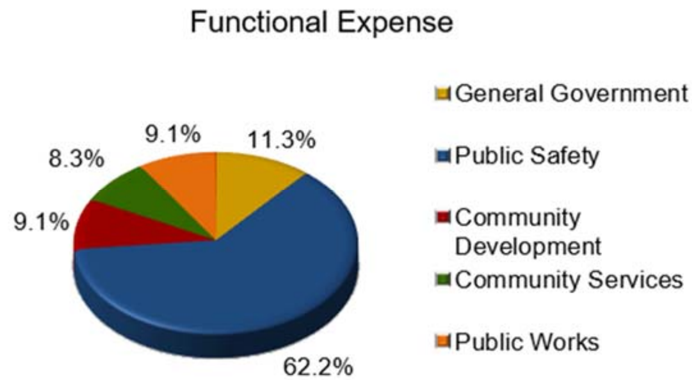


Table 5
Governmental Activities
Fiscal Year Ended June 30, 2024





Major Governmental Activities in the current fiscal year included the following:

Revenues

- The City's total governmental activities included program and general revenues of $93.9 million. Charges for services was $8 million (8.5%), both operating and capital grants and contributions were $13.7 million (14.6%), taxes were $62.5 million (66.6%) and other revenues were $9.7 million (10.3%).

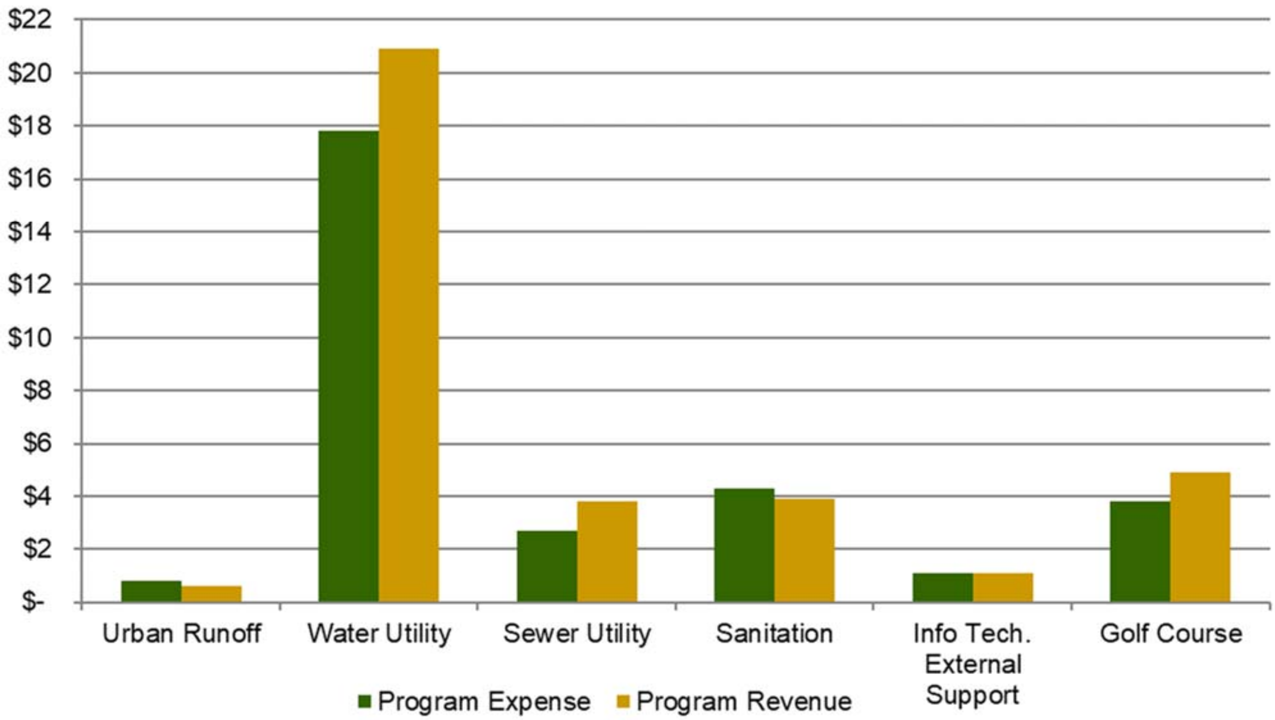
- Of the $94.8 million in total governmental revenues and transfers, 22.9% represents program revenues (both charges for services and contributions), 66% represents taxes and 11.1% represents other.

Expenses

- In the current year, expenses for all Governmental Activities totaled $115.8 million. Of this amount, 11.3% was spent on general government, 62.2% on public safety (including both police and fire), 9.0% on community development, 8.3% on community services, and 9.1% on public works.

Business-type Activities – Business-type Activities increased the City's net position by $5.1 million, primarily due to the changes in the net position of the water utility, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. These activities are financed mainly by fees charged to external parties for goods and services.

Table 6
Program Expense & Revenue – Business-type Activities
Fiscal Year Ended June 30, 2024
(in millions)



Business-type Activities in the current fiscal year included the following:

The Water Utility experienced an increase in net position of $2.6 million. This increase was primarily due to operating income of $4.7 million, offset by $870,408 in non-operating expenses. Of the $16.1 million in water related expenses, 46.0% was for the purchase of water, 19% was for maintenance and other operating expenses, 18.1% was related to depreciation expense, and (16.9%) for personnel costs. Water rates were adjusted in June 2023, with subsequent CPI increases, to fund ongoing operations, recapture the bond coverage ratio, and provide funding for planned capital improvements to the water utility system.

The Sewer Utility had an increase in net position of $1.4 million. The increase in net position was primarily due to operating income of $1.2 million which was mainly due to increased rates.

The Urban Runoff had a decrease in net position of $187,505. Operating expenses, which included maintenance and operation costs of $322,172 and personnel costs of $462,409, totaled $784,581, depreciation expense totaled $1,750, while revenues totaled $598,826.

The Sanitation Utility had an increase in net position of $80,402. The increase in net position was due to revenues and transfers of $4.3 million exceeding operating expenses of $4.2 million.

The Information Technology External Support had an increase in net position of $26,659, primarily due to an increase in contract services.

The Golf Course had an increase in net position of $1.3 million. The increase in net position was primarily due to operating income and intertest of $5 million over operating expenses of $3.7 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds – Utilizing the financial resources measurement focus, the City's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance 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, 2024, the City's governmental funds reported a total combined ending fund balance of $100 million, an increase of $1.9 million from the prior year. Approximately 58.3% of the City's governmental funds ending fund balances, or $58.3 million was restricted fund balance and is legally restricted by external parties. The remaining $41.7 million is *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. Please refer to Note 13 to financial statements for additional details on fund balance classifications.

The General Fund ended the fiscal year with a fund balance of $55 million, which is a net increase of $1.9 million, which is mainly due to increase in investment income. The General Fund's unassigned fund balance of $28.1 million is available for future appropriations.

The Affordable Housing Fund ended the fiscal year with a fund balance of $3.9 million, all of which is restricted for affordable housing activities.

The Low and Moderate Income Housing Asset Fund ended the fiscal year with a fund balance of $19.6 million all of which is restricted for low and moderate income housing activities.

The City's Capital Projects Fund ended the fiscal year with a fund balance of $6 million, a decrease of $200,738. This decrease was primarily due to expenditures on capital projects and improvements. The $6 million fund balance is restricted for future capital projects.

Proprietary Funds – The City's Proprietary Funds (Enterprise and Internal Service Funds) presented in the Fund Financial Statements section basically provide the same type of information in the Government-wide Financial Statements, but include individual segment information.

The Water Utility Fund ended the fiscal year with a net position of $92.7 million, an increase of $2.6 million from the prior year. The increase in net position was primarily due to revenues over expenditures of $2.6 million. Of the $92.7 million in net position, $69 million is net investment in capital assets, $2.7 million is restricted for debt service and $21 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

The Sewer Utility Fund ended the fiscal year with $24.6 million in net position, an increase of $1.4 million. The increase in net position was primarily due the increase in charges for services. Of the $24.6 million in net position $19.5 million is net investment in capital assets and $5.1 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances to Original Budget

Differences between the General Fund original budget revenues and the final amended budget were decreased by $251,931 and are briefly summarized as follows:

- Overall decrease in taxes of $883,658 were primarily due the reduction in sales tax revenue projections as a result of lower sales receipt for transportation and general retail business sectors. This reduction also includes a correction of prior misallocation that also attributed to the reduced sales tax receipts.

- Overall increase in intergovernmental revenues of $493,808 were related to additional grants received during the year. Of the total, $282,677 were revenues received from in-county Olinda landfill host fees received from the County of Orange.

- Rental income of $137,919 was increased for additional revenue as a result of a new agreement with Brea Olinda Unified School District (BOUSD) for leased space at the Brea Civic & Cultural Center.

Differences between the General Fund original budget expenditures for other financing sources (uses) and the final amended budget were increased by $4,936,015 and was mainly attributed to funding various equipment and capital improvement projects including the purchase of three (3) ambulance vehicles and equipment for the new in-house Ambulance Services Program in the Fire Services Department.

Variances *with Final Budget*

Differences between the General Fund final budget revenues and actual resources were $129,135 more than anticipated. The major variance was attributed to taxes being lower than projected and investment income being higher than anticipated.

Differences between the General Fund final budget expenditures and actual expenditures were $671,948 more than anticipated. The variance is primarily attributed to salary and benefit savings as well as continuation of projects including the General Plan Update effort and the new in-house Ambulance Services Program in the Fire Services Department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2024, amounts to $355.9 million (net of accumulated depreciation and amortization). This investment includes a broad range of capital assets such as land, structures and improvements, furniture, machinery and equipment, park facilities, roads, sidewalks, water system, storm drains, sound walls, and bridges. The total net increase (including additions and deletions) of $6.4 represents a 1.8% increase from the previous fiscal year.

Table 7
Capital Assets (net of depreciation and amortization)
Fiscal Year Ended June 30, 2024
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 62,093	$ 62,093	$ 11,629	$ 11,629	$ 73,722	$ 73,722
Water rights	-	-	32,375	32,375	32,375	32,375
Structures and improvements	59,795	61,776	4,086	4,145	63,881	65,921
Equipment	6,929	7,358	371	283	7,300	7,641
Infrastructure	65,333	66,894	85,172	79,575	150,505	146,469
Construction in progress	23,081	12,590	4,775	10,322	27,856	22,912
Right-to-use assets	231	384	7	-	238	384
Totals	$ 217,462	$ 211,095	$ 138,415	$ 138,329	$ 355,877	$ 349,424

Construction-in-progress (CIP) had a net increase of $10.5 million for Governmental Activities due to various capital improvement projects that have started this year. CIP for Business-Type Activities decreased $5.5 million as various projects have been completed and have been placed into service as noted above. The increase of $6.4 million for governmental activities was due to the addition of $10.5 million of various projects to CIP and remaining reduction due to accumulated depreciation to various pavement, traffic and street improvement projects. The $86,328 increase in Business-Type Activities is due to continuous water infrastructure improvement projects that are ongoing throughout the City.

Additional information on the City's capital assets can be found in Note 8 to the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding for bonds, leases of $50.6 million for all governmental and business-type activities.

Table 8
Bonds and Leases
Fiscal Year Ended June 30, 2024
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Lease revenue bonds	$ 2,220	$ 2,220	$ -	$ -	$ 2,220	$ 2,220
Water revenue bonds	-	-	37,675	39,205	37,675	39,205
Totals	$ 2,220	$ 2,220	$ 37,675	$ 39,205	$ 39,895	$ 41,425

Additional information on the City's long-term debt can be found in Note 9 to financial statements.

FACTORS AFFECTING NEXT YEAR'S BUDGET

The Fiscal Year 2023-25 biennial General Fund budgeted revenues are $75.0 million for fiscal year 2024-25 and budgeted expenditures are $72.9 million.

A brief summary of the factors considered when preparing year two of the Fiscal Year 2023-25 budget are summarized as follows:

- Sales tax represents the single largest source of General Fund revenue, budgeted at $26.6 million and represents 35 percent of the City's General Fund budget. Sales tax projections are assumed to decline in major business segments including General Retail, Transportation and Food Products based upon sales through the holiday quarter ending December 2023. Sales tax projections also take into consideration reduced sales tax revenue as a result of a major business moving outside of City limits. The cumulative decline in sales tax revenues is projected to be significant in FY 2024-25. Staff continues to monitor sales tax receipts and provide routine updates to management and City Council as more information becomes available. It is also important to note that these projections do not include any increased sales tax revenue as a result of development activity currently underway including the Brea Mall Mixed Use Project. As development projects get closer to completion, sales tax projections will be updated to reflect conservative revenue estimates.

- General Fund property taxes are also projected to increase as more information becomes available regarding development projects. Currently property taxes represent 20.6 percent of the City's General Fund budget. This is a 4.5 percent increase in comparison to FY 2023-24 actuals.

- The FY 2024-25 General Fund Operating Budget also takes into consideration the recent negotiation with the County of Orange regarding the Olinda Landfill Host Fee revenue with a projected one-time amount of $6.5 million to the City's General Fund. This one-time funding will be used to fund the Arovista Park Modernization Project (CIP 7978) in lieu of using General Fund revenues over expenditures from prior fiscal year that was previously appropriated by City Council on March 19, 2024.

The current budget expands service levels to the community and represents a 10.7 percent increase in budgeted expenditures in FY 2024-25 in comparison to FY 2023-24 actuals.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Administrative Services Department, 1 Civic Center Circle, Brea, California 92821, at (714) 990-7676.

Basic Financial Statements

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	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 97,595,177	$ 25,707,445	$ 123,302,622
Receivables (net of uncollectibles):			
Accounts	3,527,978	4,176,081	7,704,059
Taxes	273,228	-	273,228
Accrued interest	3,788,797	-	3,788,797
Due from other governments	5,413,465	168,983	5,582,448
Notes and loans	16,209,848	-	16,209,848
Leases	5,359,646	-	5,359,646
Internal balances	432,420	(432,420)	-
Restricted assets:			
Cash and investments	9,190,563	967,000	10,157,563
Cash and investments with fiscal agent	1,152	2,266,810	2,267,962
Land held for resale	800,000	-	800,000
Prepaid items	33,977	-	33,977
Capital assets (not being depreciated/amortized)	85,174,200	48,779,153	133,953,353
Capital assets (net of accumulated depreciation/amortization)	132,288,257	89,636,284	221,924,541
Equity in California Domestic Water Company	-	13,955,007	13,955,007
Total assets	**360,088,708**	**185,224,343**	**545,313,051**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	-	907,806	907,806
Pension-related	72,246,192	2,390,587	74,636,779
OPEB-related	3,032,185	455,279	3,487,464
Total deferred outflows of resources	**75,278,377**	**3,753,672**	**79,032,049**
LIABILITIES			
Accounts payable	4,305,530	4,450,784	8,756,314
Due to other governments	1,414,872	-	1,414,872
Accrued liabilities	1,813,146	120,712	1,933,858
Accrued interest	27,079	650,031	677,110
Deposits payable	418,095	289,413	707,508
Unearned revenue	9,129,216	-	9,129,216
Noncurrent liabilities:			
Due within one year: bonds, notes, leases, SBITA, claims, and compensated absences	4,154,310	1,856,702	6,011,012
Current OPEB liability	1,266,000	-	1,266,000
Due in more than one year:			
Net pension liability	156,856,171	9,691,084	166,547,255
Total OPEB liability	17,578,426	3,106,785	20,685,211
Bonds, notes, leases, SBITA, claims, and compensated absences	6,698,082	39,183,973	45,882,055
Total liabilities	**203,660,927**	**59,349,484**	**263,010,411**
DEFERRED INFLOWS OF RESOURCES			
Pension-related	4,416,975	65,653	4,482,628
OPEB-related	6,513,452	734,546	7,247,998
Lease-related	5,190,959	-	5,190,959
Total deferred inflows of resources	**16,121,386**	**800,199**	**16,921,585**
NET POSITION			
Net investment in capital assets	214,584,554	98,594,995	313,179,549
Restricted:			
General government	9,520,804	-	9,520,804
Public safety	6,892,163	-	6,892,163
Community development	32,685,660	-	32,685,660
Public works	5,661,733	-	5,661,733
Debt service	-	2,683,786	2,683,786
Unrestricted	(53,760,142)	27,549,551	(26,210,591)
Total net position	**$ 215,584,772**	**$ 128,828,332**	**$ 344,413,104**

See Notes to Financial Statements.

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	$ 13,215,066	$ 758,043	$ 1,125,498	$ -
Public safety	72,585,447	690,935	2,413,872	-
Community Development	10,401,804	3,296,657	1,599,115	185,256
Community services	9,701,427	2,911,229	443,965	-
Public works	10,200,064	326,692	1,323,262	3,678,409
Interest on long-term debt	95,744	-	-	-
Total governmental activities	**116,199,552**	**7,983,556**	**6,905,712**	**3,863,665**
Business-type activities:				
Water utility	17,670,941	20,862,952	-	-
Sewer utility	2,531,646	3,795,600	-	-
Urban runoff	722,543	573,854	-	-
Sanitation	4,153,979	3,794,989	145,260	-
Information technology	1,097,096	1,064,274	-	-
Golf course	3,765,271	4,876,038	-	-
Total business-type activities	**29,941,476**	**34,967,707**	**145,260**	**-**
Total primary government	**$ 146,141,028**	**$ 42,951,263**	**$ 7,050,972**	**$ 3,863,665**

General revenues and transfers:
General revenues:
Property taxes
Sales taxes
Transient occupancy taxes
Franchise taxes
Other taxes
Rental income
Use of money and property
Other
Gain on sale of capital asset
Transfers

Total general revenues and transfers

Change in net position

Net position-beginning

Net position-ending

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (11,331,525)	$ -	$ (11,331,525)
(69,480,640)	-	(69,480,640)
(5,320,776)	-	(5,320,776)
(6,346,233)	-	(6,346,233)
(4,871,701)	-	(4,871,701)
(95,744)	-	(95,744)
(97,446,619)	**-**	**(97,446,619)**
-	3,192,011	3,192,011
-	1,263,954	1,263,954
-	(148,689)	(148,689)
-	(213,730)	(213,730)
-	(32,822)	(32,822)
-	1,110,767	1,110,767
-	**5,171,491**	**5,171,491**
(97,446,619)	**5,171,491**	**(92,275,128)**
24,080,019	-	24,080,019
27,128,012	-	27,128,012
2,616,587	-	2,616,587
3,149,045	-	3,149,045
5,570,495	-	5,570,495
2,906,180	-	2,906,180
5,112,695	1,131,751	6,244,446
4,397,869	-	4,397,869
183,149	52,493	235,642
875,245	(875,245)	-
76,019,296	**308,999**	**76,328,295**
(21,427,323)	**5,480,490**	**(15,946,833)**
237,012,095	123,347,842	360,359,937
$ 215,584,772	**$ 128,828,332**	**$ 344,413,104**

See Notes to Financial Statements.

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Major Governmental Funds

General Fund

The General fund is used to account for resources which are dedicated to governmental operations of the City, and not required to be accounted for in another fund.

Low & Moderate Income Housing Asset Fund

The Low & Moderate Income Housing Asset Fund is used to account for revenues received and expenditures made for affordable housing. The primary sources of revenue are from loan repayments generated from the use of the former Brea Redevelopment Agency's Low- and Moderate-Income Housing Funds.

Affordable Housing Fund

This fund is used to account for revenues received and expenditures made for the development of low to moderate income housing. The primary source of revenue is fees collected from developers.

Capital Improvements Fund

The Capital Improvements Fund is used to account for the costs of constructing street improvements, parks and other public improvements not normally included within the other capital projects funds. Financing is provided by Federal and State Grant Revenues and interfund transfers from non-major special revenue funds and General Fund.

Non – Major Governmental Fund

Non-major governmental funds are those governmental funds which do not meet the criteria of a major fund. For reporting purposes in this section, they are combined together as non-major governmental funds.

CITY OF BREA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2024

		Special Revenue Funds		Capital Projects Fund
	General	Affordable Housing	Housing Successor	Capital Improvements
ASSETS				
Cash and investments	$ 42,239,623	$ 9,824,021	$ 4,956,193	$ 10,353,052
Receivables (net of allowance for uncollectible):				
Accounts	3,312,439	-	7,067	-
Taxes	244,640	-	-	-
Interest	717,270	-	3,071,527	-
Notes and loans	-	104,000	14,692,388	-
Leases	5,359,646	-	-	-
Due from other funds	915,777	-	-	-
Prepaid items	29,357	-	-	-
Land held for resale	-	-	800,000	-
Due from other governments	3,372,785	-	-	859,212
Restricted assets:				
Cash and investments	9,190,563	-	-	-
Cash and investments with fiscal agent	1,152	-	-	-
Total assets	**$ 65,383,252**	**$ 9,928,021**	**$ 23,527,175**	**$ 11,212,264**
LIABILITIES				
Accounts payable	$ 1,118,865	$ -	$ 21,242	$ 2,783,735
Accrued liabilities	1,690,232	-	4,401	4,325
Unearned revenues	-	6,028,492	-	1,565,544
Deposits payable	417,178	-	917	-
Due to other governments	1,412	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**3,227,687**	**6,028,492**	**26,560**	**4,353,604**
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to leases	5,190,959	-	-	-
Unavailable revenues	2,003,093	-	3,919,541	848,507
Total deferred inflows of resources	**7,194,052**	**-**	**3,919,541**	**848,507**
FUND BALANCES (DEFICITS)				
Nonspendable	29,357	-	-	-
Restricted	12,329,512	3,899,529	19,581,074	6,010,153
Committed	1,540,335	-	-	-
Assigned	13,010,810	-	-	-
Unassigned	28,051,499	-	-	-
Total fund balances (deficits)	**54,961,513**	**3,899,529**	**19,581,074**	**6,010,153**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 65,383,252**	**$ 9,928,021**	**$ 23,527,175**	**$ 11,212,264**

See Notes to Financial Statements.

CITY OF BREA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2024

	Total Non-major Funds	Total Governmental Funds
ASSETS		
Cash and investments	$ 17,709,205	$ 85,082,094
Receivables (net of allowance for uncollectible):		
Accounts	-	3,319,506
Taxes	28,588	273,228
Interest	-	3,788,797
Notes and loans	1,413,460	16,209,848
Leases	-	5,359,646
Due from other funds	-	915,777
Prepaid items	-	29,357
Land held for resale	-	800,000
Due from other governments	1,181,468	5,413,465
Restricted assets:		
Cash and investments	-	9,190,563
Cash and investments with fiscal agent	-	1,152
Total assets	**$ 20,332,721**	**$ 130,383,433**
LIABILITIES		
Accounts payable	$ 134,999	$ 4,058,841
Accrued liabilities	23,995	1,722,953
Unearned revenues	1,535,180	9,129,216
Deposits payable	-	418,095
Due to other governments	1,413,460	1,414,872
Due to other funds	915,777	915,777
Total liabilities	**4,023,411**	**17,659,754**
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to leases	-	5,190,959
Unavailable revenues	725,688	7,496,829
Total deferred inflows of resources	**725,688**	**12,687,788**
FUND BALANCES (DEFICITS)		
Nonspendable	-	29,357
Restricted	16,489,968	58,310,236
Committed	-	1,540,335
Assigned	-	13,010,810
Unassigned	(906,346)	27,145,153
Total fund balances (deficits)	**15,583,622**	**100,035,891**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 20,332,721**	**$ 130,383,433**

See Notes to Financial Statements.

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CITY OF BREA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		$ 100,035,891
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		210,096,977
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	$ 70,551,570	
Deferred outflows-OPEB related	2,736,518	
Deferred inflows-pension related	(4,370,437)	
Deferred inflows-OPEB related	(6,034,436)	
Total deferred outflows and inflows related to postemployment benefits		62,883,215
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Long-term receivables	7,496,829	
Total other long-term assets		7,496,829
Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.		8,005,810
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Lease revenue bonds	(2,220,000)	
Leases and SBITA payable	(177,441)	
Compensated absences	(3,024,352)	
Accrued interest payable on long-term debt	(27,079)	
Net pension liability	(149,986,429)	
Net OPEB liability	(17,034,413)	
Total long-term liabilities		(172,469,714)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Bond premiums	(464,236)	
Total premiums, discounts, and deferred items		(464,236)
Net position of governmental activities		**$ 215,584,772**

CITY OF BREA, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

		Special Revenue Funds		Capital Projects Fund
		Formerly Non-major Fund		
	General	**Affordable Housing**	**Housing Successor**	**Capital Improvements**
REVENUES				
Taxes	$ 53,979,543	$ -	$ -	$ -
Licenses and permits	287,697	-	-	-
Intergovernmental	10,171,867	-	-	2,677,737
Charges for services	3,898,624	-	-	283,772
Investment income, net	3,073,878	362,622	206,617	351,416
Fines and forfeitures	325,010	-	-	-
Rental income	2,906,180	-	-	-
Other revenues	2,738,884	195,052	17,015	28,711
Total revenues	**77,381,683**	**557,674**	**223,632**	**3,341,636**
EXPENDITURES				
Current:				
General government	8,600,765	13,267	8,907	(100,450)
Public safety	46,272,277	-	-	-
Community services	9,488,694	-	-	-
Community development	3,010,068	21,082	740,868	-
Public works	6,860,689	-	-	2,909
Capital outlay	1,087,593	-	-	9,385,261
Debt service:	-	-	-	-
Principal	156,186	-	-	-
Interest and fiscal charges	91,456	-	-	-
Total expenditures	**75,567,728**	**34,349**	**749,775**	**9,287,720**
Excess (deficiency) of revenues over (under) expenditures	**1,813,955**	**523,325**	**(526,143)**	**(5,946,084)**
OTHER FINANCING SOURCES (USES)				
Transfers in	1,283,072	-	-	5,745,346
Transfers out	(1,200,463)	-	-	-
Proceeds from sale of capital assets	7,853	-	-	-
Total other financing sources (uses)	**90,462**	**-**	**-**	**5,745,346**
Net change in fund balances	**1,904,417**	**523,325**	**(526,143)**	**(200,738)**
Fund balances-beginning	53,057,096	-	20,107,217	6,210,891
Restatement - Change in Reporting Entity	-	3,376,204	-	-
Fund balances (deficit)-beginning, as restated	53,057,096	3,376,204	20,107,217	6,210,891
Fund balances (deficit)-ending	**$ 54,961,513**	**$ 3,899,529**	**$ 19,581,074**	**$ 6,010,153**

CITY OF BREA, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Total Non-major Funds	Total Governmental Funds
REVENUES		
Taxes	$ 2,994,120	$ 56,973,663
Licenses and permits	-	287,697
Intergovernmental	3,786,001	16,635,605
Charges for services	-	4,182,396
Investment income, net	610,414	4,604,947
Fines and forfeitures	22,525	347,535
Rental income	-	2,906,180
Other revenues	2,662,977	5,642,639
Total revenues	**10,076,037**	**91,580,662**
EXPENDITURES		
Current:		
General government	189,226	8,711,715
Public safety	842,134	47,114,411
Community services	-	9,488,694
Community development	176,809	3,948,827
Public works	2,775,733	9,639,331
Capital outlay	1,660,550	12,133,404
Debt service:		
Principal	-	156,186
Interest and fiscal charges	-	91,456
Total expenditures	**5,644,452**	**91,284,024**
Excess (deficiency) of revenues over (under) expenditures	**4,431,585**	**296,638**
OTHER FINANCING SOURCES (USES)		
Transfers in	60,428	7,088,846
Transfers out	(4,291,600)	(5,492,063)
Proceeds from sale of capital assets	3,200	11,053
Total other financing sources (uses)	**(4,227,972)**	**1,607,836**
Net change in fund balances	**203,613**	**1,904,474**
Fund balances-beginning	18,756,213	98,131,417
Restatement - Change in Reporting Entity	(3,376,204)	-
Fund balances (deficit)-beginning, as restated	15,380,009	98,131,417
Fund balances (deficit)-ending	**$ 15,583,622**	**$ 100,035,891**

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, 2024

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

Net change in fund balances - total governmental funds:		$ 1,904,474
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.		
Capital outlay	$ 12,159,208	
Depreciation/amortization expense	(7,817,755)	
Total adjustment		4,341,453
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned but unavailable grant revenues	1,625,425	
Total adjustment		1,625,425
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Subscriptions issued	(15,816)	
Amortization of bond premiums and discounts	(4,288)	
Principal payments	141,221	
Total adjustment		121,117
Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities.		(169,887)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(294,285)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(29,971,911)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	1,016,291	
Total adjustment		(29,249,905)
Change in net position of governmental activities		**$ (21,427,323)**

Major Enterprise Funds

Water Utility Fund

The Water Utility Fund is a major fund used to account for the operations of the City's water utility, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Sewer Utility Fund

The Sewer Utility Fund is a major fund used to account for the operations of the City's sewer distribution lines, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Non – Major Enterprise Funds

Non-major proprietary funds are those proprietary funds which do not meet the criteria of a major fund. For reporting purposes in this section, they are combined together as non-major enterprise funds.

Governmental Activities

Internal Services Funds

The Internal Services Funds are used to allocate the cost of providing goods and services by one department to another department on a cost reimbursement basis.

CITY OF BREA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 13,576,430	$ 6,453,521	$ 5,677,494	$ 25,707,445	$ 12,513,083
Receivables (net of uncollectibles):					
Accounts receivable, net	3,082,207	454,975	638,899	4,176,081	208,472
Due from other governments	-	-	168,983	168,983	-
Prepaid expenses	-	-	-	-	4,620
Restricted:					
Restricted cash and investments	485,532	177,757	303,711	967,000	-
Restricted cash and investments with fiscal agent	2,266,810	-	-	2,266,810	-
Total current assets	19,410,979	7,086,253	6,789,087	33,286,319	12,726,175
Noncurrent:					
Capital assets, net of depreciation and amortization	108,792,571	19,504,889	10,117,977	138,415,437	7,365,480
Equity in California Domestic Water Company	13,955,007	-	-	13,955,007	-
Total noncurrent assets	122,747,578	19,504,889	10,117,977	152,370,444	7,365,480
Total assets	**142,158,557**	**26,591,142**	**16,907,064**	**185,656,763**	**20,091,655**
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	907,806	-	-	907,806	-
Deferred pension related items	1,174,285	437,313	778,989	2,390,587	1,694,622
Deferred OPEB related items	215,884	78,331	161,064	455,279	295,667
Total deferred outflows of resources	**2,297,975**	**515,644**	**940,053**	**3,753,672**	**1,990,289**
LIABILITIES					
Current liabilities:					
Accounts payable	3,449,284	28,776	972,724	4,450,784	246,689
Accrued liabilities	57,986	24,542	38,184	120,712	90,193
Accrued interest	650,031	-	-	650,031	-
Deposits payable	289,413	-	-	289,413	-
Claims and judgments, due within one year	-	-	-	-	1,639,804
Compensated absences, due within one year	120,164	44,348	69,809	234,321	89,496
Bonds, notes, leases, and SBITAs, due within one year	1,615,000	-	7,381	1,622,381	24,083
Total current liabilities	6,181,878	97,666	1,088,098	7,367,642	2,090,265
Noncurrent liabilities:					
Claims and judgments, due in more than one year	-	-	-	-	3,183,148
Compensated absences, due in more than one year	40,054	14,782	23,270	78,106	29,832
Bonds, notes, leases, and SBITAs, due in more than one year	39,105,867	-	-	39,105,867	-
Net pension liability	4,760,376	1,772,800	3,157,908	9,691,084	6,869,742
Total OPEB liability	1,273,341	456,657	1,376,787	3,106,785	1,810,013
Total noncurrent liabilities	45,179,638	2,244,239	4,557,965	51,981,842	11,892,735
Total liabilities	**51,361,516**	**2,341,905**	**5,646,063**	**59,349,484**	**13,983,000**
DEFERRED INFLOWS OF RESOURCES					
Deferred pension related items	32,249	12,010	21,394	65,653	46,538
Deferred OPEB related items	339,549	130,693	264,304	734,546	479,016
Total deferred inflows of resources	**371,798**	**142,703**	**285,698**	**800,199**	**525,554**
NET POSITION					
Net investment in capital assets	68,979,510	19,504,889	10,110,596	98,594,995	7,341,397
Restricted for debt service	2,683,786	-	-	2,683,786	-
Unrestricted	21,059,922	5,117,289	1,804,760	27,981,971	231,993
Total net position	**$ 92,723,218**	**$ 24,622,178**	**$ 11,915,356**	**129,260,752**	**$ 7,573,390**
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				(432,420)	
Net position of business-type activities				**$ 128,828,332**	

CITY OF BREA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 20,390,301	$ 3,785,638	$ 10,203,782	$ 34,379,721	$ 11,677,017
Connection fees	146,396	5,055	-	151,451	-
Fines and forfeitures	235,597	-	80,169	315,766	-
Other revenues	90,658	4,907	25,204	120,769	159,959
Total operating revenues	**20,862,952**	**3,795,600**	**10,309,155**	**34,967,707**	**11,836,976**
OPERATING EXPENSES					
Personnel services	2,731,071	911,314	1,925,424	5,567,809	4,367,939
Maintenance and operations	3,073,219	1,180,915	7,865,521	12,119,655	5,355,440
Cost of purchased water	7,416,167	-	-	7,416,167	-
Claims and judgments	-	-	-	-	987,809
Depreciation/Amortization	2,919,335	549,671	90,051	3,559,057	988,267
Total operating expenses	**16,139,792**	**2,641,900**	**9,880,996**	**28,662,688**	**11,699,455**
Operating income (loss)	**4,723,160**	**1,153,700**	**428,159**	**6,305,019**	**137,521**
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	145,260	145,260	-
Interest income	621,601	270,814	239,336	1,131,751	507,748
Interest expense	(1,187,428)	-	-	(1,187,428)	-
Change in equity of California Domestic Water Company	(357,074)	-	-	(357,074)	-
Gains on disposal of capital assets	52,493	-	-	52,493	172,096
Total nonoperating revenues (expenses)	**(870,408)**	**270,814**	**384,596**	**(214,998)**	**679,844**
Income (loss) before capital contributions and transfers	**3,852,752**	**1,424,514**	**812,755**	**6,090,021**	**817,365**
Transfers in	-	804	375,252	376,056	135,815
Transfers out	(1,251,301)	-	-	(1,251,301)	(857,353)
Change in net position	**2,601,451**	**1,425,318**	**1,188,007**	**5,214,776**	**95,827**
Net position-beginning	90,121,767	23,196,860	10,727,349		7,477,563
Net position-ending	**$ 92,723,218**	**$ 24,622,178**	**$ 11,915,356**		**$ 7,573,390**
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				265,714	
Changes in net position of business-type activities				**$ 5,480,490**	

CITY OF BREA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 20,582,909	$ 3,742,394	$ 10,275,895	$ 34,601,198	$ 11,719,454
Payments to suppliers and service providers	(10,532,914)	(1,177,632)	(7,811,196)	(19,521,742)	(6,424,184)
Payments to employees for salaries and benefits	(2,477,455)	(935,005)	(1,716,135)	(5,128,595)	(5,236,970)
Net cash provided by (used for) operating activities	**7,572,540**	**1,629,757**	**748,564**	**9,950,861**	**58,300**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	804	375,252	376,056	135,815
Transfers to other funds	(1,251,301)	-	-	(1,251,301)	(857,353)
Operating grants and contributions	-	-	109,413	109,413	-
Net cash provided by (used for) noncapital financing activities	**(1,251,301)**	**804**	**484,665**	**(765,832)**	**(721,538)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(3,079,109)	(532,807)	(18,610)	(3,630,526)	(3,026,680)
Principal paid on capital debt	(1,530,000)	-	(7,477)	(1,537,477)	(15,785)
Interest paid on capital debt	(1,333,505)	-	-	(1,333,505)	-
Proceeds from sales of assets	52,493	-	-	52,493	215,736
Net cash provided by (used for) capital and related financing activities	**(5,890,121)**	**(532,807)**	**(26,087)**	**(6,449,015)**	**(2,826,729)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	621,601	270,814	239,335	1,131,750	484,823
Net cash provided by (used for) investing activities	**621,601**	**270,814**	**239,335**	**1,131,750**	**484,823**
Net increase (decrease) in cash and cash equivalents	**1,052,719**	**1,368,568**	**1,446,477**	**3,867,764**	**(3,005,144)**
Cash and cash equivalents-beginning	15,276,053	5,262,710	4,534,728	25,073,491	15,518,227
Cash and cash equivalents-ending	**$ 16,328,772**	**$ 6,631,278**	**$ 5,981,205**	**$ 28,941,255**	**$ 12,513,083**

See Notes to Financial Statements.

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments	$ 13,576,430	$ 6,453,521	$ 5,677,494	$ 25,707,445	$ 12,513,083
Restricted cash and investments	485,532	177,757	303,711	967,000	-
Cash with fiscal agent	2,266,810	-	-	2,266,810	-
Total cash and cash equivalents	$ 16,328,772	$ 6,631,278	$ 5,981,205	$ 28,941,255	$ 12,513,083
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	$ 4,723,160	$ 1,153,700	$ 428,159	$ 6,305,019	$ 137,521
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	2,919,335	549,671	90,051	3,559,057	988,267
(Increase) decrease in accounts receivable	(321,048)	(53,206)	(33,260)	(407,514)	(117,522)
(Increase) decrease in prepaid items	-	-	-	-	(4,620)
Increase (decrease) in accounts payable	(43,528)	3,283	54,325	14,080	(76,315)
Increase (decrease) in accrued liabilities	8,905	6,660	10,070	25,635	13,805
Increase (decrease) in deposits payable	41,005	-	-	41,005	-
Increase (decrease) in compensated absences	2,159	107	13,473	15,739	(2,508,649)
Increase (decrease) in claims and judgments	-	-	-	-	1,639,804
Increase (decrease) in net pension liability	296,014	(8,835)	218,575	505,754	70,605
Increase (decrease) in net OPEB liability	(53,462)	(21,623)	(32,829)	(107,914)	(84,596)
Total adjustments	2,849,380	476,057	320,405	3,645,842	(79,221)
Net cash provided by (used for) operating activities	$ 7,572,540	$ 1,629,757	$ 748,564	$ 9,950,861	$ 58,300

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Private – Purpose Trust Fund

Private-Purpose Trust Fund, a type of fiduciary fund, is used to account for assets held by the City as Successor Agency of the former Brea Redevelopment Agency.

Custodial Funds

Custodial Funds, a type of fiduciary fund, are used to account for assets held by the City as an agent for other governmental entities, private organizations, or individuals.

CITY OF BREA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Private Purpose Trust Fund Successor Agency of the Former RDA	Custodial Funds
ASSETS		
Cash and investments	$ 739,514	$ 12,917,331
Receivables:		
Accounts	-	56,888
Property taxes	-	7,691
Accrued interest	4,201	-
Due from other governments	426,000	46,080
Restricted assets:		
Cash and investments with fiscal agent	12,114,244	671,666
Total assets	**13,283,959**	**13,699,656**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	2,556,841	-
Total deferred outflows of resources	**2,556,841**	**-**
LIABILITIES		
Accounts payable	-	713,191
Accrued liabilities	-	552,122
Accrued interest	1,269,628	-
Long-term liabilities:		
Due in one year	10,339,534	-
Due in more than one year	78,325,885	-
Total liabilities	**89,935,047**	**1,265,313**
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	(74,094,247)	12,434,343
Total net position	**$ (74,094,247)**	**$ 12,434,343**

See Notes to Financial Statements.

CITY OF BREA, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Private Purpose Trust Fund	
	Successor Agency of the Former RDA	**Custodial Funds**
ADDITIONS		
Contributions:		
Taxes and special assessments	$ 13,486,940	$ 977,894
Employee or Member Contributions	-	1,691,377
Interest and changes in fair value of investments	335,111	760,078
Miscellaneous	-	542,818
Total additions	**13,822,051**	**3,972,167**
DEDUCTIONS		
Administrative expenses	-	4,936,654
Contractual services	11,723	-
Interest expense	2,939,340	360,984
Principal payments	-	520,000
Total deductions	**2,951,063**	**5,817,638**
Net increase (decrease) in fiduciary net position	**10,870,988**	**(1,845,471)**
Net position-beginning	(84,965,235)	14,279,814
Net position-ending	**$ (74,094,247)**	**$ 12,434,343**

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Notes to the Financial Statements

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Brea, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City of Brea are described below.

A. Description of the Reporting Entity

The City of Brea was incorporated on February 23, 1917, under the general laws of the State of California. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, cultural recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Brea and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of its relationship with the City are such that its exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City are the Brea Public Financing Authority, the Brea Community Benefit Financing Authority and the Midbury Assessment Authority.

Since City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations, so data from these units is combined therein. A brief description of each component unit follows:

Brea Public Financing Authority

The Brea Public Financing Authority (“Authority”) was created by a joint exercise of powers agreement between the City of Brea and the former Redevelopment Agency of the City of Brea on November 17, 1987. In April 1988, the Brea-Olinda Unified School District became an associate member of the Authority. The purpose of the Brea Public Financing Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Brea Public Financing Authority is administered by the Board who are the members of the City Council and the Mayor. The Brea Public Financing Authority's primary source of income is installment sale and lease payments received from the City, which will be used to meet the debt service requirements on debt issues. The Brea Public Financing Authority does not have taxing power. Separate financial statements are not prepared for the Brea Public Financing Authority. The activities of the Brea Public Financing Authority are accounted for in the Water Utility Fund.

Brea Community Benefit Financing Authority

The Brea Community Benefit Financing Authority was created by a joint exercise of powers agreement between the City of Brea and the Industrial Development Authority of the City of Brea on July 22, 2014. The purpose of the Brea Community Benefit Financing Authority is to provide, though the issuance of debt, financing for various capital improvements. The Brea Community Benefit Financing Authority is administered by the Board who are the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

members of the City Council and the Mayor. The Brea Community Benefit Financing Authority's primary source of income is installment sale payments from the City, which will be used to meet the debt service requirements on debt issues. Separate financial statements are not prepared for the Brea Community Benefit Financing Authority.

Midbury Assessment Authority

The Midbury Assessment Authority ("Authority") was created by a joint exercise of powers agreement between the City of Brea, Los Angeles County, and Orange County on May 18, 1999. The purpose of the authority is to provide a means for each party to the agreement to contribute money to street improvement projects, to form an assessment district and to levy an assessment to finance the balance of the projects. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's primary source of income is from new assessments that result in additional taxes. Separate financial statements are not prepared for the Midbury Assessment Authority. There were no activities recorded for the Midbury Assessment Authority during the fiscal year as the project has been completed and is in the dissolution process.

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 primary government and its component units. For the most part, 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 fees and charges for support. Fiduciary activities of the City are not included in these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with 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 properly included among program revenues are reported instead 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales tax revenues and certain revenues related to refuse revenue sharing which are considered available if collected

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

within 90 days of year end. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's fiduciary funds consist of custodial funds and a private purpose trust fund. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Private purpose trust funds and custodial funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

<u>The City reports the following major governmental funds</u>:

The General Fund is the City's primary operating fund. It accounts for all general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund.

- The Affordable Housing fund is used to account for revenues received and expenditures made for the development of low to moderate income housing. The primary source of revenue is fees collected from developers.

- The Housing Successor Fund accounts for the housing assets as a result of the dissolution of the former Brea Redevelopment Agency. Resources generated from these assets are to be used for low to moderate income housing purposes. The primary sources of revenue are from loan repayments generated from the use of the former Brea Redevelopment Agency's Low and Moderate Income Housing Funds.

- The Capital Improvements Capital Projects Fund accounts for the costs of constructing street improvements, parks and other public improvements not normally included within the other Capital Projects Funds. Financing is provided by federal, state and county grant revenues and interfund transfers from the General Fund and special revenue funds.

<u>The City reports the following major proprietary funds</u>:

- The Water Utility Fund accounts for the City's water utility operations, which are financed and operated in a manner similar to a private enterprise. The cost (expenses, including depreciation) of providing these services to the users on a continuing basis is financed or recovered primarily through user charges.

- The Sewer Utility Fund accounts for the operations of the City's sewer distribution lines, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the users on a continuing basis are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Internal Service Funds account for financial transactions related to repairs, replacement, and maintenance of City-owned buildings and vehicles and to account for the City's self-insurance programs and operations of the internal information technology services program. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

- Custodial Funds account for assets held by the City in a custodial capacity as a trustee or as an agent. These assets include deposits from assessment district's property owners.

Private-Purpose Trust Fund accounts for the assets, deferred outflows or resources, and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds' function 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. Residual net position balances in internal service funds are allocated back to the governmental and enterprise funds that they originally charged.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for proprietary 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 non-operating revenues and expenses.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Cash and Investments

Cash includes demand deposits, certificates of deposits and savings account balances. The California Government Code and the City of Brea's investment policy permit the City of Brea to invest in various instruments and pools. Investments are reported in the accompanying balance sheet at fair value, except for investments that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

The City reports its investments at fair value in the balance sheet. Interest earnings, realized gains and losses and, changes in the fair value of investments are recognized as revenue from the use of money and property in the operating statement. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The City pools cash and investments of all funds except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City applies GASB Statement No. 72, *Fair Value Measurements and Application* for determining fair value measurements, applying fair value to investments, and disclosures related to the fair value hierarchy. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near its maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Brea. Cash equivalents have an original maturity date of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash.

Restricted Cash and Investments

Certain proceeds of debt issues, as well as certain resources set aside for its repayment, are classified as restricted assets on the balance sheet because its use is limited by applicable bond covenants.

Additionally, the City has established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code to accumulate resources to “stabilize” the amount of its General Fund resources that it will need to meet future contributions requirements to California Public Employees’ Retirement system (CalPERS). The balances and activities of the Trust are irrevocably dedicated to funding future obligations to CalPERS. The assets will benefit the City through reduced future cash flow demands on the City’s General fund resources, and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The amounts recorded as a receivable due from other governments include sales taxes, property taxes and grant revenues collected or provided by federal, state, county and city governments and unremitted to the City as of June 30, 2024. The County of Orange assesses, bills, and collects property taxes for the City.

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide, fund financial statements and the business-type activities via the consumption method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land Held for Resale

The former Brea Redevelopment Agency acquired land that was primarily used to develop blighted properties. However, the land was transferred to the City. The City records these parcels as land held for resale in its financial statements. The property is being carried at cost or, if lower, the estimated net realizable value upon entering into an agreement to sell the property. The City disposed of all these parcels as required by the Dissolution Act. The City as the Housing Successor to the Brea Redevelopment Agency (Housing Successor) acquired one of these parcels from the Successor Agency.

Capital Assets

Capital assets, which include property, plant, equipment, right to use leased assets, right to use subscription assets, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than $10,000 and $100,000 respectively and an estimated useful life in excess of four years. Except for right to use lease assets, 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.

Right to use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	40 - 50
Computers	4 - 5
Equipment	4 - 10
Improvements	10 - 50
Infrastructure	40 - 50
Software	5 - 10
Vehicles	4 - 10

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City classifies certain water rights as intangible assets with an indefinite useful life as there are no legal, contractual, or other factors that limit the benefits associated with the water rights.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. One is deferred charges on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price at the time of refunding. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the balance sheet or statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports four items as deferred inflows of resources. First, unavailable revenues arise only under a modified accrual basis of accounting, and accordingly, is reported only in the governmental funds balance sheet. These amounts reflect resources that have been earned but not received within the period of availability. Therefore, this does not provide an available financial resource in the current period, and the recognition is deferred until these criteria have been met, as unavailable revenues. The second and third items are deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statements of net position. The fourth item is related to deferred inflows related to lease receivables. The revenues associated with the deferred inflows of resources are recognized systematically over the term of the lease.

Compensated Absences

It is the City’s policy for employees to accumulate earned but unused vacation and sick benefits. Permanent City employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 12 sick days a year. Employees may carry forward unused sick leave indefinitely. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. Any unused sick leave is forfeited; converted to CalPERS service credits; or for certain employees, transferred to a retiree health savings accounts upon termination of employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, proprietary fund financial statements, and in the fiduciary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position, or the statement of fiduciary 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.

Lease liabilities represent the City’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the City.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the City.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Debt service expenditures including principal and interest payments are reported as expenditures.

Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Funds that account for the City's self-insurance activities.

Other Postemployment Benefits (OPEB)

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the total OPEB liability. The City does not provide any cash subsidy towards the benefit, and there are no assets accumulated in a trust for the plan. The General Fund is used to liquidate the governmental fund OPEB liability.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the 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 currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website. The General Fund is used to liquidate the governmental fund net pension liability.

Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance – This amount indicates the portion of funds balances which cannot be spent because they are either not in spendable form such as prepaid items, inventories, land held for resale or loans/notes receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment. Only the General Fund may report nonspendable fund balance for long-term interfund receivables and land held for resale.

Restricted Fund Balance – This amount indicates the portion of fund balances which has been restricted in one of two ways a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Long-term interfund receivables and land held for resale in governmental funds other than the General Fund are included within restricted fund balance.

Committed Fund Balance – This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to a formal resolution of the City Council.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance – This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. The Administrative Services Director is authorized to determine and define the amount of assigned fund balances, which was established by City Council through resolution.

Unassigned Fund Balance – This includes the excess residual amounts in the General Fund and the residual deficit of all other governmental funds which have not been restricted, committed, or assigned to specific purposes.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the adoption of another resolution. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently. Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

In the governmental-wide and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. As of June 30, 2024, $57,444,146 of net position is restricted by enabling legislation.

Unrestricted Net Position – This amount is the remaining net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

E. Property Taxes

Property tax revenue is recognized on the modified accrual basis that is, in the fiscal year for which the taxes have been levied, providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually on the first day in January the preceding fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

F. 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Effect of New Accounting Standards

During the fiscal year ended June 30, 2024, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections.* The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

H. Accounting Standards Effective in Future Years

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2024, which may impact future financial presentations. The following statements are currently being evaluated by the City's management.

GASB Statement No. 101 – *Compensated Absences.*
GASB Statement No. 102 – *Certain Risk Disclosures.*
GASB Statement No. 103 – *Financial Reporting Model Improvements.*

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances or Net Position

The following individual non-major funds have a deficit at June 30, 2024:

Deficit Fund Balances:		
Community Development Block Grant Special Revenue Fund	$	156,125
Organized Retail Theft Special Revenue Fund		750,221
Deficit Net Position:		
Sanitation Enterprise Fund		232,697
Information Technology External Support Enterprise Fund		1,767,356
Information Technology Internal Service Fund		1,679,771

For the Community Development Block Grant special revenue fund, the City expects to eliminate these deficits with anticipated future revenues from grants and program income. The deficit in the Organized Retail Theft special revenue fund is due to timing of the collection of revenues. For the Information Technology internal service fund and Information Technology External Support and Sanitation enterprise funds, the deficits are the result of pension and OPEB liabilities, which will be eliminated through future charges.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

At June 30, 2024, the Successor Agency of the Former RDA Private-purpose Trust Fund had a deficit net position amount of $74,094,247. The deficit balance will be eliminated with future property tax revenue.

NOTE 3: CASH AND INVESTMENTS

As of June 30, 2024, cash and investments are classified in the accompanying financial statements as follows:

	Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	$ 123,302,622	$ 13,656,845	$ 136,959,467
Restricted assets:			
Cash and investments	10,157,563	12,785,910	22,943,473
Cash and investments with fiscal agents	2,267,962	-	2,267,962
Total cash and investments	$ 135,728,147	$ 26,442,755	$ 162,170,902

Cash and investments as of June 30, 2024, consist of the following:	
Cash on hand	$ 11,029
Deposits with financial institutions	6,039,503
Total cash	6,050,532
Investments	128,909,077
Restricted cash and investments	12,138,069
Cash and investments with fiscal agents	15,073,224
Total investments	156,120,370
Total cash and investments	$ 162,170,902

The City of Brea maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

A. Deposits

The carrying amount of the City's cash deposits was $6,039,503 at June 30, 2024. Bank balances were $7,633,992 at that date. The $1,594,489 difference represents outstanding checks and other reconciling items. As of June 30, 2024, the City's deposits with financial institutions were covered by FDIC up to $250,000, and the remaining amounts of $7,383,992 were collateralized as described below.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Investments

Investments Authorized by the California Government Code and the City's Investment Policy

Funds of the City, other than bond proceeds and cash deposits held in restricted accounts, may be invested in any instrument allowable under current legislation of the State of California (Government Code Section 53600 et sec.) so long as the investment is appropriate and consistent with the City's investment policy. The following investments are authorized:

Authorized Investment Type	Credit Ratings	Maximum Maturity	Maximum Percentage Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations (Bills, Notes ad Bonds)	N/A	5 years	No limit	No Limit
U.S. Government Sponsored Enterprise Securities*	N/A	5 years	No limit	No Limit
Banker's Acceptances	N/A	180 days	40%	30%
Commercial Paper	A-1/A	270 days	25%	10%
Repurchase Agreements	N/A	1 year	No limit	No Limit
Certificates of Deposit	N/A	5 years	30%	No Limit
Negotiable Certificates of Deposit	N/A	5 years	30%	No Limit
Passbook Savings Accounts/Interest Bearing Investment	N/A	N/A	No limit	No Limit
Medium Term Corporate Notes	A	5 years	30%	No Limit
Bank Money Market Accounts	AAA	5 years	20%	10%
California Local Agency Investment Fund**	N/A	N/A	LAIF limit	No Limit
County of Orange Investment Fund (County Pool)**	N/A	N/A	No limit	No Limit
Asset Backed Securities	AA	5 years	10%	No Limit
Supranationals	AA	5 years	15%	5%

*Maximum of 5% in callable bonds issued by such agencies

**State and County investment pools together cannot exceed 60% of the maturity value of the portfolio at the time of purchase, and no more than 40% of the maturity value at the time of purchase can be deposited in any one particular pool.

Provisions of Government Code Section 53601 are to be adhered to at all times. Additionally, the City will use the guidelines established by the joint committee of the California Municipal Treasurers Association and the California Society of Municipal Finance Officers as the basis for investing in government investment pools.

For purposes of complying with legal investment limitations, the percentage referenced above refers to the maturity value of the portfolio at the time of purchase.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. Each City may invest up to $75,000,000. The fair value of the position in the investment pool is the same as the value of the pool shares. The balance available for withdrawal on demand is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated and not registered with the Securities and Exchange Commission (SEC).

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Restricted Cash & Investments

The City has established a Section 115 Trust to accumulate resources for future contributions to CalPERS. As of June 30, 2024, the City reported $10,157,563 in restricted cash and investments. As of June 30, 2024, the City had $9,190,563 of restricted cash and investments reported in the general fund and $967,000 held in the business-type funds in a Section 115 Trust restricted for future pension contributions. In January 2016 and amended August 2021, the City adopted an investment policy for the Section 115, which authorized the following investments:

- Debt obligations of the U.S. Government, its agencies, and Government Sponsored Enterprises
- Mortgage-Backed Securities
- Asset Backed Securities
- Collateralized Mortgage Obligations
- Commercial Mortgage-Backed Securities
- Corporate debt securities issued by the U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates

The portfolio will maintain a minimum weighted average quality of A- at all times. Individual securities shall have a minimum quality rating of Baa3 by Moody's or BBB- by Standard & Poor's (S&P).

C. Risk Disclosures

Disclosures Relating to 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 (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investment Type	Minimum Legal Rating	Not Rated	AAA/A-1	AA+	AA-	AA
U.S. Treasury Obligations	N/A	$ -	$ 31,983,617	$ -	$ -	$ -
U.S. Government Sponsored Enterprise Securities	N/A	-	26,872,524	-	-	-
Corporate Notes	A	-	423,081	-	6,545,279	3,591,800
Money Market Mutual Funds	AAA	-	547,672	-	-	-
Asset Backed Securities	AA	-	5,401,498	-	-	-
California Local Agency Investment Fund	N/A	22,240,915	-	-	-	-
Supranationals	AA	-	2,674,600	-	-	-
Restricted Cash and Investments - Section 115 Trust						
U.S. Government Sponsored Enterprise Securities	N/A	2,499,318	-	-	-	-
Corporate Bonds	BBB-	194,836	262,554	-	60,880	18,552
Money Market Mutual Funds	N/A	8,078,511	-	-	-	-
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	15,073,223	-	-	-	-
Total		$ 48,086,803	$ 68,165,546	$ -	$ 6,606,159	$ 3,610,352

Investment Type	Minimum Legal Rating	A+	A	A-	BBB+/BBB	Total
U.S. Treasury Obligations	N/A	$ -	$ -	$ 15,347,140	$ -	$ 47,330,757
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	26,872,524
Corporate Notes	A	8,483,037	3,196,418	1,601,496	-	23,841,111
Money Market Mutual Funds	AAA	-	-	-	-	547,672
Asset Backed Securities	AA	-	-	-	-	5,401,498
California Local Agency Investment Fund	N/A	-	-	-	-	22,240,915
Supranationals	AA	-	-	-	-	2,674,600
Restricted Cash and Investments - Section 115 Trust						
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	2,499,318
Corporate Bonds	BBB-	87,355	175,592	181,485	481,389	1,462,643
Foreign Issues			18,118	49,624	29,856	97,598
Money Market Mutual Funds	N/A	-	-	-	-	8,078,511
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	-	-	-	-	15,073,223
Total		$ 8,570,392	$ 3,390,128	$ 17,179,745	$ 511,245	$156,120,370

Certain investments in corporate notes that are currently rated A- were originally rated A or better upon the original purchase of the investments. The investment ratings were subsequent downgraded; however, the City has chosen to retain the investments to maturity.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City uses a third-party investment manager to manage its investments and has authority from City Council to execute purchases and sales of investments according to the parameters in its investment policy without the approval of management. Investments are held by another third-party custodian designated by the City.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. Investments in any one issuer that represents 5% or more of the total City's investments are as follows:

Issuer	Investment Type	Amount	% of Total Investments
Federal Home Loan Bank	US Government Sponsored Enterprise	$ 8,101,526	6.82%
Federal Home Loan Mortgage Corporation	US Government Sponsored Enterprise	6,120,763	5.15%
U.S. Treasury Obligation	U.S. Treasury Obligation	48,293,741	40.65%

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 25% of the City's portfolio will mature in one year or less. The only allowable exception to these maturity limits will be the investment for the bond proceeds for the Reserve Fund and/or the Section 115 trust.

As of June 30, 2024, the City had the following investments and original maturities:

	Investment Maturities (in Years)				
Investment Type	12 months or less	12 to 24 months	25 to 60 months	More than 60 months	Total
Investments held by City:					
U.S. Treasury Obligations	$ 17,293,760	$ 4,843,681	$ 25,193,316	$ -	$ 47,330,757
U.S. Government Sponsored Enterprise Securities	7,553,827	6,641,390	12,677,307	-	26,872,524
Corporate Bonds	801,253	4,330,346	18,709,512	-	23,841,111
Money Market Mutual Funds	547,672	-	-	-	547,672
Asset Backed Securities	-	742,031	4,659,467	-	5,401,498
California Local Agency Investment Fund	22,240,915	-	-	-	22,240,915
Supranationals	-	2,674,600	-	-	2,674,600
Restricted Cash and Investments- Section 115 Trust:					
U.S. Government Sponsored Enterprise Securities	-	391,109	30,380	2,077,829	2,499,318
Corporate Bonds	34,933	169,342	497,894	760,474	1,462,643
Foreign Issues	-	-	18,118	79,480	97,598
Money Market Mutual Funds	8,078,511	-	-	-	8,078,511
Restricted Cash and Investments with Fiscal Agents:					
Money Market Mutual Funds	15,073,223	-	-	-	15,073,223
	$ 71,624,094	$ 19,792,499	$ 61,785,994	$ 2,917,783	$156,120,370

Fair Value Measurement and Application

The City categorizes its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

When quoted prices in active market are available, investments are classified within Level 1. For investments classified within Level 2, the City's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, broker-dealer quotes and matrix pricing. The City does not have any investments classified with Level 3. Deposits and withdrawals in money market mutual funds and governmental investment pools, such as LAIF are made on the basis of $1, but are recorded on an amortized cost basis which approximates fair value. Accordingly, the fair value measurement of these types of investments is based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2024:

			Level		
Investment Type	Totals	Investments not Subject to Hierarcy	1	2	3
U.S. Treasury Obligations	$ 47,330,757	$ -	$ -	$ 47,330,757	$ -
U.S. Government Sponsored Enterprise Securities					
Securities	26,872,524	-	-	26,872,524	-
Corporate Bonds	23,841,111	-	-	23,841,111	-
Money Market Mutual Funds	547,672	547,672	-	-	-
Asset Backed Securities	5,401,498	-	-	5,401,498	-
California Local Agency Investment Fund	22,240,915	22,240,915	-	-	-
Supranationals	2,674,600	-	-	2,674,600	-
Restricted Cash and Investments- Section 115 Trust:					
U.S. Government Sponsored Enterprise Securities	2,499,318	-	-	2,499,318	-
Corporate Bonds	1,462,643	-	-	1,462,643	-
Foreign issues	97,598	-	-	97,598	-
Money Market Mutual Funds	8,078,511	8,078,511	-	-	-
Restricted Cash and Investments with Fiscal Agents:					
Money Market Mutual Funds	15,073,223	15,073,223	-	-	-
	$ 156,120,370	$ 45,940,321	$ -	$ 110,180,049	$ -

NOTE 4: CALIFORNIA DOMESTIC WATER COMPANY (CDWC)

The City purchases 94.8% of its water for the Water Utility fund operations through the California Domestic Water Company (CDWC). CDWC is a private mutual water company, organized as a not-for-profit under Section Code 501(c)(12), which provides water primarily to wholesale customers in east Whittier, La Habra and Brea.

CDWC has a wholly owned subsidiary, Cadway Inc. (Cadway), which owns and leases certain water rights to CDWC. Both CDWC and Cadway participate in the Pellissier Co-Tenancy. Cadway is treated as a C Corporation for federal and state tax purposes.

Separately prepared consolidated financial statements of CDWC include both CDWC and Cadway, Inc., and may be obtained from the City.

The CDWC Rules and Regulations for Water Service (CDWC Rules and Regulations), which are adopted by the CDWC Board of Directors and last updated on June 7, 2019, describe how CDWC administers, processes and provides water service including sections outlining provisions for the ownership and entitlements of common Stock and Class A Preferred Stock shares. Additionally, this document outlines the provisions under which CDWC will deliver water based on shareholders ownership of prescriptive pumping rights in the Main San Gabriel Basin as well as excess water.

The City holds 1,502.72 acre feet of water rights in the Main San Gabriel Basin which are capitalized at cost, and reported as “water rights” within capital assets. Each year, these water rights are temporarily leased to CDWC in order for CDWC to deliver water to the City based on its ownership. For the year ended June 30, 2024, based on the limits set by the Main San Gabriel Basin Water Master, the City was able to purchase .758977 acre feet of water per acre foot of water rights owned, or 1,140.53 acre feet at a cost of $311,006.

The City also holds 687.85 shares of Class A preferred stock which are reported at cost as “water rights” within capital assets. During December 2011, the City was issued 664.14 shares of preferred stock for $8,141,812 to secure the City’s claim to the 664.10 acre feet of water rights from CDWC. During May 2013, the City was issued another 23.75 shares of preferred stock for $302,592 to secure the City’s claim to another 23.75 acre feet of water rights from CDWC. This resulted in a total of 687.85 shares of preferred stock for a total of $8,444,404 used to secure an equal amount of water delivered pursuant to water rights. There is an immaterial difference of 0.04 shares between the City’s records and CDWC records.

NOTE 4: CALIFORNIA DOMESTIC WATER COMPANY (CDWC)(CONTINUED)

As a preferred stock shareholder in CDWC, the City is entitled to a certain number of acre feet of water based on the number of preferred stock shares owned and the operating safe yield in the basin. This water is purchased at the same cost as water purchased using water rights owned by the City. For the current fiscal year, the City was entitled to purchase .758977 acre feet of water per acre foot of water rights owned, or 522.06 acre feet at the common stock entitlement rate for a total cost of $142,358.

In November 2022, the City purchased an additional 112 shares of CDWC common stock for $15,250 per share for a total cost of $1,708,000 to increase the City's rights to access water.

As of June 30, 2024, the City holds 2,320.50 shares of Common Stock in the CDWC. The City values its common stock holdings using the equity method of investment as the City holds approximately 27.86% of the total shares outstanding. The City reported a decrease of $357,074 as the change in equity for the year ended June 30, 2024. As a common stock shareholder in CDWC, the City is entitled to purchase a certain amount of water based on the number of common stock shares owned. For the year ended June 30, 2024, the City was entitled to purchase 1.45 acre feet of water per common stock share owned or 3,364.73 acre feet at the common stock entitlement rate, for a total cost of $1,319,109.

Additionally, the City leased 196.50 shares of common stock from other shareholders during the fiscal year. This entitled the City to purchase an additional 284.93 acre feet at the common stock entitlement rate for a total cost of $106,870 for a combined total of $1,403,813 at the common stock entitlement rate.

During the year ended June 30, 2024, the City also purchased 2,861.96 acre feet for $3,372,242 from CDWC in excess of its entitlement. Other amounts paid to CDWC for the year ended June 30, 2024, including annual common stock assessments and readiness-to-serve charges totaled $1,130,488.

During the year ended June 30, 2024, the City paid $6,386,907 to CDWC for purchases of water during the year.

NOTE 5: NOTES, LOANS, AND DEFERRED LOANS RECEIVABLE

Notes and loans receivable consist of rehabilitation loans made from Community Development Block Grant ("CDBG") and HOME grant funds to low income individuals that need assistance in rehabilitating their homes or mobile homes to meet current code standards. Amounts are due from the proceeds only upon the sale or transfer of the property. Loans made to mobile home owners are forgiven if the owner lives in the property 5 years or more. Repayments received by the City from homeowners are remitted to the County. Thus, the City has offset the notes and loans receivable balance with a liability due to other governments on the accompanying balance sheet. Additionally, the Affordable Housing Trust reports home buyer assistance loans to low and moderate income individuals to assist in purchasing a home. Homebuyer assistance loans repayment begins 5 years after the loan was originated, and is repaid over a 30 year period. Notes and loans receivable from each of these funds are comprised of the following at June 30, 2024:

CDBG	$	1,395,219
HOME Grant Funds		18,241
Affordable Housing Trust		104,000
Total notes and loans receivable	$	1,517,460

The City (through the former redevelopment agency) has made long term loans to various developers and organizations to stimulate low and moderate income housing projects and to low and moderate income individuals to rehabilitate their homes to meet current code standards or to assist them in purchasing a home. Some assistance given gave the City rights to receive "silent seconds" on property when sold to a low and moderate income individual. These "silent seconds" gave the City the right to a portion of the proceeds from the sale of the property. Collection terms of these loans vary and range from 5 years to 55 years. The majority of loans made to developers will be repaid from residual receipts and from monies earned on the property once they are built. Home buyer assistance loans begin repayment after 5 years and will be repaid over a 30-year period.

NOTE 5: NOTES, LOANS, AND DEFERRED LOANS RECEIVABLE (CONTINUED)

For the remainder of loans and notes receivable, the City has classified fund balance as “restricted” indicating that these resources are not current available resources.

The outstanding balance of these notes and loans are reported in the Housing Successor Fund and are comprised of the following at June 30, 2024:

Home Buyer Assistance Loans	$ 3,305,853
Rehabilitation Loans	92,959
Developer/Organization Loans:	
Acacia Apartments	1,265,743
Birch Hills Affordable Apartments	4,750,000
Bonterra Apartments	1,001,019
Imperial Apartments	2,853,000
La Habra Housing	597,814
South Walnut Bugalows	826,000
Total notes and loans receivable in the Housing Successor Fund	$ 14,692,388

NOTE 6: LEASES RECEIVABLES

As of year-end June 30, 2024, the City had entered into various lease agreements as the lessor where it had leased its land and buildings, ranging from two years to 75 years. As of June 30, 2024, the outstanding leases receivable total $5,359,646. These leases require the various lessees to make periodic payments to the City, and range in interest rates from 0.466% to 2.583%. The offsetting entry to the leases receivable is a deferred inflows and the value of the deferred inflows at June 30, 2024 is $5,190,959. The City will be systematically recognizing revenue over the terms of the lease, and in the current fiscal year, the City recognized $203,367 in lease principal and $137,599 in interest. The City recognized $257,060 in lease revenue during the fiscal year.

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 123,934	$ 135,031	$ 258,965
2026	113,673	132,736	246,409
2027	117,415	130,393	247,808
2028	96,082	128,044	224,126
2029	73,646	126,086	199,732
2030 - 2034	398,061	600,599	998,660
2035 - 2039	452,744	545,916	998,660
2040 - 2044	514,939	483,721	998,660
2045 - 2049	585,678	412,982	998,660
2050 - 2054	666,134	332,526	998,660
2055 - 2059	750,991	241,269	992,260
2060 - 2064	827,862	138,265	966,127
2065 - 2069	444,174	55,826	500,000
2070 - 2072	194,313	5,689	200,002
	$ 5,359,646	$ 3,469,083	$ 8,828,729

NOTE 7: INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, is as follows:

Due to Other Funds	Due From Other Funds General Fund
Non-Major Governmental Funds	$ 915,777
Total	$ 915,777

The balances due among the General Fund and Non-major Governmental Funds for $915,777 were related to Community Development Block Grant Fund (CDBG) and Organized Retail Theft Fund having negative cash and represents a short-term cash flow borrowing between the General Fund and the Non-Major Governmental Funds.

A. Transfers In/Out from Other Funds

	Transfers In						
Transfers Out	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Internal Service Funds	Sewer Fund	Non-Major Enterprise Funds	Total
General Fund	$ -	$ 633,396	$ 56,000	$ 135,815	$ -	$ 375,252	$ 1,200,463
Water Utility Fund	-	1,251,301	-	-	-	-	1,251,301
Internal Service Funds	833,072	19,049	4,428	-	804	-	857,353
Non-Major Governmental Funds	450,000	3,841,600	-	-	-	-	4,291,600
Total	$ 1,283,072	$ 5,745,346	$ 60,428	$ 135,815	$ 804	$ 375,252	$ 7,600,717

1. The General Fund transferred $633,396 to the Capital Improvement Fund for various capital improvement program projects.

2. The General Fund transferred $56,000 to the Non-Major Governmental Funds for capital improvement projects.

3. The General Fund transferred $135,815 to the Internal Service Funds for equipment and vehicle maintenance.

4. The General Fund transferred $375,252 to the Non-Major Enterprise Funds to maintain Sanitation Fund's capital reserve.

5. The Water Utility Fund transferred $1,251,301 to the Capital Improvements Fund for capital improvement projects.

6. The Internal Service Funds transferred $833,072 to the General Fund, $19,049 to the Capital Improvements funds and $4,248 to the Non-Major Governmental Funds related to various capital improvement projects.

7. The Non-Major Governmental Funds transferred $450,000 to the General Fund for the street maintenance program.

8. Non-Major Governmental Funds transferred $3,861,600 to the Capital Improvements Fund for various capital improvement program projects.

NOTE 8: CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2024 is as follows:

Governmental Activities:	Beginning Balance	Transfers	Additions	Disposals	Ending Balance
Capital assets, not being depreciated/amortized					
Land	$ 62,092,796	$ -	$ -	$ -	$ 62,092,796
Construction in Progress	12,590,124	(1,480,482)	11,971,762	-	23,081,404
Total capital assets, not depreciated	74,682,920	(1,480,482)	11,971,762	-	85,174,200
Capital assets, being depreciated					
Structures and improvements	124,162,920	-	327,501	-	124,490,421
Equipment	23,105,506	-	1,379,023	(1,201,133)	23,283,396
Infrastructure	159,323,186	1,480,482	1,474,821	-	162,278,489
Total capital assets being depreciated	306,591,612	1,480,482	3,181,345	(1,201,133)	310,052,306
Less Accumulated Depreciation for					
Structures and improvements	(62,386,601)	-	(2,308,063)	-	(64,694,664)
Equipment	(15,746,981)	-	(1,757,704)	1,150,135	(16,354,550)
Infrastructure	(92,429,321)	-	(4,515,854)	-	(96,945,175)
Total accumulated depreciation	(170,562,903)	-	(8,581,621)	1,150,135	(177,994,389)
Right-to-use assets					
Equipment	166,630	-	-	(29,664)	136,966
Subscription IT asset	331,103	-	32,781	(20,218)	343,666
Total capital assets being depreciated	497,733	-	32,781	(49,882)	480,632
Less Accumulated Amortization for					
Equipment	(31,142)	-	(38,450)	-	(69,592)
Subscription IT asset	(82,770)	-	(118,148)	20,218	(180,700)
Total accumulated amortization	(113,912)	-	(156,598)	20,218	(250,292)
Total capital assets, being depreciated/amortized, net	136,412,530	1,480,482	(5,524,093)	(80,662)	132,288,257
Governmental Activities capital assets, net	$ 211,095,450	$ -	$ 6,447,669	$ (80,662)	$ 217,462,457
Business-Type Activities:					
Capital assets, not depreciated					
Land	$ 11,628,748	$ -	$ -	$ -	$ 11,628,748
Water rights - fee title	23,931,020	-	-	-	23,931,020
Water rights - preferred stock	8,444,404	-	-	-	8,444,404
Construction in Progress	10,322,166	(7,223,214)	1,676,029	-	4,774,981
Total capital assets, not depreciated	54,326,338	(7,223,214)	1,676,029	-	48,779,153
Capital assets, being depreciated					
Structures and improvements	4,651,539	-	-	-	4,651,539
Equipment	770,764	-	154,220	-	924,984
Infrastructure	150,533,602	7,223,214	1,800,277	-	159,557,093
Subscription IT asset	-	-	14,859	-	14,859
Total capital assets being depreciated	155,955,905	7,223,214	1,969,356	-	165,148,475
Less Accumulated Depreciation for					
Structures and improvements	(506,737)	-	(59,208)	-	(565,945)
Equipment	(487,645)	-	(66,683)	-	(554,328)
Infrastructure	(70,958,752)	-	(3,425,778)	-	(74,384,530)
Subscription IT asset	-	-	(7,388)	-	(7,388)
Total accumulated depreciation	(71,953,134)	-	(3,559,057)	-	(75,512,191)
Total capital assets being depreciated, net	84,002,771	7,223,214	(1,589,701)	-	89,636,284
Business-Type Activities capital assets, net	$ 138,329,109	$ -	$ 86,328	$ -	$ 138,415,437

NOTE 8: CAPITAL ASSETS (CONTINUED)

The City has a total $32,375,424 in water rights. As described in Note 4, $8,444,404 of the water rights are held as Class A Preferred stock in California Domestic Water Company. The remaining $23,931,020 of water rights are held in the name of the City. Combined, the rights held by the City allow the City to purchase 1,662.59 acre feet of water annually at a set rate of $272.69 per acre foot. Refer to Note 4 for further details of transactions with California Domestic Water Company.

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

Governmental Activities:	
City	
General Government	$ 373,569
Public Safety	660,853
Community Services	492,486
Public Works	6,223,044
Total City	7,749,952
Internal Service	
Information Technology	180,157
Vehicle Maintenance	671,747
Building Occupancy	136,363
Total Internal Service	988,267
Total Governmental Activities	$ 8,738,219
Business-Type Activities:	
Water Utility	$ 2,919,335
Sewer Utility	549,671
Urban Runoff	1,750
Information Technology	7,388
Golf	80,913
Total Business-Type Activities	$ 3,559,057

NOTE 9: LONG-TERM DEBT

A. Governmental Activities Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2024, is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds					
2021 Refunding Lease Revenue Bonds	$ 2,220,000	$ -	$ -	$ 2,220,000	$ -
Leases	107,618	-	(38,080)	69,538	24,760
Subscription IT Liabilities	227,239	30,781	(133,891)	124,129	124,129
Compensated Absences	2,833,187	3,785,196	(3,466,846)	3,151,537	2,365,617
Claims and Judgements	5,708,005	931,402	(1,816,455)	4,822,952	1,639,804
Totals	$ 11,096,049	$ 4,747,379	$ (5,455,272)	10,388,156	$ 4,154,310
Unamortized Bond Premium				464,236	
				$ 10,852,392	

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

2021 Refunding Lease Revenue Bonds

In July 2021, the Brea Public Financing Authority issued the 2021 Refunding Lease Revenue Bonds in the amount of $2,220,000. The proceeds were used to refund the outstanding principal balance of the 2010 Lease Revenue Bonds and pay costs of issuance of the 2021 bonds. The bonds bear an interest rate of 4% and mature April 1, 2036. Installment payments are due annually beginning April 1, 2028, ranging from $105,000 to $455,000. The Bonds are payable from lease payments made by the City for the leasing of certain real property pursuant to the lease agreement dated July 1, 2021.

The debt service schedule of the 2021 Refunding Lease Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ -	$ 88,800	$ 88,800
2026	-	88,800	88,800
2027	-	88,800	88,800
2028	335,000	88,800	423,800
2029	370,000	75,400	445,400
2030-2034	1,210,000	169,800	1,379,800
2035-2036	305,000	18,600	323,600
Total	$ 2,220,000	$ 619,000	$ 2,839,000

1. Leases

As of year-end June 30, 2024, the City has entered into various lease agreements as the lessee for the use of various pieces of equipment, for terms of five years. As of June 30, 2024, the value of the lease liability outstanding is $69,538. The city is required to make monthly fixed payments, and these leases have interest rates ranging from 0.727% to 3.305%.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 24,760	$ 1,760	$ 26,520
2026	17,456	1,161	18,617
2027	18,018	599	18,617
2028	9,304	90	9,394
Total	$ 69,538	$ 3,610	$ 73,148

2. Subscription Liabilities

Prior to the fiscal year ended June 30, 2024, the City had six active SBITA contracts. The City is required to make principal and interest payments ranging from $13,000 to $86,816 through June 2025. The subscription liability was valued using discount rates between 2.194% - 2.796% based on the City's incremental borrowing rate at the inception of the subscriptions.

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

Remaining principal and interest payments on subscriptions are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 124,129	$ 3,045	$ 127,174
Total	$ 124,129	$ 3,045	$ 127,174

B. Business-Type Activities Long – Term Liabilities

A summary of changes in business-type activities long-term debt for the year ended June 30, 2024 is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water Revenue Bonds					
2014 Water Revenue Bonds	$ 865,000	$ -	$ (420,000)	$ 445,000	$ 445,000
2019 Water Revenue Bonds	20,965,000	-	(890,000)	20,075,000	950,000
2020 Water Revenue Bonds	17,375,000	-	(220,000)	17,155,000	220,000
Subscription IT Liabilities	-	14,859	(7,478)	7,381	7,381
Compensated Absences	296,688	270,886	(255,148)	312,426	234,321
Totals	$ 39,501,688	$ 285,745	$ (1,792,626)	37,994,807	$ 1,856,702
Unamortized Bond Premium				3,045,867	
				$ 41,040,674	

3. Water Revenue Bonds

2014 Water Revenue Refunding Bonds

In August 2014, the Brea Community Benefit Financing Authority issued $18,555,000 of 2014 Water Revenue Bonds. The proceeds were used to repay interfund loans made by the City of Brea to its Water Utility Fund from other available funds for the purchase of water rights completed in May 2014 for the benefit of the City's water system. Proceeds were also used to pay cost of issuance expenses.

The bonds consisted of $9,440,000 serial bonds maturing in the years 2015 to 2034, payable July 1 in annual installments of $255,000 to $700,000 and bear interest at 3.25% to 5.00%. Bonds maturing July 1, 2039, in the amount of $4,005,000 are term bonds and bear interest at 5.00%. Bonds maturing July 1, 2044, in the amount of $5,110,000 are term bonds and bear interest at 5.00%. The 2014 Water Revenue Bonds were partially refunded by the 2020 Water Revenue Refunding Bonds. The outstanding balance at June 30, 2024, was $445,000.

2019 Water Revenue Refunding Bonds

In August 2019, the City of Brea issued $23,475,000 of 2019 Water Revenue Refunding Bonds with interest rates ranging from 3.0% to 4.0%. The proceeds from the bonds were used to current refund all of the remaining outstanding 2009 Water Revenue Bonds and advance refund 2010 Series B Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2039. Principal matures annually on July 1. The outstanding balance at June 30, 2024, was $20,075,000.

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

2020 Water Revenue Refunding Bonds

In October 2020, the City of Brea issued $17,960,000 of 2020 Water Revenue Refunding Bonds with interest rates ranging from 0.391%% to 3.212%. The proceeds from the bonds were used to current refund a portion of the remaining outstanding 2014 Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2044. Principal matures annually on July 1 in amounts ranging from $220,000 to $1,090,000. The net proceeds of $17,864,812 (including an underwriter's discount of $95,188) were deposited in an irrevocable trust with an escrow agent to provide funds to refund the 2014 bonds in full and to provide funds for the future debt service payment on the 2014 bonds. As a result, the 2014 bonds are partially defeased, and the liability for those bonds has been removed from the statement of net position. The outstanding balance at June 30, 2024 was $17,155,000.

Water Revenue Bonds Debt Coverage Requirement

The City has covenanted that gross revenues (including interest revenue and connection fees), less operation and maintenance costs as defined in the bond document, shall be at least 1.25 times the sum of all debt service on all parity obligations. Gross revenues for the year ended June 30, 2024, were $20,862,952. Operation and maintenance costs for the year ended June 30, 2024, were $13,220,457, excluding depreciation. Total debt service for the fiscal year ended was $2,879,292. This resulted in a debt coverage ratio of 5.83 for the year ended June 30, 2024.

4. Pledged Revenues

Future net revenues of the Water Utility Fund for each year's debt service payment are pledged until the extinguishment of the debt in 2044 and are not available for other uses. Remaining principal and interest payments on this debt as of June 30, 2024 was $49,830,473.

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

Year Ending June 30,	Principal	Interest	Total
2025	$ 1,615,000	$ 1,264,292	$ 2,879,292
2026	1,700,000	1,199,946	2,899,946
2027	1,770,000	1,139,925	2,909,925
2028	1,850,000	1,074,515	2,924,515
2029	1,930,000	1,003,629	2,933,629
2030-2034	10,805,000	3,901,907	14,706,907
2035-2039	10,945,000	1,957,845	12,902,845
2040-2044	5,970,000	595,909	6,565,909
2045-2049	1,090,000	17,505	1,107,505
Total	$ 37,675,000	$ 12,155,473	$ 49,830,473

C. Compensated Absences

The Governmental Activities' liability, at June 30, 2024, will be paid in future years from the General Fund, Vehicle Maintenance Fund, and Building Occupancy Fund in amounts of $3,024,352, $48,499, and $70,829, respectively. The Business-Type Activities' liability at June 30, 2024 will be paid in future years from the enterprise funds. Total compensated absences at June 30, 2024, were $312,426.

NOTE 9: LONG-TERM LIABILITIES (CONTINUED)

D. Debt Without Government Commitment Assessment District Bonds

The special assessment bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated custodial funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the full faith and credit nor taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders.

In November 2017, the City of Brea issued on behalf of the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) $8,555,000 aggregate principal of 2017 Special Tax Refunding Bonds to advance refund in full the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) 2009 Special Tax Bonds. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual special tax levied on property within the District. The bonds mature from 2018 to 2039, with remaining annual installments ranging from $255,000 to $575,000. The remaining interest rates on the bonds range from 2.000% to 4.000%. The outstanding balance at June 30, 2024, was $7,025,000.

In August 2019, the Brea Public Financing Authority issued Local Agency Revenue Refunding Bonds, Series 2019, in the amount of $6,820,000, for and on behalf of the City of Brea Community Facilities District No. 1997-1 (Olinda Heights Public Improvements). The purpose of the bonds is to acquire two series of bonds: (i) $2,505,000 aggregate principal amount to be issued by the City of Brea for the Communities Facilities District No. 1997-1; and (ii) $4,315,000 aggregate principal amount 2019 Special Tax Refunding Bonds to be issued by the Brea Olinda Unified School District for the Brea Olinda Unified School District Community Facilities District No. 95-1 (Olinda Heights). A portion of the proceeds was for a current refunding of the 2005 Series A Local Agency Revenue Bonds. The bonds mature from 2020 to 2035, with remaining annual installments ranging from $215,000 to $680,000 per year. The interest rates on the bonds range from 4.000% to 5.000%. The outstanding balance at June 30, 2024 was $4,820,000.

NOTE 10: DEFINED BENEFIT PENSION PLAN

A. CalPERS Safety and Miscellaneous Employees' Plans

The City contributes to the pension plans offered by the California Public Employees Retirement System (PERS). The City's employees participate in separate cost-sharing Safety (police and fire) and Miscellaneous (agent- multiple employer) defined benefit pension plans. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

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

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous Plan		
	Tier 1*	Tier 2	PEPRA (Tier 3)
Hire Date	Prior to September 17, 1999	September 17, 1999 to December 31, 2012 and Non-PEPRA hired on or after January 1, 2013	January 1, 2013 and after
Benefit Formula	2.0% @ 55	2.0% @ 55	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	Minimum 50 years	Minimum 50 years	Minimum 52 years
Monthly Benefits, as a % of eligible Compensation	1.426% - 2.418% 50 years - 63 years respectively	1.426% - 2.418% 50 years - 63 years respectively	1.000% - 2.500% 52 years - 67+ years respectively
Required Employee Contribution Rates	7.080%	7.080%	6.250%
Required Employer Contribution Rates	9.710%	9.710%	6.326%

*Closed to new entrants

C. Employees Covered

At the June 30, 2022 valuation, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	341
Inactive employees entitled to but not yet receiving benefits	294
Active Employees	179
	814

D. Contributions

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

The employer contributions to the Miscellaneous Plan during the year ended June 30, 2024 was $4,223,828.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The Miscellaneous Plan's total pension liability in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Salaty Increases	Varies by Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.0% Net of Pension Plan Investment Includes Inflation
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

**The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

These geometric rates of return net of administrative expenses are summarized in the following table:

Asset Class	New Strategic Allocation	Real Retun (1), (2)
Global Equity - Cap Weighted	30.00%	4.54%
Global Equity - Non-Cap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

(1) An Expected Inflation of 2.30% used for this period.
(2) Figures are based on the 2022 Asset Liability Management study.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained at CalPERS' website.

G. Changes in the Net Pension Liability

	Increase (Decrease)		
Miscellaneous	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022 (measurement date)	$ 168,309,448	$ 123,383,442	$ 44,926,006
Changes in the year:			
Service Cost	2,570,196	-	2,570,196
Interest on the total pension liability	11,511,001	-	11,511,001
Changes of Benefit terms	238,052	-	238,052
Differences between expected and actual experience	1,787,357	-	1,787,357
Contribution - employer	-	4,957,441	(4,957,441)
Contribution - employee	-	1,058,108	(1,058,108)
Net investment income	-	7,733,265	(7,733,265)
Benefit payments, including refunds of employee contributions	(9,587,727)	(9,587,727)	-
Administrative expense	-	(90,730)	90,730
Net changes	6,518,879	4,070,357	2,448,522
Balance at June 30, 2023 (measurement date)	$ 174,828,327	$ 127,453,799	$ 47,374,528

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous Plan's Net Pension Liability	$ 69,743,807	$ 47,374,528	$ 28,840,833

Detailed information about the Miscellaneous Plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

I. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense of $8,185,610 for the Miscellaneous Plan. As of June 30, 2024, 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
Contributions made after the measurement date	$ 4,223,828	$ -
Differences between expected and actual experience	974,922	320,933
Changes in assumptions	831,572	-
Net difference between projected and actual earnings on pension plan investments	5,655,976	-
Miscellaneous Plan Total	$ 11,686,298	$ 320,933

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of $4,223,828 for the Miscellaneous Plan, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. The amortization period differs depending on the source of the gain or loss. Differences between projected and actual investment earnings are amortized on a 5-year straight-line basis and all other amounts are amortized over the average expected remaining service lives of all members that are provided with benefits. As of the June 30, 2023 measurement date, the expected average remaining service lifetime is 2.2 years for the Miscellaneous Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous Plan Deferred Outflows/(Inflows) of Resources
2025	$ 2,286,937
2026	678,910
2027	4,046,543
2028	129,147
Total	$ 7,141,537

Beginning in the measurement period ended June 30, 2021, the City's Safety Plan was converted from an agent multiple-employer defined benefit plan to the cost-sharing defined benefit plan.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Safety Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Safety Plan			
	Tier 1*	Tier 2*	Tier 3	PEPRA (Tier 4)
Hire Date	Prior to June 30, 1984	On June 30, 1984 and prior to September 17, 2011	September 17, 2011 to December 31, 2012 and Non-PEPRA hired on or after June 1, 2013	January 1, 2013 and after
Benefit Formula	3.0% @ 50	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 years	Minimum 50 years	Minimum 50 years	Minimum 50 years
Monthly Benefits, as a % of Eligible Compensation	3.00%	3.00%	2.00% - 2.70%	2.00% - 2.70%
Required Employee Contribution Rates	8.99%	8.99%	8.99%	13.75%
Required Employer Contribution Rates	22.77%	22.77%	22.77%	17.97%

*Closed to new entrants

J. Contributions

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

The employer contributions to the Safety Plan during the year ended June 30, 2024 was $11,850,759.

K. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, based on the measurement date of June 30, 2023, the City reported a net pension liability of $119,172,727 for its proportionate share of the PERF C Cost Sharing Plan.

The City's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The City's proportion of the net pension liability 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 share of the net pension liability for the PERF C Cost Sharing Plan measured as of June 30, 2023 and 2024 was 1.63994% and 1.59430%, respectively.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2024, the City recognized pension expense of $39,308,171 for the Safety Plan. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 11,850,759	$ -
Changes of assumptions	6,955,080	-
Differences between expected and actual experience	8,749,475	749,048
Changes in employer's proportion	16,713,362	1,717,186
Differences between employer's contributions and proportionate share of contributions	2,373,049	1,695,461
Net difference between projected and actual investments earnings	16,308,756	-
Safety Plan Total	$ 62,950,481	$ 4,161,695

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of $11,850,759, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. The amortization period differs depending on the source of the gain or loss. Differences between projected and actual investment earnings are amortized on a 5-year straight-line basis and all other amounts are amortized over the average expected remaining service lives of all members that are provided with benefits. As of the June 30, 2023 measurement date, the expected average remaining service lifetime is 3.8 years for the Safety Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Safety Plan Deferred Outflows/(Inflows) of Resources
2025	$ 26,191,540
2026	6,691,901
2027	13,599,378
2028	455,208
Total	$ 46,938,027

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

L. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The Safety Plan's total pension liability in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salaty Increases	Varies by Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment Includes Inflation
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

**The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Changes of assumptions – Noted no changes.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Retun [(1), (2)]
Global Equity - Cap Weighted	30.00%	4.54%
Global Equity - Non-Cap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

(1) An Expected Inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

NOTE 10: DEFINED BENEFIT PENSION PLAN (CONTINUED)

M. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, Safety Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Safety Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained at CalPERS' website.

N. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate of 6.90%, as well as what the City's proportionate share of 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	$ 163,043,761	$ 119,172,727	$ 83,305,034

O. Summary of Miscellaneous Plan and Safety Plan Amounts

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expenses
Miscellaneous	$ 47,374,528	$ 11,686,298	$ 320,934	$ 8,185,610
Safety Plan	119,172,727	62,950,481	4,161,694	39,308,171
Total	$ 166,547,255	$ 74,636,779	$ 4,482,628	$ 47,493,781

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to providing pension benefits, the City provides medical insurance for certain employees after they separate from the City, through a single-employer defined benefit plan (Plan) as provided under the City's contractual agreements with members from each bargaining unit. Members who retire from the City on or after attaining the age of 50 with at least five years of service are eligible for these benefits. A separate annual financial report is not issued. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

B. Benefits Provided

The City funds retiree healthcare benefits on a pay-as-you-go basis, paying a maximum of $350 per month for each retirees' benefits from City funds as they are due with no pre-funding for future years. The City recognizes expenditures for its share of the annual premiums as these benefits become due.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Employees Covered by Benefit Terms

Active Employees	294
Inactive employees or beneficiaries currently receiving benefits	236
Inactive employees entitled to but not yet receiving benefits	100
Total	630

D. Total OPEB Liability

The City's total OPEB liability of $21,951,211 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.65%
Inflation	2.50%
Payroll Growth	2.75%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA	3.50% annually
Participation at Retirement	Actives: 60% Retirees: 100% if covered, 5% re-elect at age 65 if waved and under 65

(1) Mortality projected fully generational with Scale MP-2021.

E. Changes of Assumptions

For the June 30, 2023 measurement date, the discount rate was changed from 3.54% to 3.65%.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

F. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	$ 24,806,583
Changes in the year:	
Service Cost	723,690
Interest	881,363
Actual vs. expected experience	(1,632,463)
Changes in assumptions	(1,561,914)
Benefit payments, including refunds of employee contributions	(1,266,048)
Net Changes	(2,855,372)
Balance at June 30, 2024	$ 21,951,211

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.65%) or 1 percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 24,645,361	$ 21,951,211	$ 19,723,844

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total 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:

	1% Decrease (2.65%)	Healthcare Cost Trend Rate	1% Increase (4.65%)
Total OPEB Liability	$ 20,864,815	$ 21,951,211	$ 23,804,534

G. OPEB Expense and Deferred Outflow/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense of $490,466. At June 30, 2024, 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
Amount paid by the employer from OPEB as the benefits come due subsequent to the measurement date	$ 1,699,267	$ -
Changes in assumptions	1,788,197	5,118,322
Differences between actual and expected experience	-	2,129,676
Total	$ 3,487,464	$ 7,247,998

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The $1,699,267 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense on the next page as follows:

Year Ended June 30,	Amortization
2025	$ (929,096)
2026	(777,855)
2027	(1,518,980)
2028	(1,308,189)
2029	(726,030)
Thereafter	(199,651)
Total	$ (5,459,801)

NOTE 12: SELF-INSURANCE PROGRAM

The City is a member of the California Insurance Pool Authority (CIPA). CIPA, a consortium of 14 cities in Los Angeles County and Orange County, California, was established to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration.

At June 30, 2024, the City was self-insured for workers' compensation up to $400,000 per occurrence and general liability and auto liability insurance up to $350,000 per occurrence. The coverage for general and auto liability extends to $20,000,000 per occurrence with a $20,000,000 annual pooled aggregate. Member agencies may be assessed the difference between funds available and the $20,000,000 annual pooled aggregate in proportion to its annual premium. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

At June 30, 2024, $4,822,952 has been accrued for general liability and workers' compensation claims in the Risk Management Internal Service Fund. These amounts represent estimates of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2024, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage.

Changes in the claims liability amounted to the following for the years ended June 30:

Claims and Judgements at June 30, 2022	$ 5,287,092
Claims Payments	(1,804,924)
Claims Incurred and Changes in Estimates	2,225,837
Claims and Judgements at June 30, 2023	5,708,005
Claims Payments	(1,816,455)
Claims Incurred and Changes in Estimates	931,402
Claims and Judgements at June 30, 2024	$ 4,822,952

NOTE 13: FUND BALANCE CLASSIFICATION

Fund balances in the governmental funds as of June 30, 2024, have been classified as follows:

		Special Revenue Funds		Capital Projects Fund		
	General Fund	Affordable Housing	Housing Successor	Capital Improvements	Non-Major Governmental Funds	Total
Nonspendable						
Prepaid Items	$ 29,357	$ -	$ -	$ -	$ -	$ 29,357
Total Nonspendable	29,357	-	-	-	-	29,357
Restricted						
Prop 172	1,060,311	-	-	-	-	1,060,311
COPS	128,047	-	-	-	-	128,047
Lighting and Maintenance Districts	548,701	-	-	-	-	548,701
Low and Moderate Income Housing Asset	-	3,899,529	19,581,074	-	-	19,581,074
Gas Tax	-	-	-	-	5,160,434	5,160,434
Narcotic Enforcement Asset Seizure	-	-	-	-	483,261	483,261
Air Quality Improvement	-	-	-	-	213,100	213,100
Park Development	-	-	-	-	2,355,387	2,355,387
Measure M	-	-	-	-	2,982,674	2,982,674
Blackstone CFD	-	-	-	-	2,477,197	2,477,197
La Floresta CFD	-	-	-	-	544,774	544,774
Taylor-Morrison CFD	-	-	-	-	131,073	131,073
Central Park Village CFD	-	-	-	-	206,609	206,609
National Opioid Settlement	-	-	-	-	98,238	98,238
Capital and Mitigation Improvement	-	-	-	-	1,484,231	1,484,231
Storm Drain	-	-	-	-	352,990	352,990
Capital Projects	-	-	-	6,010,153	-	6,010,153
Pension Stabilization	10,592,453	-	-	-	-	10,592,453
Total Restricted	12,329,512	3,899,529	19,581,074	6,010,153	16,489,968	58,310,236
Committed						
General Plan Maintenance Fee	1,524,080	-	-	-	-	1,524,080
Brea War Memorial	16,255	-	-	-	-	16,255
Total Committed	1,540,335	-	-	-	-	1,540,335
Assigned to						
Community Benefit and Economic Development	7,012,994	-	-	-	-	7,012,994
OPEB Fund	537,771	-	-	-	-	537,771
Community Center	1,053,819	-	-	-	-	1,053,819
Capital Asset Replacement	4,406,226	-	-	-	-	4,406,226
Total Assigned	13,010,810	-	-	-	-	13,010,810
Unassigned						
General Fund	28,051,499	-	-	-	-	28,051,499
Non-Major Governmental Funds (Deficit)	-	-	-	-	(906,346)	(906,346)
Total Unassigned	28,051,499	-	-	-	(906,346)	27,145,153
Total	$ 54,961,513	$ 3,899,529	$ 19,581,074	$ 6,010,153	$ 15,583,622	$ 100,035,891

NOTE 14: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The following material construction and other significant commitments existed at June 30, 2024:

Project Name	Contract Amount	Expenditures to date as of June 30, 2024	Remaining Commitments
Capital Improvements Fund:			
57 Freeway & Lambert Road	$ 11,026,341	$ 3,854,779	$ 7,171,562
Country Hills Pavement and water	7,537,127	6,959,491	577,636
Pleasant Hill Water Improvements	2,127,994	2,127,972	22
South Brea Water Main Replacement	2,302,409	2,302,408	1
Booster Station No. 2 & 3	17,263	16,441	822
Valencia Reservoir Repainting	1,814,522	468	1,814,054
Booster Pump Enclosure & Restroom	328,947	282,993	45,954
Citywide Sewer Improvements	343,130	140,971	202,159
Emergency Message Signage	654,876	20,758	634,118
Tracks Expansion Study	6,619,931	319,211	6,300,720
Arovista Park Modernization	23,766,602	3,919,764	19,846,838
Total	$ 56,539,142	$ 19,945,256	$ 36,593,886

NOTE 15: CONTINGENCIES

The City is a defendant in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City incurs various costs under federal and state grant reimbursement programs and records the related revenue and receivables for grant claims. Such grant claims are subject to final audit by federal and state agencies.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

Orange County City Managers Association (OCCMA)

The City is a member of the Orange County City Managers Association (OCCMA). OCCMA is an organization that provides a platform for City Managers to learn best practices, collaborate and share ideas. The City was appointed to serve as Treasurer and assumed administrative responsibilities of OCCMA. Therefore, OCCMA activities are reported as a custodial fund of the City. For the fiscal year ended June 30, 2024, the City received $2,835 for assisting with Treasury functions.

North Orange County Public Safety Collaboration (NOC)

The City is a member of the North Orange County Public Safety Collaborative (NOC), along with 11 other cities. The NOC was established was established to spend state funds in accordance with Assembly Bill (AB) 97, an act of the State Legislature to address youth violence prevention and intervention in K-12 schools; promote and enhance the successful reentry of offenders into the community and to address homeless outreach and intervention efforts. Beginning July 1, 2022, the City was appointed as the fiscal agent for the $8,000,000 grant to continue the NOC efforts through June 30, 2026, of which, the City receives $800,000 for grant administration during the grant period.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Integrated Law and Justice Agency of Orange County (ILJAOC)

The City is a member of the Integrated Law and Justice Agency of Orange County (ILJAOC), along with 24 other cities and local law enforcement agencies. The purpose of ILJAOC is to facilitate and share criminal justice information and data among the member agencies. The Agency has a twelve-member Board of Directors. The City was appointed to serve as Treasurer/Controller and assumed administrative responsibilities of ILJAOC. Therefore, the activities of ILJAOC are reported as a custodial fund of the City. During the year ended June 30, 2024, ILJAOC paid $61,508 to the City for its share of operating and replacement costs. The City paid $16,482 in membership fees to ILJAOC. Separately prepared financial statements for ILJAOC are available on the City's website.

NOTE 17: SUCCESSOR AGENCY OF THE 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 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 August 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2011-085.

Each year, the successor agency is 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.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

A. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments	$	739,514
Cash and Investments with Fiscal Agents		12,114,244
	$	12,853,758

NOTE 17: SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

B. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2024, follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due Within One Year
Tax Allocation Bonds					
2003 Tax Allocation Bonds	$ 16,272,313	$ 853,099	$ -	$ 17,125,412	$ -
2013 Tax Allocation Bonds	27,915,000	-	(7,150,000)	20,765,000	6,610,000
2016 Tax Allocation Bonds Series A	4,360,000	-	(1,055,000)	3,305,000	1,085,000
2016 Tax Allocation Bonds Series B	645,000	-	(155,000)	490,000	160,000
2017 Tax Allocation Bonds Series A	35,104,618	-	(1,515,000)	33,589,618	734,534
2017 Tax Allocation Bonds Series B	10,955,000	-	(845,000)	10,110,000	1,750,000
Subtotal	$ 95,251,931	$ 853,099	$ (10,720,000)	85,385,030	$ 10,339,534
Unamortized Bond Discounts and Premiums				3,280,389	
Total				$ 88,665,419	

1. Tax Allocation Bonds

2003 Tax Allocation Bonds

In July 2003, the former Brea Redevelopment Agency issued $120,497,866 principal amount of 2003 Redevelopment Project AB Tax Allocation Bonds. The proceeds were used to: 1) current refund the Brea Redevelopment Agency 1993 Tax Allocation Refunding Bonds, 2) pay the costs of additional redevelopment activities with respect to Project Area AB, 3) pay the cost of a reserve fund security instrument, and 4) pay costs of issuance related to the bonds.

Bonds in the years 2014 to 2026 are current interest bonds payable with no annual installments, while bonds maturing in the years 2028 to 2030 are capital appreciation bonds payable August 1 in annual installments of $2,151,714 to $1,801,707. Bonds maturing in the years 2027, 2031 and 2032, in the amount of $16,475,000 are term bonds.

The current interest bonds bear interest at 4.450% due February 1 and August 1, of each year. The term bonds bear interest at 4.45% and are due August 1, 2032. The capital appreciation bonds have a face value of $22,640,000. By its nature, there are no regular interest payments associated with capital appreciation bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The $22,640,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, $5,987,866. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all of the tax revenues on parity with the 2013 and 2017 bonds.

In November 2017, the Successor Agency issued 2017 Tax Allocation Refunding Bonds, Series A of which a portion of the proceeds was used to redeem the term bonds portion of the outstanding balance of the 2003 Tax Allocation Bonds. Upon issuance of the 2017 A Bonds, a portion of the sale proceeds was transferred to the 2003 Escrow fund. On the redemption date, moneys deposited in the escrow fund were used to pay the redemption price for the refunded bonds totaling $16,475,000. As a result, except for the capital appreciation bonds, the liability for the term bonds has been removed. The outstanding balance of the capital appreciation bonds at June 30, 2024, was $17,125,412.

NOTE 17: SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

2013 Tax Allocation Refunding Bonds

In December 2013, the Successor Agency to the Brea Redevelopment Agency issued its $96,620,000 Successor Agency to the Brea Redevelopment Agency Redevelopment Project AB 2013 Tax Allocation Refunding Bonds to refund the outstanding balance of the Brea Redevelopment Agency 2001 Tax Allocation Refunding Bonds, Series A in the amount of $36,205,000 and to refund the current interest bonds and term bonds outstanding of the 2003 Tax Allocation Bonds in the amount of $68,390,000. Upon issuance of the 2013 Bonds, a portion of the sale proceeds of the 2013 Bonds was transferred to the 2001A Escrow Fund and to the 2003 Escrow Fund. On the Redemption Date, moneys deposited in the Escrow Funds were used to pay the redemption price for the Refunded Bonds.

Bonds maturing in the years 2014 to 2026 are payable on August 1, of each year with remaining principal retirements ranging from $1,500,000 to $7,150,000. The remaining interest rates on the bonds is between 3.50% to 5.00%.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all tax revenues on parity with the 2003 and 2017 Tax Allocation Bonds. The outstanding balance at June 30, 2024, was $20,765,000.

2016 Tax Allocation Refunding Bonds, Series A and B

In November 2016, the Successor Agency to the Brea Redevelopment Agency issued its 2016 Tax Exempt Tax Allocation Refunding Bonds, Series A and 2016 Taxable Tax Allocation Refunding Bonds, Series B in the amount of $10,425,000 and $1,540,000 respectively. The proceeds of the bonds were used to currently refund the Public Financing Authority's outstanding 2008 Tax Exempt Tax Allocation Revenue Bonds, Series A in the amount of $12,260,000 and to advance refund the outstanding 2008 Tax Allocation Revenue Bonds, Series B in the amount of $1,450,000.

The Series A Serial Bonds totaling $10,425,000 have remaining principal repayments ranging from $1,055,000 to $1,120,000 with interest rates ranging from 2.00% to 4.00%. The outstanding balance at June 30, 2024 was $3,305,000.

The Series B Serial Bonds totaling $1,540,000 have remaining principal repayment ranging from $155,000 to $165,000 with interest rates ranging from 1.25% to 4.00%. The outstanding balance at June 30, 2024 was $490,000.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required.

2017 Tax Allocation Refunding Bonds, Series A and B

In November 2017, the Successor Agency to the to the Brea Redevelopment Agency issued its 2017 Tax Exempt Tax Allocation Refunding Bonds, Series A and 2017 Taxable Tax Allocation Refunding Bonds, Series B in the amount of $32,838,802 and $13,070,000 respectively. The proceeds of the bonds were used to currently refund the term bonds portion of the former Brea Redevelopment Agency 2003 Tax Allocation Bonds in the amount of $16,475,000 and to advance refund the former Brea Redevelopment Agency's outstanding 2011 Tax Exempt Tax Allocation Bonds, Series A in the amount of $27,019,865 and 2011 Taxable Tax Allocation Bonds, Series B in the amount of $9,940,000.

The Series A Serial Bonds totaling $19,315,000 have principal repayments ranging from $50,000 to $6,665,000 with interest rates at 5.000% for all bonds.

NOTE 17: SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

The Series A Convertible Capital Appreciation Bonds have a face value of $16,080,000. By its nature, there are no regular interest payments associated with capital appreciation bonds. The “interest” on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. The $16,080,000 of face value capital appreciation bonds were initially recorded at the amount of proceeds received, $13,523,802. Each year, the outstanding balance is increased for the accretion of interest associated with the bonds.

The outstanding balance of the Series A Bonds at June 30, 2024 was $33,589,618.

The Series B Serial Bonds totaling $9,330,000 have principal repayments ranging from $385,000 to $1,795,000 with interest rates ranging from 1.500% to 3.000%.

The Series B Term Bonds totaling $3,740,000 have payments due in 2032 for $2,665,000 with interest at 3.375% and in 2036 for $1,075,000 with interest at 3.625%.

The outstanding balance of the Series B Bonds at June 30, 2024 was $10,110,000.

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all tax revenues on parity with the 2003 and 2013 bonds.

The debt service schedules of these Tax Allocation Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 10,339,534	$ 2,850,427	$ 13,191,986
2026	10,795,000	2,392,281	13,189,307
2027	9,890,000	1,988,538	11,880,565
2028	8,100,000	1,037,688	9,139,716
2029	8,139,290	3,331,878	11,473,197
2030-2034	29,803,646	9,800,549	39,604,195
2035-2039	8,317,560	975,036	9,292,596
Total	$ 85,385,030	$ 22,376,397	$ 107,761,427

2. Pledged Revenues – Tax Allocation Bonds

The Successor Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill X1 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency.

Total principal and interest remaining on the debt is $107,761,427, with annual debt service requirements indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was $13,486,940 and the debt service obligation was $13,659,340.

NOTE 17: SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

3. Non-Commitment Multifamily Housing Revenue Bonds

In July 2010, the Agency, on behalf of Tonner Hills Housing Partners, LP (the "Borrower"), was authorized to issue $5,858,319 and $7,741,681 Brea Redevelopment Agency Multifamily Housing Revenue Bonds (Tonner Hills Apartment Homes) 2010 Series A-1 and A-2, respectively, for the purpose of providing funding necessary for the acquisition, construction and equipping of a 94-unit multifamily rental housing project in the City. The Agency and the Borrower also entered into a non-interest bearing loan agreement in amount of $1,200,000. These bonds are not the obligations of the Agency and will be paid solely from future rent revenue. The outstanding balance is determined when a construction draw requisition is submitted to the bank for payment, limited up to the authorized amounts for each of the series. Currently, the bonds are only paying interest to bondholders for debt service payments. When the bonds are converted, then the Borrower will pay principal and interest per bond conversion. The outstanding balance at June 30, 2024, was $3,233,991 for Series A-1.

C. Insurance

The Successor Agency of the former Redevelopment Agency is covered under the insurance policy of the City of Brea at June 30, 2024.

D. Deficit Net Position

As of June 30, 2024, the Agency had a deficit net position of $74,094,247. This will be reduced with future receipt of distributions from the Redevelopment Property Tax Trust Fund from the County.

NOTE 18: PRIOR PERIOD ADJUSTMENTS

The Affordable Housing Fund was previously reported as a nonmajor governmental fund during the prior fiscal year. Due to a significant increase in assets of the fund during the year, it met the requirements of being presented as a Major Fund, in accordance with GASB Statement No. 34, during the fiscal year ended June 30, 2024. The effects of that change to or within the financial reporting entity are shown in the table below.

	June 30, 2023 As Previously Reported	Changes to or within the Reporting Entity	June 30, 2023 As Restated
Governmental funds			
Major funds			
General fund	$ 53,057,096	$ -	$ 53,057,096
Affordable Housing	-	3,376,204	3,376,204
Low/Mod Income Housing Asset	20,107,217	-	20,107,217
Capital Improvement	6,210,891	-	6,210,891
Nonmajor funds	18,756,213	(3,376,204)	15,380,009
Total governmental funds	$ 98,131,417	$ -	$ 98,131,417

NOTE 19: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through December 20, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024, that required recognition or disclosure in these financial statements.

Required Supplementary Information

CITY OF BREA, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years

	2024	2023	2022	2021
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL PENSION LIABILITY				
Service cost	$ 2,570,196	$ 2,507,756	$ 2,292,411	$ 2,377,727
Interest on total pension liability	11,511,001	11,062,559	10,893,584	10,517,185
Changes of benefit terms	238,052	-	-	-
Changes of assumptions	-	4,989,438	-	-
Difference between expected and actual experience	1,787,357	(1,925,595)	230,181	(2,276,288)
Benefit payments, including refunds of employee contributions	(9,587,727)	(8,667,849)	(8,108,945)	(7,527,291)
Net change in total pension liability	**6,518,879**	**7,966,309**	**5,307,231**	**3,091,333**
Total pension liability-beginning	168,309,448	160,343,139	155,035,908	151,944,575
Total pension liability-ending (a)	**174,828,327**	**168,309,448**	**160,343,139**	**155,035,908**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	4,957,441	4,491,118	4,297,066	3,946,996
Contributions-employee	1,058,108	1,028,136	1,029,029	1,078,029
Net investment income	7,733,265	(10,262,883)	25,693,669	5,601,590
Benefit payments, including refunds of employee contributions	(9,587,727)	(8,667,849)	(8,108,945)	(7,527,291)
Net plan to plan resource movement	-	-	-	-
Administrative expense	(90,730)	(85,268)	(113,962)	(156,681)
Other miscellaneous income/(expense)	-	-	-	-
Net change in fiduciary net position	**4,070,357**	**(13,496,746)**	**22,796,857**	**2,942,643**
Plan fiduciary net position-beginning	123,383,442	136,880,188	114,083,331	111,140,688
Plan fiduciary net position-ending (b)	**127,453,799**	**123,383,442**	**136,880,188**	**114,083,331**
Net pension liability/(asset) (a) - (b)	**$ 47,374,528**	**$ 44,926,006**	**$ 23,462,951**	**$ 40,952,577**
Plan fiduciary net position as a percentage of the total pension liability	**72.90%**	**73.31%**	**85.37%**	**73.59%**
Covered payroll	$ 15,436,610	$ 12,313,380	$ 15,083,837	$ 15,618,412
Plan net pension liability/(asset) as a percentage of covered payroll	**306.90%**	**364.86%**	**155.55%**	**262.21%**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes : The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions : There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

2020	2019	2018	2017	2016	2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
$ 2,331,399	$ 2,447,787	$ 2,355,806	$ 2,046,427	$ 2,062,984	$ 2,192,940
10,290,427	9,781,021	9,338,038	9,044,787	8,692,445	8,386,263
-	-	-	-	-	-
-	(670,255)	7,763,702	-	(2,142,611)	-
1,588,377	1,347,129	(972,574)	(950,961)	(1,784,268)	-
(6,867,189)	(6,401,688)	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
7,343,014	**6,503,994**	**12,444,381**	**4,845,587**	**1,742,383**	**6,110,482**
144,601,561	138,097,567	125,653,186	120,807,599	119,065,216	112,954,734
151,944,575	**144,601,561**	**138,097,567**	**125,653,186**	**120,807,599**	**119,065,216**
3,351,489	2,943,356	2,810,705	2,403,298	2,132,083	1,969,185
1,063,078	1,141,012	1,135,787	1,071,389	1,087,960	1,140,919
6,920,527	8,532,272	10,371,791	510,663	2,130,803	14,101,824
(6,867,189)	(6,401,688)	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
-	8,966	(68,950)	-	-	-
(76,178)	(157,356)	(137,174)	(57,456)	(106,071)	-
248	(298,822)	-	-	-	-
4,391,975	**5,767,740**	**8,071,568**	**(1,366,772)**	**158,608**	**12,743,207**
106,748,713	100,980,973	92,909,405	94,276,177	94,117,569	81,374,362
111,140,688	**106,748,713**	**100,980,973**	**92,909,405**	**94,276,177**	**94,117,569**
$ 40,803,887	**$ 37,852,848**	**$ 37,116,594**	**$ 32,743,781**	**$ 26,531,422**	**$ 24,947,647**
73.15%	**73.82%**	**73.12%**	**73.94%**	**78.04%**	**79.05%**
$ 15,187,853	$ 15,773,914	$ 16,716,903	$ 15,474,119	$ 15,043,603	$ 14,843,300
268.66%	**239.97%**	**222.03%**	**211.60%**	**176.36%**	**168.07%**

CITY OF BREA, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Safety Plan
As of June 30, for the Last Ten Fiscal Years [1, 2]

	2021	2020	2019	2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
TOTAL PENSION LIABILITY				
Service cost	$ 3,203,351	$ 3,263,982	$ 3,257,422	$ 3,216,910
Interest on total pension liability	18,915,355	18,359,943	17,527,382	16,994,058
Changes of assumptions	-	-	(743,259)	14,075,011
Difference between expected and actual experience	(31,244)	3,599,666	(224,664)	(2,374,086)
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)	(11,322,632)
Net change in total pension liability	**7,699,931**	**12,022,359**	**7,531,057**	**20,589,261**
Total pension liability-beginning	270,173,742	258,151,383	250,620,326	230,031,065
Total pension liability-ending (a)	**277,873,673**	**270,173,742**	**258,151,383**	**250,620,326**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	7,928,182	6,943,831	6,122,219	5,562,362
Contributions-employee	1,219,554	1,090,070	1,117,627	1,103,737
Net investment income	8,890,536	11,226,191	13,829,770	16,755,962
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)	(11,322,632)
Net plan to plan resource movement	-	-	(9,613)	68,950
Administrative expense	(249,637)	(122,130)	(254,161)	(223,176)
Other miscellaneous income/(expense)	-	399	(482,656)	-
Net change in fiduciary net position	**3,401,104**	**5,937,129**	**8,037,362**	**11,945,203**
Plan fiduciary net position-beginning	177,078,406	171,141,277	163,103,915	151,158,712
Plan fiduciary net position-ending (b)	**180,479,510**	**177,078,406**	**171,141,277**	**163,103,915**
Net pension liability/(asset) (a) - (b)	**$ 97,394,163**	**$ 93,095,336**	**$ 87,010,106**	**$ 87,516,411**
Plan fiduciary net position as a percentage of the total pension liability	**65.0%**	**65.5%**	**66.3%**	**65.1%**
Covered payroll	$ 11,736,459	$ 11,724,815	$ 11,688,892	$ 10,703,998
Plan net pension liability/(asset) as a percentage of covered payroll	**829.84%**	**794.00%**	**744.38%**	**817.60%**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2018, valuation date. This applies to voluntary benefit changes as well as any other offers of Two Years' Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In fiscal year 2019, the inflation rate and experience studies were updated. In fiscal year 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%. In 2018, the inflation rate changed from 2.75% to 2.5%.

[1] *Fiscal year 2015 was the first year of GASB Statement No. 68 implementation.*

[2] *Fiscal year 2022, the City's safety plan was transferred to the CalPERs Cost-Sharing Safety Plan.*

2017	2016	2015
6/30/2016	6/30/2015	6/30/2014
$ 2,745,588	$ 2,865,433	$ 3,080,297
16,654,242	16,223,231	15,749,580
-	(3,994,113)	-
(2,403,349)	(2,307,435)	-
(11,396,941)	(10,585,623)	(10,108,174)
5,599,540	**2,201,493**	**8,721,703**
224,431,525	222,230,032	213,508,329
230,031,065	**224,431,525**	**222,230,032**
4,627,179	3,591,767	3,655,839
973,955	1,084,088	1,024,137
746,473	3,517,885	24,058,889
(11,396,941)	(10,585,623)	(10,108,174)
-	-	-
(95,259)	(175,877)	-
-	-	-
(5,144,593)	**(2,567,760)**	**18,630,691**
156,303,305	158,871,065	140,240,374
151,158,712	**156,303,305**	**158,871,065**
$ 78,872,353	**$ 68,128,220**	**$ 63,358,967**
65.7%	**69.6%**	**71.5%**
$ 10,168,516	$ 9,980,447	$ 9,919,059
775.65%	**682.62%**	**638.76%**

CITY OF BREA, CALIFORNIA
Schedules of Proportationate Share of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years [2]

Reporting Date [1] as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability
		Safety Plan			
2024	1.5943%	$ 119,172,727	$ 13,841,154	861.0%	0.0%
2023	1.6399%	112,689,685	14,012,786	804.2%	71.36%
2022	2.1028%	73,798,584	11,367,662	649.2%	63.06%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes : None

Changes of Assumptions : None

[1] *The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.*

[2] *Fiscal year 2022 was the first year of the City's cost-sharing safety plan.*

CITY OF BREA, CALIFORNIA
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered/ Covered Payroll
Miscellaneous Agent, Multiple-Employer Pension Plan					
2024	$ 4,223,828	$ 4,223,828	$ -	$ 14,464,071	29.2%
2023	4,086,520	4,086,520	-	12,712,806	32.1%
2022	3,707,509	3,707,509	-	12,313,380	30.1%
2021	3,578,109	3,578,109	-	15,083,837	23.7%
2020	3,228,649	3,228,649	-	15,618,412	20.7%
2019	2,802,915	2,802,915	-	15,187,853	18.5%
2018	2,433,536	2,433,536	-	15,773,914	15.4%
2017	2,279,397	2,279,397	-	16,716,903	13.6%
2016	2,403,298	2,403,298	-	15,474,119	15.5%
2015	2,132,083	2,132,083	-	15,043,603	14.2%
Safety , Multiple-Employer Pension Plan					
2024	$ 11,850,759	$ 11,850,759	$ -	$ 16,388,159	72.3%
2023	11,215,589	11,215,589	-	13,841,154	81.0%
2022	10,200,946	10,200,946	-	14,012,786	72.8%
2021	9,453,973	9,453,973	-	11,367,662	83.2%
2020	8,657,724	8,657,724	-	11,736,459	73.8%
2019	7,500,416	7,500,416	-	11,724,815	64.0%
2018	6,573,125	6,573,125	-	11,688,892	56.2%
2017	5,863,082	5,863,082	-	10,703,998	54.8%
2016	4,627,179	4,627,179	-	10,168,516	45.5%
2015	3,591,767	3,591,767	-	9,980,447	36.0%

Notes to schedule:
Miscellaneous and Safety Plans

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF BREA, CALIFORNIA
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years [1]

	2024	2023	2022	2021
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL OPEB LIABILITY				
Service cost	$ 723,690	$ 994,959	$ 1,123,147	$ 787,934
Interest on total pension liability	881,363	638,376	679,725	884,296
Changes of assumptions	(1,561,914)	(4,765,135)	(1,005,114)	4,760,345
Difference between expected and actual experience	(1,632,463)	-	(628,511)	-
Benefit payments, including refunds of employee contributions	(1,266,048)	(1,242,198)	(1,244,546)	(1,308,694)
Net change in total OPEB liability	**(2,855,372)**	**(4,373,998)**	**(1,075,299)**	**5,123,881**
Total OPEB liability-beginning	24,806,583	29,180,581	30,255,880	25,131,999
Total OPEB liability-ending (a)	**$ 21,951,211**	**$ 24,806,583**	**$ 29,180,581**	**$ 30,255,880**
Covered-employee payroll	$ 27,929,541	$ 27,218,064	$ 26,326,166	$ 27,571,820
Plan OPEB liability as a percentage of covered-employee payroll	**78.59%**	**91.14%**	**110.84%**	**109.73%**

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios:

Benefit Changes : None

Changes of Assumptions : None

[1] *Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only seven years are shown.*

Funding policy *: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.*

2020	2019	2018
6/30/2019	6/30/2018	6/30/2017
$ 849,287	$ 882,455	$ 1,020,496
1,000,101	936,624	801,573
976,091	(908,163)	(2,488,279)
(2,073,628)	-	-
(1,225,956)	(1,170,100)	(1,146,800)
(474,105)	**(259,184)**	**(1,813,010)**
25,606,104	25,865,288	27,678,298
$ 25,131,999	**$ 25,606,104**	**$ 25,865,288**
$ 27,001,678	$ 27,465,185	$ 33,837,681
93.08%	**93.23%**	**76.44%**

CITY OF BREA, CALIFORNIA
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years [1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered/ Covered-Employee Payroll	Contribution as a % of Covered/ Covered Employee Payroll
		Single Employer OPEB Plan			
2024	$ 1,699,267	$ 1,699,267	$ -	$ 27,929,541	6.1%
2023	1,266,048	1,266,048	-	27,218,064	4.7%
2022	1,247,940	1,247,940	-	26,326,166	4.7%
2021	1,249,898	1,249,898	-	27,571,820	4.5%
2020	1,314,118	1,314,118	-	27,001,678	4.9%
2019	1,230,660	1,230,660	-	27,465,185	4.5%
2018	1,176,100	1,176,100	-	33,837,681	3.5%

[1] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None.

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2024 were from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Discount Rate	3.65% at June 30, 2023 (Bond Buyer 20-Bond Index), 3.54% at June 30, 2022 (Bond Buyer 20-Bond Index)
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 56,003,786	$ 55,120,128	$ 53,979,543	$ (1,140,585)
Licenses and permits	482,186	482,186	287,697	(194,489)
Intergovernmental	9,602,841	10,096,649	10,171,867	75,218
Charges for services	4,461,235	4,461,235	3,898,624	(562,611)
Investment income, net	1,114,294	1,114,294	3,073,878	1,959,584
Fines and forfeitures	427,280	427,280	325,010	(102,270)
Rental income	2,812,457	2,950,376	2,906,180	(44,196)
Other revenues	2,600,400	2,600,400	2,738,884	138,484
Total revenues	**77,504,479**	**77,252,548**	**77,381,683**	**129,135**
EXPENDITURES				
Current:				
General government				
City management	3,510,259	3,510,259	3,321,454	188,805
Administrative services	5,248,371	5,248,371	5,279,311	(30,940)
Public Safety				
Police	27,626,925	27,626,925	28,771,989	(1,145,064)
Fire	16,769,830	16,769,830	17,500,288	(730,458)
Community development	4,510,198	4,510,198	3,010,068	1,500,130
Community services	8,865,084	8,865,084	9,488,694	(623,610)
Public works	7,623,213	7,623,213	6,860,689	762,524
Capital outlay	653,100	653,100	1,087,593	(434,493)
Debt service:				
Principal retirement	-	-	156,186	(156,186)
Interest expense and fiscal charges	88,800	88,800	91,456	(2,656)
Total expenditures	**74,895,780**	**74,895,780**	**75,567,728**	**(671,948)**
Excess (deficiency) of revenues over (under) expenditures	**2,608,699**	**2,356,768**	**1,813,955**	**(542,813)**
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	1,283,072	1,283,072	-
Transfers out	(1,220,815)	(16,674,013)	(1,200,463)	15,473,550
Proceeds from sale of capital assets	8,659	8,659	7,853	(806)
Total other financing sources (uses)	**(762,156)**	**(15,382,282)**	**90,462**	**15,472,744**
Net change in fund balances	**$ 1,846,543**	**$ (13,025,514)**	**1,904,417**	**$ 14,929,931**
Fund balances-beginning			53,057,096	
Fund balances (deficit)-ending			**$ 54,961,513**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Affordable Housing Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 6,028,491	$ -	$ (6,028,491)
Investment income, net	69,400	69,400	362,622	293,222
Other revenues	122,954	122,954	195,052	72,098
Total revenues	**192,354**	**6,220,845**	**557,674**	**(5,663,171)**
EXPENDITURES				
Current:				
General government	3,600	3,600	13,267	(9,667)
Community development	27,432	27,432	21,082	6,350
Total expenditures	**31,032**	**31,032**	**34,349**	**(3,317)**
Net change in fund balances	**$ 161,322**	**$ 6,189,813**	**523,325**	**$ (5,666,488)**
Fund balances-beginning			3,376,204	
Fund balances (deficit)-ending			**$ 3,899,529**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Housing Successor
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 107,000	$ 107,000	$ 206,617	$ 99,617
Other revenues	41,900	41,900	17,015	(24,885)
Total revenues	**148,900**	**148,900**	**223,632**	**74,732**
EXPENDITURES				
Current:				
General government	6,200	6,200	8,907	(2,707)
Community development	312,859	312,859	740,868	(428,009)
Total expenditures	**319,059**	**319,059**	**749,775**	**(430,716)**
Net change in fund balances	**$ (170,159)**	**$ (170,159)**	**(526,143)**	**$ (355,984)**
Fund balances-beginning			20,107,217	
Fund balances (deficit)-ending			**$ 19,581,074**	

NOTE 1: BUDGETARY INFORMATION

General Budget Policies

The City adheres to the following procedures in establishing the budgetary data reflected in its financial statements:

1. The City adopted biennial budget covering the annual periods from July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025.

2. In May of the budget cycle, the City Manager submits to the City Council a proposed financial plan with a biennial operating budget for the upcoming fiscal years commencing July 1. The operating budget includes proposed expenditures and the sources of financing.

3. Public hearings are conducted at City Council meetings to obtain taxpayer comments.

4. On or before July 1 of each odd year, the financial plan for the two fiscal years is adopted by Council action.

5. The City Manager is authorized to transfer funds appropriated with respect to those classifications designated as other services and material and supplies within the same fund. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same fund only; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Activities of the General Fund, Special Revenue Funds and Capital Projects Funds are included in the biennial budget. As an additional internal control mechanism, project-length financial plans are adopted for the Capital Improvement Program.

6. Formal budgetary integration is employed as a management control device during the two fiscal years for the governmental funds.

7. Legally adopted biennial budgets for all governmental funds are established on a basis consistent with generally accepted accounting principles (GAAP). For the current fiscal year, the HOME Program special revenue fund had not adopted budget.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATION

For purposes of evaluating legal compliance at the budgetary level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount), control is established at the department level within the General Fund and at the fund level for total expenditures and transfers out for all other budgeted funds.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATION (CONTINUED)

Excess of expenditures over appropriations per activity is as follows:

Fund	Final Budget	Expenditures	Excess
Major Funds			
General Fund			
Administrative services	$ 5,248,371	$ 5,279,311	$ (30,940)
Police	27,626,925	28,771,989	(1,145,064)
Fire	16,769,830	17,500,288	(730,458)
Community services	8,865,084	9,488,694	(623,610)
Debt service:			
Principal retirement	-	156,186	(156,186)
Interest expense and fiscal charges	88,800	91,456	(2,656)
Capital Outlay	653,100	1,087,593	(434,493)
Affordable Housing Fund			
General government	3,600	13,267	(9,667)
Low and Moderate Income Housing Asset Fund			
General government	6,200	8,907	(2,707)
Community development	312,859	740,868	(428,009)

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Supplementary Information

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Capital Projects Fund

Capital Improvements Fund

The Capital Improvements Fund is used to account for the costs of constructing street improvements, parks and other public improvements not normally included within the other Capital Projects Funds. Financing is provided by Federal, state, and county grant revenues and interfund transfers from the special revenue funds and General Fund.

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CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Capital Improvements Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 14,139,685	$ 2,677,737	$ (11,461,948)
Charges for services	1,113,566	1,113,566	283,772	(829,794)
Investment income, net	50,790	50,790	351,416	300,626
Other revenues	16,600	69,408	28,711	(40,697)
Total revenues	**1,180,956**	**15,373,449**	**3,341,636**	**(12,031,813)**
EXPENDITURES				
Current:				
General government	11,055,075	11,053,154	(100,450)	11,153,604
Public works	2,535,284	2,365,750	2,909	2,362,841
Capital outlay	-	-	9,385,261	(9,385,261)
Total expenditures	**13,590,359**	**13,418,904**	**9,287,720**	**4,131,184**
Excess (deficiency) of revenues over (under) expenditures	**(12,409,403)**	**1,954,545**	**(5,946,084)**	**(7,900,629)**
OTHER FINANCING SOURCES (USES)				
Transfers in	13,116,150	47,477,750	5,745,346	(41,732,404)
Transfers out	(505,000)	(505,000)	-	505,000
Total other financing sources (uses)	**12,611,150**	**46,972,750**	**5,745,346**	**(41,227,404)**
Net change in fund balances	**$ 201,747**	**$ 48,927,295**	**(200,738)**	**$ (49,128,033)**
Fund balances (deficit)-beginning			6,210,891	
Fund balances (deficit)-ending			**$ 6,010,153**	

Non-Major Governmental Funds

Non-Major Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

The City of Brea has the following non-major Special Revenue Funds:

Gas Tax Fund
This fund is used to account for revenues received and expenditures made for street improvements and street maintenance. Financing is provided by the City's share of state gasoline taxes made pursuant to the California State Constitution and authorized by the State Legislature.

Narcotics Enforcement Asset Seizure Fund
This fund is used to account for revenues seized by the Police Department during narcotic investigations.

Air Quality Improvement Fund
This fund is used to account for revenues received from vehicle registration fees and restricted for improvement of air quality.

Park Development Fund
This fund is used to account for revenues received and expenditures made for park development and improvement. The primary source of revenue is park development fees collected from developers under the State of California's Quimby Act.

Measure M Fund
This fund is used to account for ½ cent sales tax restricted for expenditure for road maintenance and street expenditures.

Community Development Block Grant Fund
This fund is used to account for the revenues received and expenditures made for the City's Community Development Block Grant Program. Financing is provided under an agreement with the County of Orange whereby the City is a secondary recipient of funds made available from the U.S. Department of Housing and Urban Development under the Housing and Community Development Act of 1974 and 1977.

HOME Program Fund
This fund is used for the revenues received and expenditures made for housing rehabilitation. Financing is provided under an agreement with the County of Orange whereby the City is a secondary recipient of funds made available from the U.S. Department of Housing and Urban Development.

Blackstone Community Facilities District (CFD) 2008-1 Fund
The fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services including park maintenance and open space.

La Floresta CFD 2011-1 Fund
This fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services.

Taylor-Morrison CFD 2013-1 Fund
This fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services.

Non-Major Governmental Funds (Continued)

Central Park Village CFD 2013-2 Fund
This fund is used to account for the collection of special taxes and expenditures for police, fire, maintenance and general city services.

Development Fund
This fund is used to account for the receipt and expenditure of developer fees. There was no adopted budget for the fund.

National Opioid Settlement Fund
This fund is used to account for revenues received from the State of California and are restricted for future opioid remediation and reimbursement of past opioid-related expenditures. There was no adopted budget for the fund.

Organized Retail Theft
This fund is used to account for the receipts and expenditures related to the Organized Retail Theft Prevention Grant Program with the State of California.

Non-Major Capital Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

The City of Brea has the following non-major Capital Projects Funds

Capital and Mitigation Improvement Fund
This fund is used to account for the revenues received and expenditures made for the City Council-designated Capital Improvement Projects, as well as the implementation of measures designed to mitigate impacts related to development, and the operation of government facilities, including, but not limited to: traffic, noise, aesthetics, and open space preservation. Financing is provided by the July 14, 2009 Agreement between the City and County of Orange regarding the extension of the Olinda Alpha Landfill.

Storm Drain Fund
This fund is used to account for the financing and construction of storm drains throughout the City. Financing is provided by storm drain assessment fees.

CITY OF BREA, CALIFORNIA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024

	Special Revenue Funds			
	Gas Tax Fund	Narcotics Enforcement Asset Seizure	Air Quality Improvment	Park Development
ASSETS				
Cash and investments	$ 4,945,783	$ 483,262	$ 213,101	$ 2,355,386
Receivables (net of allowance for uncollectible):				
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	214,651	-	16,211	-
Total assets	**5,160,434**	**483,262**	**229,312**	**2,355,386**
LIABILITIES				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	16,211	-
Total deferred inflows of resources	**-**	**-**	**16,211**	**-**
FUND BALANCES (DEFICITS)				
Restricted	5,160,434	483,262	213,101	2,355,386
Unassigned	-	-	-	-
Total fund balances (deficits)	**5,160,434**	**483,262**	**213,101**	**2,355,386**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 5,160,434**	**$ 483,262**	**$ 229,312**	**$ 2,355,386**

	Special Revenue Funds			
	Measure M	Community Development Block Grant	HOME Program	Blackstone CFD
ASSETS				
Cash and investments	$ 2,763,704	$ -	$ -	$ 2,479,124
Receivables (net of allowance for uncollectible):				
Taxes	-	-	-	18,717
Notes and loans	-	1,395,219	18,241	-
Due from other governments	218,969	22,160	-	-
Total assets	**2,982,673**	**1,417,379**	**18,241**	**2,497,841**
LIABILITIES				
Accounts payable	-	-	-	13,022
Accrued liabilities	-	-	-	7,622
Unearned revenues	-	-	-	-
Due to other governments	-	1,395,219	18,241	-
Due to other funds	-	178,285	-	-
Total liabilities	**-**	**1,573,504**	**18,241**	**20,644**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Restricted	2,982,673	-	-	2,477,197
Unassigned	-	(156,125)	-	-
Total fund balances (deficits)	**2,982,673**	**(156,125)**	**-**	**2,477,197**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 2,982,673**	**$ 1,417,379**	**$ 18,241**	**$ 2,497,841**

CITY OF BREA, CALIFORNIA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024

	Special Revenue Funds			
	La Floresta CFD	Taylor - Morrison CFD	Central Park Village CFD	Development Fund
ASSETS				
Cash and investments	$ 542,148	$ 131,571	$ 207,409	$ 1,541,654
Receivables (net of allowance for uncollectible):				
Taxes	9,305	-	566	-
Notes and loans	-	-	-	-
Due from other governments	-	-	-	-
Total assets	**551,453**	**131,571**	**207,975**	**1,541,654**
LIABILITIES				
Accounts payable	115	-	-	109,133
Accrued liabilities	6,563	498	1,367	5,101
Unearned revenues	-	-	-	1,427,420
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**6,678**	**498**	**1,367**	**1,541,654**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Restricted	544,775	131,073	206,608	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**544,775**	**131,073**	**206,608**	**-**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 551,453**	**$ 131,571**	**$ 207,975**	**$ 1,541,654**

	Special Revenue Funds		Capital Projects Funds	
	National Opioid Settlement	Organized Retail Theft	Capital and Mitigation Improvement	Storm Drain
ASSETS				
Cash and investments	$ 208,842	$ -	$ 1,484,231	$ 352,990
Receivables (net of allowance for uncollectible):				
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	709,477	-	-
Total assets	**208,842**	**709,477**	**1,484,231**	**352,990**
LIABILITIES				
Accounts payable	-	12,729	-	-
Accrued liabilities	2,844	-	-	-
Unearned revenues	107,760	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	737,492	-	-
Total liabilities	**110,604**	**750,221**	**-**	**-**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	709,477	-	-
Total deferred inflows of resources	**-**	**709,477**	**-**	**-**
FUND BALANCES (DEFICITS)				
Restricted	98,238	-	1,484,231	352,990
Unassigned	-	(750,221)	-	-
Total fund balances (deficits)	**98,238**	**(750,221)**	**1,484,231**	**352,990**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 208,842**	**$ 709,477**	**$ 1,484,231**	**$ 352,990**

CITY OF BREA, CALIFORNIA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024

	Total Non-major Funds
ASSETS	
Cash and investments	$ 17,709,205
Receivables (net of allowance for uncollectible):	
Taxes	28,588
Notes and loans	1,413,460
Due from other governments	1,181,468
Total assets	**20,332,721**
LIABILITIES	
Accounts payable	134,999
Accrued liabilities	23,995
Unearned revenues	1,535,180
Due to other governments	1,413,460
Due to other funds	915,777
Total liabilities	**4,023,411**
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	725,688
Total deferred inflows of resources	**725,688**
FUND BALANCES (DEFICITS)	
Restricted	16,489,968
Unassigned	(906,346)
Total fund balances (deficits)	**15,583,622**
Total liabilities, deferred inflows of resources, and fund balances (deficits)	**$ 20,332,721**

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CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			
	Gas Tax Fund	**Narcotics Enforcement Asset Seizure**	**Air Quality Improvment**	**Park Development**
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	2,540,385	-	48,602	-
Investment income, net	191,633	19,107	8,433	90,891
Fines and forfeitures	-	22,525	-	-
Other revenues	-	-	-	-
Total revenues	**2,732,018**	**41,632**	**57,035**	**90,891**
EXPENDITURES				
Current:				
General government	8,298	32,820	361	4,120
Public safety	-	-	13,947	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	**8,298**	**32,820**	**14,308**	**4,120**
Excess (deficiency) of revenues over (under) expenditures	**2,723,720**	**8,812**	**42,727**	**86,771**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,561,469)	-	-	(80,985)
Proceeds from sale of capital assets	-	3,200	-	-
Total other financing sources (uses)	**(1,561,469)**	**3,200**	**-**	**(80,985)**
Net change in fund balances	**1,162,251**	**12,012**	**42,727**	**5,786**
Fund balances-beginning	3,998,183	471,250	170,374	2,349,600
Restatement - Change in Reporting Entity	-	-	-	-
Fund balances (deficit)-beginning, as restated	3,998,183	471,250	170,374	2,349,600
Fund balances (deficit)-ending	**$ 5,160,434**	**$ 483,262**	**$ 213,101**	**$ 2,355,386**

	Special Revenue Funds			
	Measure M	Community Development Block Grant	HOME Program	Blackstone CFD
REVENUES				
Taxes	$ 1,372,884	$ -	$ -	$ 878,298
Intergovernmental	-	169,045	-	-
Investment income, net	101,514	-	-	90,294
Fines and forfeitures	-	-	-	-
Other revenues	-	28,599	-	-
Total revenues	**1,474,398**	**197,644**	**-**	**968,592**
EXPENDITURES				
Current:				
General government	4,198	-	-	4,486
Public safety	-	-	-	374,758
Community development	-	176,809	-	-
Public works	9,384	-	-	258,419
Capital outlay	-	-	-	-
Total expenditures	**13,582**	**176,809**	**-**	**637,663**
Excess (deficiency) of revenues over (under) expenditures	**1,460,816**	**20,835**	**-**	**330,929**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,815
Transfers out	(240,728)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	**(240,728)**	**-**	**-**	**1,815**
Net change in fund balances	**1,220,088**	**20,835**	**-**	**332,744**
Fund balances-beginning	1,762,585	(176,960)	-	2,144,453
Restatement - Change in Reporting Entity	-	-	-	-
Fund balances (deficit)-beginning, as restated	1,762,585	(176,960)	-	2,144,453
Fund balances (deficit)-ending	**$ 2,982,673**	**$ (156,125)**	**$ -**	**$ 2,477,197**

CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			
	La Floresta CFD	**Taylor - Morrison CFD**	**Central Park Village CFD**	**Development Fund**
REVENUES				
Taxes	$ 546,650	$ 53,062	$ 143,226	$ -
Intergovernmental	-	-	-	-
Investment income, net	19,831	5,001	7,722	-
Fines and forfeitures	-	-	-	-
Other revenues	-	-	-	2,484,809
Total revenues	**566,481**	**58,063**	**150,948**	**2,484,809**
EXPENDITURES				
Current:				
General government	793	213	350	-
Public safety	347,850	30,107	75,472	-
Community development	-	-	-	-
Public works	23,121	-	-	2,484,809
Capital outlay	-	-	-	-
Total expenditures	**371,764**	**30,320**	**75,822**	**2,484,809**
Excess (deficiency) of revenues over (under) expenditures	**194,717**	**27,743**	**75,126**	**-**
OTHER FINANCING SOURCES (USES)				
Transfers in	2,125	133	355	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	**2,125**	**133**	**355**	**-**
Net change in fund balances	**196,842**	**27,876**	**75,481**	**-**
Fund balances-beginning	347,933	103,197	131,127	-
Restatement - Change in Reporting Entity	-	-	-	-
Fund balances (deficit)-beginning, as restated	347,933	103,197	131,127	-
Fund balances (deficit)-ending	**$ 544,775**	**$ 131,073**	**$ 206,608**	**$ -**

CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024 **(Continued)**

	Special Revenue Funds			Capital Projects Fund
			Formerly Non-major Fund	
	National Opioid Settlement	Organized Retail Theft	Affordable Housing Fund	Capital and Mitigation Improvement
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	1,027,969	-	-
Investment income, net	8,072	(27,330)	-	81,695
Fines and forfeitures	-	-	-	-
Other revenues	149,569	-	-	-
Total revenues	**157,641**	**1,000,639**	**-**	**81,695**
EXPENDITURES				
Current:				
General government	58,658	69,943	-	4,380
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	1,660,550	-	-
Total expenditures	**58,658**	**1,730,493**	**-**	**4,380**
Excess (deficiency) of revenues over (under) expenditures	**98,983**	**(729,854)**	**-**	**77,315**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	56,000
Transfers out	-	(20,367)	-	(2,388,051)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	**-**	**(20,367)**	**-**	**(2,332,051)**
Net change in fund balances	**98,983**	**(750,221)**	**-**	**(2,254,736)**
Fund balances-beginning	(745)	-	3,376,204	3,738,967
Restatement - Change in Reporting Entity	-	-	(3,376,204)	-
Fund balances (deficit)-beginning, as restated	(745)	-	-	3,738,967
Fund balances (deficit)-ending	**$ 98,238**	**$ (750,221)**	**$ -**	**$ 1,484,231**

CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024

	Capital Projects Fund	
	Storm Drain	**Total Non-major Funds**
REVENUES		
Taxes	$ -	$ 2,994,120
Intergovernmental	-	3,786,001
Investment income, net	13,551	610,414
Fines and forfeitures	-	22,525
Other revenues	-	2,662,977
Total revenues	**13,551**	**10,076,037**
EXPENDITURES		
Current:		
General government	606	189,226
Public safety	-	842,134
Community development	-	176,809
Public works	-	2,775,733
Capital outlay	-	1,660,550
Total expenditures	**606**	**5,644,452**
Excess (deficiency) of revenues over (under) expenditures	**12,945**	**4,431,585**
OTHER FINANCING SOURCES (USES)		
Transfers in	-	60,428
Transfers out	-	(4,291,600)
Proceeds from sale of capital assets	-	3,200
Total other financing sources (uses)	**-**	**(4,227,972)**
Net change in fund balances	**12,945**	**203,613**
Fund balances-beginning	340,045	18,756,213
Restatement - Change in Reporting Entity	-	(3,376,204)
Fund balances (deficit)-beginning, as restated	340,045	15,380,009
Fund balances (deficit)-ending	**$ 352,990**	**$ 15,583,622**

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Gas Tax Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 2,519,725	$ 2,519,725	$ 2,540,385	$ 20,660
Investment income, net	46,384	46,384	191,633	145,249
Total revenues	**2,566,109**	**2,566,109**	**2,732,018**	**165,909**
EXPENDITURES				
Current:				
General government	3,700	3,700	8,298	(4,598)
Total expenditures	**3,700**	**3,700**	**8,298**	**(4,598)**
Excess (deficiency) of revenues over (under) expenditures	**2,562,409**	**2,562,409**	**2,723,720**	**161,311**
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,720,000)	(1,720,000)	(1,561,469)	158,531
Total other financing sources (uses)	**(1,720,000)**	**(1,720,000)**	**(1,561,469)**	**158,531**
Net change in fund balances	**$ 842,409**	**$ 842,409**	**1,162,251**	**$ 319,842**
Fund balances-beginning			3,998,183	
Fund balances (deficit)-ending			**$ 5,160,434**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Narcotics Enforcement Asset Seizure
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 4,500	$ 4,500	$ 19,107	$ 14,607
Fines and forfeitures	5,000	22,525	22,525	-
Total revenues	**9,500**	**27,025**	**41,632**	**14,607**
EXPENDITURES				
Current:				
General government	101,550	101,550	32,820	68,730
Total expenditures	**101,550**	**101,550**	**32,820**	**68,730**
Excess (deficiency) of revenues over (under) expenditures	**(92,050)**	**(74,525)**	**8,812**	**83,337**
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	3,200	3,200
Total other financing sources (uses)	**-**	**-**	**3,200**	**3,200**
Net change in fund balances	**$ (92,050)**	**$ (74,525)**	**12,012**	**$ 86,537**
Fund balances-beginning			471,250	
Fund balances (deficit)-ending			**$ 483,262**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Air Quality Improvement
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 56,000	$ 56,000	$ 48,602	$ (7,398)
Investment income, net	1,000	1,000	8,433	7,433
Total revenues	**57,000**	**57,000**	**57,035**	**35**
EXPENDITURES				
Current:				
General government	500	500	361	139
Public safety	-	-	13,947	(13,947)
Total expenditures	**500**	**500**	**14,308**	**(13,808)**
Net change in fund balances	**$ 56,500**	**$ 56,500**	**42,727**	**$ (13,773)**
Fund balances-beginning			170,374	
Fund balances (deficit)-ending			**$ 213,101**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Park Development
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 6,570	$ 6,570	$ 90,891	$ 84,321
Total revenues	**6,570**	**6,570**	**90,891**	**84,321**
EXPENDITURES				
Current:				
General government	2,700	2,700	4,120	(1,420)
Total expenditures	**2,700**	**2,700**	**4,120**	**(1,420)**
Excess (deficiency) of revenues over (under) expenditures	**3,870**	**3,870**	**86,771**	**82,901**
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(80,985)	(80,985)
Total other financing sources (uses)	**-**	**-**	**(80,985)**	**(80,985)**
Net change in fund balances	**$ 3,870**	**$ 3,870**	**5,786**	**$ 1,916**
Fund balances-beginning			2,349,600	
Fund balances (deficit)-ending			**$ 2,355,386**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Measure M Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 1,424,335	$ 1,424,335	$ 1,372,884	$ (51,451)
Investment income, net	24,110	24,110	101,514	77,404
Total revenues	**1,448,445**	**1,448,445**	**1,474,398**	**25,953**
EXPENDITURES				
Current:				
General government	1,650	1,650	4,198	(2,548)
Public works	82,821	82,821	9,384	73,437
Total expenditures	**84,471**	**84,471**	**13,582**	**70,889**
Excess (deficiency) of revenues over (under) expenditures	**1,363,974**	**1,363,974**	**1,460,816**	**96,842**
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,026,150)	(1,026,150)	(240,728)	785,422
Total other financing sources (uses)	**(1,026,150)**	**(1,026,150)**	**(240,728)**	**785,422**
Net change in fund balances	**$ 337,824**	**$ 337,824**	**1,220,088**	**$ 882,264**
Fund balances-beginning			1,762,585	
Fund balances (deficit)-ending			**$ 2,982,673**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 190,000	$ 190,000	$ 169,045	$ (20,955)
Other revenues	-	-	28,599	28,599
Total revenues	**190,000**	**190,000**	**197,644**	**7,644**
EXPENDITURES				
Current:				
Community development	190,000	190,000	176,809	13,191
Total expenditures	**190,000**	**190,000**	**176,809**	**13,191**
Net change in fund balances	**$ -**	**$ -**	**20,835**	**$ 20,835**
Fund balances-beginning			(176,960)	
Fund balances (deficit)-ending			**$ (156,125)**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Blackstone CFD Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 878,615	$ 878,615	$ 878,298	$ (317)
Investment income, net	30,000	30,000	90,294	60,294
Total revenues	**908,615**	**908,615**	**968,592**	**59,977**
EXPENDITURES				
Current:				
General government	1,810	1,810	4,486	(2,676)
Public safety	450,749	450,749	374,758	75,991
Public works	443,862	443,862	258,419	185,443
Total expenditures	**896,421**	**896,421**	**637,663**	**258,758**
Excess (deficiency) of revenues over (under) expenditures	**12,194**	**12,194**	**330,929**	**318,735**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,815	1,815	-
Total other financing sources (uses)	**-**	**1,815**	**1,815**	**-**
Net change in fund balances	**$ 12,194**	**$ 14,009**	**332,744**	**$ 318,735**
Fund balances-beginning			2,144,453	
Fund balances (deficit)-ending			**$ 2,477,197**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
La Floresta CFD Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 538,356	$ 538,356	$ 546,650	$ 8,294
Investment income, net	8,400	8,400	19,831	11,431
Total revenues	**546,756**	**546,756**	**566,481**	**19,725**
EXPENDITURES				
Current:				
General government	2,130	2,130	793	1,337
Public safety	433,898	433,898	347,850	86,048
Public works	47,643	47,643	23,121	24,522
Total expenditures	**483,671**	**483,671**	**371,764**	**111,907**
Excess (deficiency) of revenues over (under) expenditures	**63,085**	**63,085**	**194,717**	**131,632**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,125	2,125	-
Total other financing sources (uses)	**-**	**2,125**	**2,125**	**-**
Net change in fund balances	**$ 63,085**	**$ 65,210**	**196,842**	**$ 131,632**
Fund balances (deficit)-beginning			347,933	
Fund balances (deficit)-ending			**$ 544,775**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Taylor - Morrison CFD Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 53,220	$ 53,220	$ 53,062	$ (158)
Investment income, net	2,240	2,240	5,001	2,761
Total revenues	**55,460**	**55,460**	**58,063**	**2,603**
EXPENDITURES				
Current:				
General government	160	160	213	(53)
Public safety	35,215	35,215	30,107	5,108
Total expenditures	**35,375**	**35,375**	**30,320**	**5,055**
Excess (deficiency) of revenues over (under) expenditures	**20,085**	**20,085**	**27,743**	**7,658**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	133	133	-
Total other financing sources (uses)	**-**	**133**	**133**	**-**
Net change in fund balances	**$ 20,085**	**$ 20,218**	**27,876**	**$ 7,658**
Fund balances-beginning			103,197	
Fund balances (deficit)-ending			**$ 131,073**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Central Park Village CFD Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 142,975	$ 142,975	$ 143,226	$ 251
Investment income, net	3,000	3,000	7,722	4,722
Total revenues	**145,975**	**145,975**	**150,948**	**4,973**
EXPENDITURES				
Current:				
General government	180	180	350	(170)
Public safety	88,412	88,412	75,472	12,940
Total expenditures	**88,592**	**88,592**	**75,822**	**12,770**
Excess (deficiency) of revenues over (under) expenditures	**57,383**	**57,383**	**75,126**	**17,743**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	355	355	-
Total other financing sources (uses)	**-**	**355**	**355**	**-**
Net change in fund balances	**$ 57,383**	**$ 57,738**	**75,481**	**$ 17,743**
Fund balances-beginning			131,127	
Fund balances (deficit)-ending			**$ 206,608**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Development Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenues	$ -	$ -	$ 2,484,809	$ 2,484,809
Total revenues	**-**	**-**	**2,484,809**	**2,484,809**
EXPENDITURES				
Current:				
Public works	403,037	403,037	2,484,809	(2,081,772)
Total expenditures	**403,037**	**403,037**	**2,484,809**	**(2,081,772)**
Net change in fund balances	**$ (403,037)**	**$ (403,037)**	**-**	**$ 403,037**
Fund balances-beginning			-	
Fund balances (deficit)-ending			**$ -**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
National Opioid Settlement Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ -	$ -	$ 8,072	$ 8,072
Other revenues	-	159,145	149,569	(9,576)
Total revenues	**-**	**159,145**	**157,641**	**(1,504)**
EXPENDITURES				
Current:				
General government	-	-	58,658	(58,658)
Total expenditures	**-**	**-**	**58,658**	**(58,658)**
Excess (deficiency) of revenues over (under) expenditures	**-**	**159,145**	**98,983**	**(60,162)**
Net change in fund balances	**$ -**	**$ 159,145**	**98,983**	**$ (60,162)**
Fund balances-beginning			(745)	
Fund balances (deficit)-ending			**$ 98,238**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Organized Retail Theft Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 4,241,002	$ 1,027,969	$ (3,213,033)
Investment income, net	-	-	(27,330)	(27,330)
Total revenues	**-**	**4,241,002**	**1,000,639**	**(3,240,363)**
EXPENDITURES				
Current:				
General government	-	-	69,943	(69,943)
Capital outlay	-	-	1,660,550	(1,660,550)
Total expenditures	**-**	**-**	**1,730,493**	**(1,730,493)**
Excess (deficiency) of revenues over (under) expenditures	**-**	**4,241,002**	**(729,854)**	**(4,970,856)**
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(20,367)	(20,367)
Total other financing sources (uses)	**-**	**-**	**(20,367)**	**(20,367)**
Net change in fund balances	**$ -**	**$ 4,241,002**	**(750,221)**	**$ (4,991,223)**
Fund balances-beginning			-	
Fund balances (deficit)-ending			**$ (750,221)**	

CITY OF BREA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Capital and Mitigation Improvement Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 20,200	$ 20,200	$ 81,695	$ 61,495
Total revenues	**20,200**	**20,200**	**81,695**	**61,495**
EXPENDITURES				
Current:				
General government	4,100	4,100	4,380	(280)
Total expenditures	**4,100**	**4,100**	**4,380**	**(280)**
Excess (deficiency) of revenues over (under) expenditures	**16,100**	**16,100**	**77,315**	**61,215**
OTHER FINANCING SOURCES (USES)				
Transfers in	56,000	56,000	56,000	-
Transfers out	-	-	(2,388,051)	(2,388,051)
Total other financing sources (uses)	**56,000**	**56,000**	**(2,332,051)**	**(2,388,051)**
Net change in fund balances	**$ 72,100**	**$ 72,100**	**(2,254,736)**	**$ (2,326,836)**
Fund balances-beginning			3,738,967	
Fund balances (deficit)-ending			**$ 1,484,231**	

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 7,000	$ 7,000	$ 13,551	$ 6,551
Total revenues	**7,000**	**7,000**	**13,551**	**6,551**
EXPENDITURES				
Current:				
General government	400	400	606	(206)
Total expenditures	**400**	**400**	**606**	**(206)**
Net change in fund balances	**$ 6,600**	**$ 6,600**	**12,945**	**$ 6,345**
Fund balances-beginning			340,045	
Fund balances (deficit)-ending			**$ 352,990**	

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Non-Major Enterprise Funds

Urban Runoff Fund
The fund is used to account for the City's urban runoff operations, which are financed and operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Sanitation Fund
The fund is used to account for the City's refuse collection and street sweeping operations, which are operated in a manner similar to a private enterprise. User charges finance the operations of this fund.

Information Technology External Support Fund
This fund is used to account for the operations of the Information Technology Division's contractual information technology services to other agencies. The costs (expenses including depreciation) of providing these services to participating cities on a continuing basis are financed or recovered primarily through user charges.

Golf Course Fund
This fund is used to account for the operations of the Birch Hills and Brea Creek Golf Courses.

CITY OF BREA, CALIFORNIA
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2024

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total Non-major Enterprise Funds
ASSETS					
Current assets:					
Cash and investments	$ 587,682	$ 526,698	$ 361,037	$ 4,202,077	$ 5,677,494
Receivables (net of uncollectibles):					
Accounts receivable, net	62,921	575,978	-	-	638,899
Due from other governments	-	-	168,983	-	168,983
Restricted:	-	-	-	-	
Restricted cash and investments	22,347	-	281,364	-	303,711
Total current assets	672,950	1,102,676	811,384	4,202,077	6,789,087
Noncurrent:					
Capital assets, net of depreciation and amortization	121,008	-	7,471	9,989,498	10,117,977
Total noncurrent assets	121,008	-	7,471	9,989,498	10,117,977
Total assets	**793,958**	**1,102,676**	**818,855**	**14,191,575**	**16,907,064**
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension related items	126,231	217,891	429,627	5,240	778,989
Deferred OPEB related items	9,499	33,457	118,108	-	161,064
Total deferred outflows of resources	**135,730**	**251,348**	**547,735**	**5,240**	**940,053**
LIABILITIES					
Current liabilities:					
Accounts payable	14,613	370,460	3,110	584,541	972,724
Accrued liabilities	6,314	11,725	19,785	360	38,184
Compensated absences, due within one year	-	14,064	55,745	-	69,809
Subscription liability, due within one year	-	-	7,381	-	7,381
Total current liabilities	20,927	396,249	86,021	584,901	1,088,098
Noncurrent liabilities:					
Compensated absences, due in more than one year	-	4,688	18,582	-	23,270
Pension Liability	511,724	883,298	1,741,645	21,241	3,157,908
Other Post Employment Benefits (OPEB) Liability	48,220	237,349	1,091,218	-	1,376,787
Total noncurrent liabilities	559,944	1,125,335	2,851,445	21,241	4,557,965
Total liabilities	**580,871**	**1,521,584**	**2,937,466**	**606,142**	**5,646,063**
DEFERRED INFLOWS OF RESOURCES					
Deferred pension related items	3,467	5,984	11,799	144	21,394
Deferred OPEB related items	20,470	59,153	184,681	-	264,304
Total deferred inflows of resources	**23,937**	**65,137**	**196,480**	**144**	**285,698**
NET POSITION					
Net investment in capital assets	121,008	-	90	9,989,498	10,110,596
Unrestricted	203,872	(232,697)	(1,767,446)	3,601,031	1,804,760
Total net position	**$ 324,880**	**$ (232,697)**	**$ (1,767,356)**	**$ 13,590,529**	**$ 11,915,356**

CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2024

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total Non-major Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 563,867	$ 3,699,603	$ 1,064,274	$ 4,876,038	$ 10,203,782
Fines and forfeitures	9,783	70,386	-	-	80,169
Other revenues	204	25,000	-	-	25,204
Total operating revenues	**573,854**	**3,794,989**	**1,064,274**	**4,876,038**	**10,309,155**
OPERATING EXPENSES					
Personnel services	462,409	580,280	852,598	30,137	1,925,424
Maintenance and operations	322,172	3,662,365	228,900	3,652,084	7,865,521
Depreciation/Amortization	1,750	-	7,388	80,913	90,051
Total operating expenses	**786,331**	**4,242,645**	**1,088,886**	**3,763,134**	**9,880,996**
Operating income (loss)	**(212,477)**	**(447,656)**	**(24,612)**	**1,112,904**	**428,159**
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	145,260	-	-	145,260
Interest income	24,972	7,546	51,271	155,547	239,336
Total nonoperating revenues (expenses)	**24,972**	**152,806**	**51,271**	**155,547**	**384,596**
Income (loss) before transfers	**(187,505)**	**(294,850)**	**26,659**	**1,268,451**	**812,755**
Transfers in	-	375,252	-	-	375,252
Change in net position	**(187,505)**	**80,402**	**26,659**	**1,268,451**	**1,188,007**
Net position-beginning	512,385	(313,099)	(1,794,015)	12,322,078	10,727,349
Net position-ending	**$ 324,880**	**$ (232,697)**	**$ (1,767,356)**	**$ 13,590,529**	**$ 11,915,356**

	Business-Type Activities				
	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 569,721	$ 3,765,862	$ 1,064,274	$ 4,876,038	$ 10,275,895
Payments to suppliers and service providers	(310,023)	(3,659,482)	(226,926)	(3,614,765)	(7,811,196)
Payments to employees for salaries and benefits	(368,403)	(504,079)	(817,108)	(26,545)	(1,716,135)
Net cash provided by (used for) operating activities	**(108,705)**	**(397,699)**	**20,240**	**1,234,728**	**748,564**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	375,252	-	-	375,252
Operating grants and contributions	-	156,631	(47,218)	-	109,413
Net cash provided by (used for) noncapital financing activities	**-**	**531,883**	**(47,218)**	**-**	**484,665**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(521)	-	-	(18,089)	(18,610)
Principal paid on capital debt	-	-	(7,477)	-	(7,477)
Net cash provided by (used for) capital and related financing activities	**(521)**	**-**	**(7,477)**	**(18,089)**	**(26,087)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	24,972	7,546	51,270	155,547	239,335
Net cash provided by (used for) investing activities	**24,972**	**7,546**	**51,270**	**155,547**	**239,335**
Net increase (decrease) in cash and cash equivalents	**(84,254)**	**141,730**	**16,815**	**1,372,186**	**1,446,477**
Cash and cash equivalents-beginning	694,283	384,968	625,586	2,829,891	4,534,728
Cash and cash equivalents-ending	**$ 610,029**	**$ 526,698**	**$ 642,401**	**$ 4,202,077**	**$ 5,981,205**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments	$ 587,682	$ 526,698	$ 361,037	$ 4,202,077	$ 5,677,494
Restricted cash and investments	22,347	-	281,364	-	303,711
Total cash and cash equivalents	$ 610,029	$ 526,698	$ 642,401	$ 4,202,077	$ 5,981,205
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	$ (212,477)	$ (447,656)	$ (24,612)	$ 1,112,904	$ 428,159
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	1,750	-	7,388	80,913	90,051
(Increase) decrease in accounts receivable	(4,133)	(29,127)	-	-	(33,260)
Increase (decrease) in accounts payable	12,149	2,883	1,974	37,319	54,325
Increase (decrease) in accrued liabilities	2,174	4,217	3,437	242	10,070
Increase (decrease) in compensated absences	-	7,441	6,032	-	13,473
Increase (decrease) in net pension liability	97,047	73,122	45,056	3,350	218,575
Increase (decrease) in net OPEB liability	(5,215)	(8,579)	(19,035)	-	(32,829)
Total adjustments	103,772	49,957	44,852	121,824	$ 320,405
Net cash provided by (used for) operating activities	$ (108,705)	$ (397,699)	$ 20,240	$ 1,234,728	$ 748,564

Internal Service Funds

Risk Management Fund
This fund is used to account for the costs of operating a self-insurance program for general liability, workers' compensation, long-term disability and unemployment compensation. Such costs to other departments are billed at a predetermined rate set annually during the budget process.

Information Technology Fund
This fund is used to account for the operations of the City's internal information technology division. Such costs are billed to the departments and/or division based upon a predetermined rate set during the budget process.

Vehicle Maintenance Fund
This fund was created to account for the costs of operating a maintenance facility for automotive equipment used by other City departments. Such costs to other departments are billed at a predetermined cost per mile charge that includes depreciation. This charge is set annually during the budget process. The Vehicle Maintenance Fund is responsible for financing replacement vehicles, as necessary.

Building Occupancy Fund
This fund is used to account for the costs of operating a building maintenance program for City facilities. Such costs to other departments are billed at a predetermined rate set annually during the budget process.

CITY OF BREA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Risk Management	Information Technology	Vehicle Replacement	Building Occupancy	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 7,460,784	$ 1,398,307	$ 2,392,900	$ 1,261,092	$ 12,513,083
Receivables (net of uncollectibles):					
Accounts	95,166	-	113,306	-	208,472
Prepaid items	-	4,620	-	-	4,620
Total current assets	7,555,950	1,402,927	2,506,206	1,261,092	12,726,175
Noncurrent:					
Capital assets, net of depreciation and amortization	-	435,468	6,099,417	830,595	7,365,480
Total noncurrent assets	-	435,468	6,099,417	830,595	7,365,480
Total assets	**7,555,950**	**1,838,395**	**8,605,623**	**2,091,687**	**20,091,655**
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related	180,761	770,592	305,930	437,339	1,694,622
OPEB-related	22,243	163,142	49,008	61,274	295,667
Total deferred outflows of resources	**203,004**	**933,734**	**354,938**	**498,613**	**1,990,289**
LIABILITIES					
Current liabilities:					
Accounts payable	8,768	20,026	46,315	171,580	246,689
Accrued liabilities	8,303	36,434	17,756	27,700	90,193
Claims and judgments, due within one year	1,639,804	-	-	-	1,639,804
Compensated absences, due within one year	-	-	36,374	53,122	89,496
Subscription liability, due within one year	-	24,083	-	-	24,083
Total current liabilities	1,656,875	80,543	100,445	252,402	2,090,265
Noncurrent liabilities:					
Claims and judgments, due in more than one year	3,183,148	-	-	-	3,183,148
Compensated absences, due in more than one year	-	-	12,125	17,707	29,832
Net pension liability	732,777	3,123,864	1,240,196	1,772,905	6,869,742
Total OPEB liability	108,851	1,012,539	313,750	374,873	1,810,013
Total noncurrent liabilities	4,024,776	4,136,403	1,566,071	2,165,485	11,892,735
Total liabilities	**5,681,651**	**4,216,946**	**1,666,516**	**2,417,887**	**13,983,000**
DEFERRED INFLOWS OF RESOURCES					
Pension-related	4,964	21,162	8,402	12,010	46,538
OPEB-related	32,778	213,792	99,356	133,090	479,016
Total deferred inflows of resources	**37,742**	**234,954**	**107,758**	**145,100**	**525,554**
NET POSITION					
Net investment in capital assets	-	411,385	6,099,417	830,595	7,341,397
Unrestricted	2,039,561	(2,091,156)	1,086,870	(803,282)	231,993
Total net position	**$ 2,039,561**	**$ (1,679,771)**	**$ 7,186,287**	**$ 27,313**	**$ 7,573,390**

CITY OF BREA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2024

	Risk Management	Information Technology	Vehicle Replacement	Building Occupancy	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 3,430,449	$ 2,486,832	$ 2,990,376	$ 2,769,360	$ 11,677,017
Other revenues	58,767	-	95,368	5,824	159,959
Total operating revenues	**3,489,216**	**2,486,832**	**3,085,744**	**2,775,184**	**11,836,976**
OPERATING EXPENSES					
Personnel services	535,332	2,913,628	-	918,979	4,367,939
Maintenance and operation	1,911,753	1,031,160	452,694	1,959,833	5,355,440
Claims and judgments	987,809	-	-	-	987,809
Depreciation/Amortization	-	180,157	671,747	136,363	988,267
Total operating expenses	**3,434,894**	**4,124,945**	**1,124,441**	**3,015,175**	**11,699,455**
Operating income (loss)	**54,322**	**(1,638,113)**	**1,961,303**	**(239,991)**	**137,521**
NONOPERATING REVENUES (EXPENSES)					
Interest income	319,816	52,186	85,449	50,297	507,748
Gain (loss) on disposal of capital assets	-	-	172,096	-	172,096
Total nonoperating revenues (expenses)	**319,816**	**52,186**	**257,545**	**50,297**	**679,844**
Income (loss) before transfers	**374,138**	**(1,585,927)**	**2,218,848**	**(189,694)**	**817,365**
Transfers in	-	135,815	-	-	135,815
Transfers out	(837,500)	-	-	(19,853)	(857,353)
Change in net position	**(463,362)**	**(1,450,112)**	**2,218,848**	**(209,547)**	**95,827**
Net position-beginning	2,502,923	(229,659)	4,967,439	236,860	7,477,563
Net position-ending	**$ 2,039,561**	**$ (1,679,771)**	**$ 7,186,287**	**$ 27,313**	**$ 7,573,390**

CITY OF BREA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2024

	Risk Management	Information Technology	Vehicle Replacement	Building Occupancy	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 3,462,087	$ 2,486,832	$ 2,995,351	$ 2,775,184	$ 11,719,454
Payments to suppliers and service providers	(2,904,135)	(1,076,842)	(494,466)	(1,948,741)	(6,424,184)
Payments to employees for salaries and benefits	(1,263,835)	(1,459,466)	(1,568,753)	(944,916)	(5,236,970)
Net cash provided by (used for) operating activities	**(705,883)**	**(49,476)**	**932,132**	**(118,473)**	**58,300**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	135,815	-	-	135,815
Transfers to other funds	(837,500)	-	-	(19,853)	(857,353)
Net cash provided by (used for) noncapital financing activities	**(837,500)**	**135,815**	**-**	**(19,853)**	**(721,538)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(40,264)	(2,957,667)	(28,749)	(3,026,680)
Principal paid on capital debt	-	(15,785)	-	-	(15,785)
Proceeds from sales of assets	-	32,080	183,656	-	215,736
Net cash provided by (used for) capital and related financing activities	**-**	**(23,969)**	**(2,774,011)**	**(28,749)**	**(2,826,729)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	319,816	29,262	85,449	50,296	484,823
Net cash provided by (used for) investing activities	**319,816**	**29,262**	**85,449**	**50,296**	**484,823**
Net increase (decrease) in cash and cash equivalents	**(1,223,567)**	**91,632**	**(1,756,430)**	**(116,779)**	**(3,005,144)**
Cash and cash equivalents-beginning	8,684,351	1,306,675	4,149,330	1,377,871	15,518,227
Cash and cash equivalents-ending	**$ 7,460,784**	**$ 1,398,307**	**$ 2,392,900**	**$ 1,261,092**	**$ 12,513,083**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	$ 54,322	$ (1,638,113)	$ 1,961,303	$ (239,991)	$ 137,521
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	-	180,157	671,747	136,363	988,267
(Increase) decrease in accounts receivable	(27,129)	-	(90,393)	-	(117,522)
(Increase) decrease in prepaid items	-	(4,620)	-	-	(4,620)
Increase (decrease) in accounts payable	(4,573)	(41,062)	(41,772)	11,092	(76,315)
Increase (decrease) in accrued liabilities	(1,666)	3,447	3,566	8,458	13,805
Increase (decrease) in compensated absences	(2,524,857)	-	8,900	7,308	(2,508,649)
Increase (decrease) in claims and judgments	1,639,804	-	-	-	1,639,804
Increase (decrease) in pension and related items	166,521	1,489,955	(1,565,536)	(20,335)	70,605
Increase (decrease) in OPEB and related items	(8,305)	(39,240)	(15,683)	(21,368)	(84,596)
Total adjustments	(760,205)	1,588,637	(1,029,171)	121,518	(79,221)
Net cash provided by (used for) operating activities	$ (705,883)	$ (49,476)	$ 932,132	$ (118,473)	$ 58,300

Custodial Funds

Hillside Open Space Education Coalition
This fund is used to account for the funds received to educate the public as to the importance of hillside preservation.

Brea Plaza Community Facilities District 2008-02 Fund
This fund is used to account for the collection and payment to the holders of the 2017 Special Tax Bonds.

Downtown Community Facilities District 1996-1 Fund
This fund is used to account for the collection and payment to the holders of the 2014 Special Tax Bonds.

Olinda Heights Community Facilities District 1997-1 Fund
This fund is used to account for the collection and payment to the holders of the 2005 Special Tax Bonds.

North Orange County Public Safety Collaborative (NOC) Fund
This fund is used to account for the state funds related to NOC. The City acts as the fiduciary for the NOC.

Integrated Law and Justice Agency of Orange County (ILJAOC) Fund
This fund is used to account for the collections and payments related to a joint venture agreement with several other public agencies of Orange County. The City acts as a treasurer for the ILJAOC.

Orange County City Managers Association (OCCMA) Fund
This fund is used to account for the collections and payments related to the OCCMA. The City acts as the treasurer for the OCCMA.

CITY OF BREA, CALIFORNIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2024

	Hillside Open Space Education Coalition	Brea Plaza	Downtown	Olinda Heights
ASSETS				
Cash and investments	$ 585,260	$ 517,937	$ 1,935	$ 417,425
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	7,691
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agent	-	671,570	-	96
Total assets	**585,260**	**1,189,507**	**1,935**	**425,212**
LIABILITIES				
Accounts payable	30	42	-	-
Accrued liabilities	544,586	653	-	1,148
Total liabilities	**544,616**	**695**	**-**	**1,148**
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	40,644	1,188,812	1,935	424,064
Total net position	**$ 40,644**	**$ 1,188,812**	**$ 1,935**	**$ 424,064**

CITY OF BREA, CALIFORNIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2024

	NOC	ILJAOC	OCCMA	Total Custodial Funds
ASSETS				
Cash and investments	$ 6,605,897	$ 4,755,274	$ 33,603	$ 12,917,331
Receivables:				
Accounts	-	55,388	1,500	56,888
Taxes	-	-	-	7,691
Due from other governments	-	46,080	-	46,080
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	671,666
Total assets	**6,605,897**	**4,856,742**	**35,103**	**13,699,656**
LIABILITIES				
Accounts payable	510,244	201,218	1,657	713,191
Accrued liabilities	5,735	-	-	552,122
Total liabilities	**515,979**	**201,218**	**1,657**	**1,265,313**
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	6,089,918	4,655,524	33,446	12,434,343
Total net position	**$ 6,089,918**	**$ 4,655,524**	**$ 33,446**	**$ 12,434,343**

CITY OF BREA, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	Hillside Open Space Education Coalition	Brea Plaza	Downtown	Olinda Heights
ADDITIONS				
Contributions:				
Property taxes	$ -	$ 566,956	$ -	$ 410,938
Employee or member contributions	-	-	-	11,371
Interest and changes in fair value of investments	22,470	80,671	(171)	-
Miscellaneous	-	-	-	-
Total additions	**22,470**	**647,627**	**(171)**	**422,309**
DEDUCTIONS				
Administrative	1,335	33,235	150	52,752
Interest expense	-	278,359	-	82,625
Principal	-	255,000	-	265,000
Total deductions	**1,335**	**566,594**	**150**	**400,377**
Net increase (decrease) in fiduciary net position	**21,135**	**81,033**	**(321)**	**21,932**
Net position-beginning	19,509	1,107,779	2,256	402,132
Net position-ending	**$ 40,644**	**$ 1,188,812**	**$ 1,935**	**$ 424,064**

CITY OF BREA, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	NOC	ILJAOC	OCCMA	Total Custodial Funds
ADDITIONS				
Contributions:				
Property taxes	$ -	$ -	$ -	$ 977,894
Employee or member contributions	227,341	1,416,565	36,100	1,691,377
Interest and changes in fair value of investments	393,337	262,424	1,347	760,078
Miscellaneous	-	491,784	51,034	542,818
Total additions	**620,678**	**2,170,773**	**88,481**	**3,972,167**
DEDUCTIONS				
Administrative	2,560,296	2,190,605	98,281	4,936,654
Interest expense	-	-	-	360,984
Principal	-	-	-	520,000
Total deductions	**2,560,296**	**2,190,605**	**98,281**	**5,817,638**
Net increase (decrease) in fiduciary net position	**(1,939,618)**	**(19,832)**	**(9,800)**	**(1,845,471)**
Net position-beginning	8,029,536	4,675,356	43,246	14,279,814
Net position-ending	**$ 6,089,918**	**$ 4,655,524**	**$ 33,446**	**$ 12,434,343**

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Statistical Section

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Statistical Section

This part of the City of Brea’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents:

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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CITY OF BREA, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2022-23	Fiscal Year 2023-24
Governmental Activities									
Net investment in capital assets	$ 158,976,819	$ 165,493,107	$ 170,548,467	$ 204,322,724	$ 202,990,193	$ 215,840,370	$ 207,378,698	$ 208,081,095	$ 313,179,549
Restricted	56,883,753	54,629,374	52,867,078	52,729,420	44,544,588	59,862,606	54,214,155	45,252,026	57,444,146
Unrestricted	(64,027,907)	(58,217,717)	(57,154,376)	(76,701,929)	(69,878,160)	(91,248,810)	(79,365,186)	(16,320,573)	(26,223,348)
Total governmental activities net position	$ 151,832,665	$ 161,904,764	$ 166,261,169	$ 180,350,215	$ 177,656,621	$ 184,454,166	$ 182,227,667	$ 237,012,548	$ 344,400,347
Business-type Activities									
Net investment of capital assets	$ 33,367,826	$ 33,174,074	$ 42,091,695	$ 58,347,144	$ 55,408,764	$ 61,114,088	$ 27,842,597	$ 96,873,414	$ 98,594,995
Restricted	6,203,193	6,165,829	5,641,012	5,657,518	5,843,171	2,132,985	2,285,353	2,213,477	2,683,786
Unrestricted	8,603,346	12,637,920	14,392,925	15,322,371	26,097,664	29,126,601	77,820,553	24,260,951	27,853,957
Total business-type activities net position	$ 48,174,365	$ 51,977,823	$ 62,125,632	$ 79,327,033	$ 87,349,599	$ 92,373,674	$ 107,948,503	$ 123,347,842	$ 129,132,738
Primary Government									
Net investment of capital assets	$ 192,344,645	$ 198,667,181	$ 212,640,162	$ 262,669,868	$ 258,398,957	$ 276,954,458	$ 235,221,295	$ 304,954,509	$ 411,774,544
Restricted	63,086,946	60,795,203	58,508,090	58,386,938	50,387,759	61,995,591	56,499,508	47,465,503	60,127,932
Unrestricted	(55,424,561)	(45,579,797)	(42,761,451)	(61,379,558)	(43,780,496)	(62,122,209)	(1,544,633)	7,940,378	1,630,609
Total primary government net position	$ 200,007,030	$ 213,882,587	$ 228,386,801	$ 259,677,248	$ 265,006,220	$ 276,827,840	$ 290,176,170	$ 360,360,390	$ 473,533,085

CITY OF BREA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Expenses:										
Governmental activities:										
General government	$ 7,569,787	$ 7,297,652	$ 7,758,276	$ 6,679,825	$ 7,546,630	$ 8,738,602	$ 7,987,050	$ 4,209,806	$ 9,466,893	$ 13,139,192
Public safety	32,409,727	31,372,155	33,938,469	40,137,072	41,777,845	45,285,893	42,671,837	2,479,739	45,981,340	72,063,948
Community Development	2,836,727	3,010,978	3,403,082	3,784,020	3,410,346	3,905,234	3,368,772	707,641	2,888,919	10,416,452
Community services	7,441,012	7,267,829	7,598,666	8,054,662	8,442,748	9,077,264	7,202,383	5,187,919	10,309,313	9,618,850
Public Works	12,367,078	13,544,061	16,306,542	18,324,571	16,207,579	4,222,899	14,390,950	9,072,608	16,514,002	10,484,395
Interest on long-term debt	435,772	435,207	414,974	380,159	78,066	349,806	161,293	282,769	27,156	95,744
Total governmental activities expenses	63,060,103	62,927,882	69,420,009	77,360,309	77,463,214	71,579,698	75,782,285	21,940,482	85,187,623	115,818,581
Business-type activities:										
Urban run-off	388,493	415,328	376,623	396,030	422,699	356,600	388,559	247,623	620,593	789,601
Water utility	15,752,822	14,085,433	14,882,443	17,306,036	18,136,961	17,197,843	19,767,041	16,082,429	16,847,646	17,758,721
Sewer utility	1,575,738	1,590,905	1,630,319	1,896,662	2,623,606	2,086,307	1,997,061	547,069	2,645,816	2,668,193
Sanitation	2,910,840	2,937,684	3,045,308	3,283,613	3,450,228	3,638,796	3,667,210	1,603,331	4,008,519	4,256,254
Information Technology External Support	1,240,462	1,312,899	1,724,116	1,790,154	1,656,765	1,599,359	1,024,382	(279,366)	952,912	1,097,151
Golf Course	-	-	-	-	-	-	2,884,293	3,925,036	3,579,244	3,765,284
Total business-type activities expenses	21,868,355	20,342,249	21,658,809	24,672,495	26,290,259	24,878,905	29,728,546	22,126,122	28,654,730	30,335,204
Total primary government expenses	$ 84,928,458	$ 83,270,131	$ 91,078,818	$ 102,032,804	$ 103,753,473	$ 96,458,603	$ 105,510,831	$ 44,066,604	$ 113,842,353	$ 146,153,785
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	$ 1,663,401	$ 1,765,913	$ 1,605,816	$ 1,403,754	$ 1,137,478	$ 2,117,359	$ 1,296,032	$ 1,235,741	$ 514,792	$ 758,043
Public safety	1,376,553	1,282,646	1,297,025	1,689,176	1,392,205	996,068	777,596	846,870	729,739	690,935
Community Development	998,141	1,577,964	2,151,955	4,619,615	1,048,258	1,530,959	1,058,408	756,751	595,142	3,296,657
Community services	5,640,412	3,021,505	2,818,718	3,023,144	3,117,696	1,353,397	1,088,410	1,668,359	2,103,722	2,911,229
Public Works	1,706,630	1,257,168	1,610,889	506,348	237,689	1,684,711	197,022	3,088,349	2,742,326	326,692
Operating contributions and grants	3,238,366	3,399,311	2,632,718	3,964,816	5,210,335	6,814,195	12,230,204	5,445,862	10,787,980	6,905,712
Capital contributions and grants	3,908,617	2,336,984	5,668,485	43,192,575	4,959,143	6,319,418	3,239,077	2,792,309	1,814,783	3,863,665
Total governmental activities program revenues	18,532,120	14,641,491	17,785,606	58,399,428	17,102,804	20,816,107	19,886,749	15,834,241	19,288,484	18,752,933
Business-type activities:										
Charges for services:										
Leases	384,523	402,205	412,086	418,426	444,857	455,330	457,378	476,329	495,320	573,854
Water utility	18,242,242	16,520,362	20,098,490	22,885,107	21,870,826	21,483,133	23,635,320	23,134,358	20,359,095	20,862,952
Sewer utility	2,141,422	2,236,813	2,322,756	2,239,774	2,593,670	2,496,874	2,496,871	2,608,205	3,029,057	3,795,600
Sanitation	3,431,013	3,531,648	3,584,153	3,727,950	2,969,334	3,198,072	3,349,980	3,418,855	3,367,310	3,794,989
Information Technology External Support	1,532,097	1,807,305	1,959,634	1,695,050	1,380,895	1,000,093	1,051,148	880,372	1,006,864	1,064,274
Golf Course	-	-	-	-	-	-	4,311,445	4,386,528	4,366,573	4,876,038
Operating contributions and grants	-	11,371	525,165	501,959	501,990	11,371	22,888	127,648	11,288	145,260
Capital contributions and grants	1,521,000	-	-	14,285,715	2,705,537	-	-	-	-	-
Total business-type activities program revenues	27,252,297	24,509,704	28,902,284	45,753,981	32,467,109	28,644,873	35,325,030	35,032,295	32,635,507	35,112,967
Primary government program revenues	$ 45,784,417	$ 39,151,195	$ 46,687,890	$ 104,153,409	$ 49,569,913	$ 49,460,980	$ 55,211,779	$ 50,866,536	$ 51,923,991	$ 53,865,900

CITY OF BREA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Net (Expense)/Revenue:										
Governmental activities	$ (44,527,983)	$ (48,286,391)	$ (51,634,403)	$ (18,960,881)	$ (60,360,410)	$ (50,763,591)	$ (55,895,536)	$ (6,106,241)	$ (65,899,139)	$ (97,065,648)
Business-type activities	5,383,942	4,167,455	7,243,475	21,081,486	6,176,850	3,765,968	5,596,484	12,906,173	3,980,777	4,777,763
Total primary government net expense	$ (39,144,041)	$ (44,118,936)	$ (44,390,928)	$ 2,120,605	$ (54,183,560)	$ (46,997,623)	$ (50,299,052)	$ 6,799,932	$ (61,918,362)	$ (92,287,885)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes										
Property taxes	$ 14,627,073	$ 16,656,050	$ 17,887,984	$ 19,357,620	$ 20,667,280	$ 22,029,810	$ 24,060,158	$ 24,423,764	$ 27,008,433	$ 24,080,019
Transient occupancy taxes	1,591,839	1,605,590	1,716,180	1,786,589	1,805,609	1,352,527	1,050,303	1,777,438	2,230,007	2,616,587
Sales taxes	20,572,655	21,611,873	21,200,598	19,235,559	23,319,589	21,495,924	21,479,210	24,098,002	28,812,030	27,128,012
Franchise taxes	1,625,872	1,589,950	1,680,293	1,594,432	2,550,523	2,485,834	2,372,747	2,621,096	2,833,149	3,149,045
Business licenses taxes	1,035,220	1,101,915	1,078,509	1,107,537	1,110,975	1,036,931	994,727	1,090,315	1,145,905	-
Other taxes	977,074	797,475	392,075	579,840	484,664	430,231	441,622	651,010	329,456	5,570,495
Motor vehicle in lieu	69,978	72,551	75,398	79,899	79,772	78,478	107,321	110,178	110,277	-
Unresricted grants and contributions	-	-	-	-	-	-	-	-	-	2,906,180
Use of money and property	686,757	1,602,076	1,110,886	1,482,370	3,840,130	4,087,504	3,467,362	(3,486,383)	3,911,184	5,112,695
Gain on sale of assets	31,396	83,139	(1,731)	23,639	108,661	68,909	168,580	26,322	274,083	183,149
Other	1,713,163	3,891,552	9,725,201	3,686,032	4,215,913	4,242,750	4,252,757	4,554,597	3,624,522	4,397,869
Extraordinary gain on dissolution of Redevelopment Agency[1]	(944,392)	-	-	-	-	-	-	-	-	-
Transfers	1,525,979	1,590,527	1,125,415	450,000	(516,300)	252,238	(4,639)	(745,061)	1,725,246	875,245
Total governmental activities	43,512,614	50,602,698	55,990,808	49,383,517	57,666,816	57,561,136	58,390,148	55,121,278	72,004,292	76,019,296
Business-type activities:										
Use of money and property	151,348	303,514	(23,077)	(25,014)	1,240,123	1,491,758	120,888	(941,040)	236,871	1,131,751
Gain on sale of assets	-	-	-	-	-	18,587	67,962	45,416	68,656	52,493
Other	580,062	401,566	250,269	44,024	89,293	-	82,890	82,671	-	-
Transfers	(1,525,979)	(1,590,527)	(1,125,415)	(450,000)	516,300	(252,238)	4,639	745,061	(1,725,246)	(875,245)
Total business-type activities	(794,569)	(885,447)	(898,223)	(430,990)	1,845,716	1,258,107	276,379	(67,892)	(1,419,719)	308,999
Total primary government	$ 42,718,045	$ 49,717,251	$ 55,092,585	$ 48,952,527	$ 59,512,532	$ 58,819,243	$ 58,666,527	$ 55,053,386	$ 70,584,573	$ 76,328,295
Change in Net Position:										
Governmental activities	$ (1,015,369)	$ 2,316,307	$ 4,356,405	$ 30,422,636	$ (2,693,594)	$ 6,797,545	$ 2,494,629	$ 49,015,037	$ 6,105,153	$ (21,046,352)
Business-type activities	4,589,373	3,282,008	6,345,252	20,650,496	8,022,566	5,024,075	5,872,863	12,838,281	2,561,058	5,086,762
Total primary government	$ 3,574,004	$ 5,598,315	$ 10,701,657	$ 51,073,132	$ 5,328,972	$ 11,821,620	$ 8,367,492	$ 61,853,318	$ 8,666,211	$ (15,959,590)

[1]During the fiscal year ended June 30, 2012, the assets, liabilities and fund balances of the Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of the dissolution of Rededevlopment Agencies in California.

CITY OF BREA, CALIFORNIA
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
General Fund										
Nonspendable	$ 856,591	$ 615,605	$ 412,659	$ 139,562	$ 8,826	$ 2,485	$ 14,960	$ 591	$ 60	$ 29,357
Restricted	1,392,800	7,448,016	8,201,746	8,112,011	8,661,782	8,883,451	11,337,663	9,743,633	10,634,967	12,329,512
Committed	8,616,218	9,091,623	-	867,841	980,101	1,353,559	1,388,993	1,382,302	1,443,668	1,540,335
Assigned	573,064	590,815	11,316,072	12,270,563	12,777,708	11,807,691	11,914,029	12,010,304	11,633,475	13,010,810
Unassigned	23,586,834	19,154,869	14,077,609	14,703,360	21,203,689	19,891,467	29,410,655	25,265,822	29,344,926	28,051,499
Total general fund	$ 35,025,507	$ 36,900,928	$ 34,008,086	$ 36,093,337	$ 43,632,106	$ 41,938,653	$ 54,066,300	$ 48,402,652	$ 53,057,096	$ 54,961,513
All Other Governmental Funds										
Nonspendable	$ 18,067,123	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,000	$ -	$ -
Restricted	28,721,740	47,181,358	44,665,332	44,617,410	43,625,108	50,392,782	46,045,148	33,150,403	45,252,026	16,489,968
Assigned	-	-	-	-	-	-	-	12,010,304	-	-
Unassigned	(78,497)	(79,171)	(19,272)	(9,653)	(27,156)	(98,401)	(152,390)	(206,320)	(177,705)	(906,346)
Total all other governmental funds	$ 46,710,366	$ 47,102,187	$ 44,646,060	$ 44,607,757	$ 43,597,952	$ 50,294,381	$ 45,892,758	$ 44,955,387	$ 45,074,321	$ 15,583,622

CITY OF BREA, CALIFORNIA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Revenues:										
Taxes	$ 37,453,770	$ 40,526,309	$ 40,215,974	$ 41,074,462	$ 47,100,463	$ 45,845,391	$ 47,267,539	$ 51,499,865	$ 59,116,813	$ 56,973,663
Licenses and permits	645,054	782,250	870,940	584,841	606,355	823,019	451,865	350,510	393,659	287,697
Intergovernmental	7,992,057	10,535,171	9,506,268	24,323,998	15,360,014	19,156,439	18,725,429	12,999,812	17,052,662	16,635,605
Contributions	497,304	2,080	535	105,514	102,886	-	-	-	-	-
Charges for services	8,125,141	5,451,452	6,188,947	8,008,055	3,953,235	6,239,512	2,225,756	3,691,879	3,652,877	4,182,396
Use of money and property	2,379,065	2,778,480	2,542,341	1,914,998	4,445,507	4,154,607	3,282,919	(3,333,344)	3,857,495	4,604,947
Fines and forfeitures	842,001	790,247	597,476	824,358	892,120	405,841	550,471	635,774	330,578	347,535
Rental Income	-	-	-	-	-	-	-	-	-	2,906,180
Other revenues	3,025,883	2,852,006	5,462,816	3,660,707	3,424,423	4,422,384	4,241,978	5,823,553	4,919,924	5,642,639
Total revenues	60,960,275	63,717,995	65,385,297	80,496,933	75,885,003	81,047,193	76,745,957	71,668,049	89,324,008	91,580,662
Expenditures:										
General Government	5,635,476	5,751,038	5,645,218	5,365,030	5,867,534	7,132,329	5,384,946	7,769,057	9,143,355	8,711,715
Public Safety	31,340,804	33,095,380	34,377,568	35,511,682	36,294,416	38,848,662	39,623,318	41,750,889	44,212,147	47,114,411
Community Development	2,853,942	3,191,325	3,470,595	3,469,989	3,040,469	3,394,609	3,186,707	3,139,570	2,873,049	3,948,827
Community Services	6,750,909	7,048,955	7,395,363	7,284,303	7,540,687	7,584,500	6,607,980	8,269,116	9,612,938	9,488,694
Public Works	5,200,858	5,456,277	5,778,004	5,390,103	5,377,987	6,880,759	6,229,636	9,081,410	9,795,758	9,639,331
Capital Outlay	8,129,441	9,372,430	14,808,389	21,198,635	9,524,720	8,631,178	11,090,335	6,417,881	6,346,656	12,133,404
Debt service:										
Principal retirement	370,000	618,132	410,411	435,389	465,458	2,595,619	295,873	330,152	118,266	156,186
Interest and fiscal charges	416,792	420,772	397,243	383,551	368,468	351,681	197,523	162,385	92,968	91,456
Transfer to Successor Agency	-	-	-	-	-	-	1,391,670	-	-	-
Total expenditures	60,698,222	64,954,309	72,282,791	79,038,682	68,479,739	75,419,337	74,007,988	76,920,460	82,195,137	91,284,024
Excess (deficiency) of revenues over (under) expenditures	262,053	(1,236,314)	(6,897,494)	1,458,251	7,405,264	5,627,856	2,737,969	(5,252,411)	7,128,871	296,638
Other Financing Sources (Uses):										
Transfers in	6,507,993	4,378,333	10,082,394	5,791,699	3,143,969	4,799,670	9,563,936	4,877,737	6,064,027	7,088,846
Transfers out	(4,956,467)	(2,826,881)	(8,533,869)	(5,203,002)	(4,020,269)	(5,424,295)	(9,568,575)	(5,745,798)	(8,576,526)	(5,492,063)
Sale of capital assets	-	-	-	-	-	-	11,601	10,240	9,331	11,053
Leases	-	1,952,104	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	2,220,000	147,675	-
Refunded debt redeemed	-	-	-	-	-	-	-	(2,760,000)	-	-
Bond premium	-	-	-	-	-	-	-	530,190	-	-
Cost of issuance	-	-	-	-	-	-	-	(145,663)	-	-
Total other financing sources (uses)	1,551,526	3,503,556	1,548,525	588,697	(876,300)	(624,625)	6,962	(1,013,294)	(2,355,493)	1,607,836
Net change in fund balances	$ 1,813,579	$ 2,267,242	$ (5,348,969)	$ 2,046,948	$ 6,528,964	$ 5,003,231	$ 2,744,931	$ (6,265,705)	$ 4,773,378	$ 1,904,474
Debt service as a percentage of noncapital expenditures	1.41%	1.87%	1.41%	1.42%	1.41%	4.43%	0.78%	0.70%	0.28%	0.31%

CITY OF BREA, CALIFORNIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property [1]	Total Taxable Assessed Value [2]	Total Direct Tax Rate
2015	$4,377,268,712	$1,580,151,775	$1,167,513,932	$ 826,734,462	$7,951,668,881	0.17402
2016	4,945,219,822	1,670,210,797	1,168,849,914	740,725,273	8,525,005,806	0.17402
2017	5,359,064,633	1,725,644,969	1,264,334,778	775,342,859	9,124,387,239	0.17402
2018	5,598,174,721	1,844,339,813	1,437,177,754	774,675,165	9,654,367,453	0.17402
2019	6,016,606,483	1,998,943,577	1,491,711,794	757,185,866	10,264,447,720	0.17402
2020	6,407,150,882	2,063,879,311	1,630,616,856	797,206,400	10,898,853,449	0.17402
2021	6,659,815,739	2,179,834,530	1,705,370,536	777,646,078	11,322,666,883	0.17402
2022	6,920,919,399	2,292,085,820	1,786,413,204	824,597,074	11,824,015,497	0.17402
2023	7,456,222,358	2,432,549,009	1,851,067,772	768,105,605	12,507,944,744	0.17402
2024	7,880,816,288	2,599,313,424	2,006,621,432	756,746,690	13,243,497,834	0.17402

[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

CITY OF BREA, CALIFORNIA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
City Direct Rates:										
City of Brea	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902	$ 0.12902
City of Brea Paramedics Tax[1]	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500	0.04500
Total City Direct Rate	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402	0.17402
Overlapping Rates:										
Brea-Olinda Unified School District General Fund	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990	0.43990
Brea-Olinda Unified School District Bonds	0.02528	0.02292	0.02298	0.02325	0.02370	0.02291	0.02489	0.02376	0.02412	0.02198
NOC Community College General Fund	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660
NOC Community College Bonds	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704
Educational Revenue Augmentation Fund	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260
Orange County Department of Education	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910
Orange County Flood Control District	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888
Orange County General Fund	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890
Orange County Harbors, Beaches & Parks	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459
Orange County Library District	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592
Orange County Sanitation District Two Operating	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080
Orange County Transportation Authority	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268
Orange County Vector Control	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct Rate	$ 1.09088	$ 1.08852	$ 1.08858	$ 1.08885	$ 1.08930	$ 1.08851	$ 1.09049	$ 1.08936	$ 1.08972	$ 1.08758

[1] The City of Brea Paramedic Tax rate is per $100 of assessed value.

NOTE:

In 1978, California voters passed Proposition 13 which sets the proerty tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of bonded debt and property tax overrides.

The Redevelopment Agency tax rate is not presented above in that property within the project area is subject to a tax rate of 1.0495%, which includes the Proposition 13 property tax rate of 1.00% and the applicable voter approved debt.
Leases
Source: HdL Coren & Cone, Orange County Assessor Combined Tax Rolls

CITY OF BREA, CALIFORNIA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2023-24 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Fiscal Year 2014-15 Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Retail Property Trust	$ 273,078,552	1	2.03%	$ 232,504,316	1	2.87%
Olen Pointe Brea LLC	186,092,610	2	1.38%	98,388,324	6	1.21%
RAR2 200 North Puente LLC	184,424,553	3	1.37%	106,254,205	3	1.31%
Amazon Com Services, LLC	168,370,544	4	1.25%			
Avalon Brea Place, LLC	139,757,085	5	1.04%			
USCMF Joule La Floresta LLC	112,541,689	6	0.84%			
Beckman Coulter Inc.	109,834,211	7	0.82%	173,483,711	2	2.14%
FW CA-Brea Marketplace LLC	107,657,695	8	0.80%	101,402,625	5	1.25%
Brea Place II LLC	99,599,163	9	0.74%			
Brea Union Plaza II LLC	98,054,651	10	0.73%	72,781,191	7	0.90%
ICE Holdings LLC				51,838,329	9	0.64%
Mercury Casualty Co				50,975,457	10	0.63%
New Albertson's Inc.				52,606,706	8	0.65%
CRE Brea Valencia LLC				103,885,264	4	1.28%
	$ 1,479,410,753		11.00%	$ 1,044,120,128		12.88%

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

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

CITY OF BREA, 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 the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 14,720,458	$ 14,481,121	98.37	$ 145,952	$ 14,627,073	99.37
2016	16,669,635	16,489,408	98.92	166,642	16,656,050	99.92
2017	17,274,771	16,771,004	97.08	172,238	16,943,242	98.08
2018	19,516,778	19,193,847	98.35	163,773	19,357,620	99.18
2019	20,815,715	20,526,862	98.61	140,418	20,667,280	99.29
2020	22,223,439	21,836,049	98.26	193,761	22,029,810	99.13
2021	24,227,814	23,892,502	98.62	167,656	24,060,158	99.31
2022	24,790,572	24,686,602	99.58	262,838	24,423,764	98.52
2023	27,345,697	27,238,873	99.61	230,440	27,008,433	98.77
2024	28,514,526	28,404,904	99.62	5,634,170	22,770,734	79.86

NOTE:
The amounts presented include 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.

Source: County of Orange Auditor Controller's Office

CITY OF BREA, CALIFORNIA
Taxable Sales by Category
Last Ten Fiscal Years

Category	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Department Stores	$ 3,020,454	$ 2,959,079	$ 2,827,804	$ 2,576,479	$ 2,496,605	$ 2,024,839	$ 1,963,194	$ 2,350,485	$ 2,381,399	$ 2,309,138
Restaurant	2,159,263	2,258,542	2,305,596	2,512,626	2,441,525	2,129,793	1,981,935	2,741,013	2,933,868	2,959,395
Light Industry	2,049,527	2,171,917	2,158,761	2,000,878	2,162,541	2,220,495	2,431,072	2,720,925	3,404,263	3,589,712
Building Materials-Wholesale	1,799,592	2,051,748	2,116,119	2,071,993	2,251,101	2,264,618	2,176,465	2,455,321	3,234,000	2,861,400
Apparel Stores	1,732,123	1,696,435	1,676,921	1,589,063	1,608,941	1,298,914	1,118,845	1,503,442	1,423,355	1,357,597
Miscellaneous Retail	1,779,009	1,652,697	1,558,413	1,575,008	1,430,115	1,160,807	1,222,469	1,561,652	1,523,628	1,468,295
Furniture/Appliance	801,114	763,158	810,168	976,083	1,071,240	895,046	685,518	936,838	1,169,919	969,780
Service Stations	844,593	712,761	674,913	705,984	740,148	603,696	494,880	797,492	775,577	756,625
Food Markets	358,917	469,420	488,165	437,616	421,421	430,868	528,657	480,219	497,257	419,766
Building Materials-Retail	446,278	470,340	472,178	500,971	430,202	396,907	527,090	512,632	516,627	511,815
Heavy Industry	356,465	408,035	359,099	674,914	745,514	633,444	726,287	615,256	676,688	693,842
Auto Sales-New	315,306	288,732	441,956	534,567	2,522,614	2,173,665	1,340,847	2,291,054	2,567,695	1,455,489
Other	1,805,690	1,922,933	1,927,869	1,680,294	1,800,006	5,262,832	6,281,952	5,131,673	7,707,754	5,802,497
Total	$ 17,468,331	$ 17,825,797	$ 17,817,962	$ 17,836,476	$ 20,121,973	$ 21,495,924	$ 21,479,211	$ 24,098,002	$ 28,812,030	$ 25,155,351

NOTE:
Totals do not include portion of State and County pool as well as the impact of the State Triple Flip.

Source: MuniServices until 2019. Beginning in 2020 Avenu Insights & Analytics Company

CITY OF BREA, CALIFORNIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30	Lease Revenue Bonds	Leases [2]	Subscription IT	Total Governmental Activities	Water Revenue Bonds [1]	Total Primary Government	Percentage of Personal Income [3]	Debt Per Capita [3]
2015	$ 2,760,000	$ 3,652,690	$ -	$ 6,412,690	$ 52,890,000	$ 59,302,690	2.48%	1,369
2016	2,760,000	4,833,071	-	7,593,071	53,325,495	60,918,566	2.41%	1,394
2017	2,760,000	4,261,876	-	7,021,876	50,150,000	57,171,876	2.08%	1,293
2018	2,760,000	3,658,172	-	6,418,172	49,110,000	55,528,172	1.89%	1,237
2019	2,760,000	3,192,714	-	5,952,714	48,010,000	53,962,714	1.71%	1,183
2020	2,760,000	597,095	-	3,357,095	46,042,678	49,399,773	1.51%	1,083
2021	2,760,000	301,222	-	3,061,222	46,054,015	49,115,237	1.46%	1,088
2022	2,220,000	27,080	-	2,247,080	44,195,517	46,442,597	1.22%	991
2023	2,220,000	107,618	227,239	2,327,618	42,459,196	44,786,814	1.11%	929
2024	2,220,000	69,568	124,129	2,289,568	40,720,867	43,010,435	1.01%	901

[1] For the fiscal year ended June 30, 2015, the Brea Community Benefit Financing Authority issued over $18 million of water revenue bonds.

[2] For the fiscal year ended June 30, 2016, the City of Brea entered into a lease purchase agreement for $1,952,104.

[3] See the Schedule of Demographic and Economic Statistics for personal income and population data.

NOTE: Details regarding the outstanding debt can be found in the notes of the financial statements.

CITY OF BREA, CALIFORNIA
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Lease Revenue Bonds	Restricted for Debt Service	Net Bonded Debt	Percentage of Assessed Value of Property [1]	Per Capita [2]
2015	$ 2,760,000	$ 264,636	$ 2,495,364	0.03%	58
2016	2,760,000	269,453	2,490,547	0.03%	57
2017	2,760,000	265,707	2,494,293	0.03%	57
2018	2,760,000	265,506	2,494,494	0.03%	56
2019	2,760,000	270,863	2,489,137	0.02%	55
2020	2,760,000	269,853	2,490,147	0.02%	55
2021	2,760,000	262,772	2,497,228	0.02%	55
2022	2,220,000	-	2,220,000	0.02%	47
2023	2,220,000	-	2,220,000	0.02%	48
2024	2,220,000	-	2,220,000	0.02%	47

[1] See schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

[2] Population data can be found in schedule of Demographic and Economic Statistics.

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

CITY OF BREA, CALIFORNIA
Direct and Overlapping Governmental Activities Debt
as of June 30, 2024

City Assessed Valuation: $ 13,242,466,483

	Estimated Percentage Applicable [1]	Debt Outstanding	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.342	$ 18,210,000	$ 62,278
North Orange County Joint Community College District	7.734	291,560,678	22,549,303
Brea-Olinda Unified School District	97.061	4,344,682	4,216,992
Placentia-Yorba Linda Unified School District	1.207	197,150,879	2,379,611
Rowland Unified School District	0.164	197,865,036	324,499
Fullerton Joint Union High School District	1.942	177,700,000	3,450,934
Fullerton School District	0.006	13,190,000	791
La Habra City School District	11.003	33,373,052	3,672,037
City of Brea Community Facilities Districts	100	8,545,000	8,545,000
Brea-Olinda Unified School District Community Facilities District No. 95-1	100	3,300,000	3,300,000
Total overlapping debt repaid with property taxes		945,239,327	48,501,445
Overlapping Other Debt:			
Orange County General Fund Obligation			7,574,622
Orange County Board of Education Certificates of Participation			172,516
North Orange Regional Occupation Program Certificates of Participation			583,296
Brea-Olinda Unified School District Certificates of Participation			6,420,585
Placentia-Yorba Linda Unified School District Certificates of Participation			964,393
Fullerton Joint Union High School District Certificates of Participation			290,135
Fullerton School District Certificates of Participation			145
Total overlapping general fund debt			16,005,692 [2]
Total overlapping debt			64,507,137
City of Brea Direct Debt:			
Leases			148,889
Total City of Brea Direct Debt			148,889
Combined total direct and overlapping debt			$ 64,656,026 [3]

[1] Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

[2] Previously classified Orange County Sanitation District certificates of participation have been reclassified as district revenue supported issues and are no longer included as a general fund debt in the debt statement.

[3] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds.

NOTE:
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brea. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

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

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Assessed value	$ 8,026,908,085	$ 8,532,576,967	$ 9,116,002,399	$ 9,660,027,845	$ 10,286,668,026	$ 10,859,937,204	$ 11,344,344,046	$ 11,934,362,924	$ 12,518,201,034	$ 13,242,466,483
Debt limit: 3.75% of assessed value	$ 301,009,053	$ 319,971,636	$ 341,850,090	$ 362,251,044	$ 385,750,051	$ 407,247,645	$ 425,412,902	$ 447,538,610	$ 469,432,539	$ 496,592,493
Legal debt margin										$ 496,592,493

NOTE:
Under state finance law, the City of Brea's outstanding general obligation debt should not exceed 3.75 percent of total assessed property value.
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF BREA, CALIFORNIA
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					
	Gross Revenues [1]	Less: Operating Expenses [2]	Net Available Revenue	Debt Service: Principal	Debt Service: Interest [3]	Coverage
2015	$ 17,803,755	$ 10,685,147	$ 7,118,608	$ 1,015,000	$ 2,351,374	2.11
2016	16,489,077	9,162,038	7,327,039	1,315,000	2,348,737	2.00
2017	19,194,816	9,865,661	9,329,155	1,425,000	2,381,873	2.45
2018	22,692,925	11,972,562	10,720,363	1,040,000	2,361,556	3.15
2019	21,492,916	12,636,817	8,856,099	1,100,000	2,286,421	2.62
2020	21,445,311	13,006,772	8,438,539	1,165,000	1,668,816	2.98
2021	23,512,550	15,881,851	7,630,699	865,000	1,545,361	3.17
2022	22,939,213	9,797,841	13,141,372	1,732,749	2,519,136	3.09
2023	20,261,496	13,811,626	6,449,870	1,470,000	1,392,479	2.25
2024	20,716,556	14,254,001	6,462,555	1,530,000	1,187,428	2.38

[1] Gross revenues exclude connection fees.

[2] Operating expenses do not include interest or depreciation.

[3] Interest expense is net of the Build America Bonds interest refund credits.

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

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

Fiscal Year Ended June 30	Population [1]	Personal Income (in thousands)	Per Capita Personal Income [2]	Unemployment Rate [3]
2015	43,328	$ 2,387,199	$ 55,096	3.9%
2016	43,710	2,524,209	57,749	3.4%
2017	44,214	2,744,407	62,071	3.1%
2018	44,890	2,935,806	65,400	3.0%
2019	45,606	3,159,036	69,268	2.8%
2020	45,629	3,272,101	71,711	13.6%
2021	45,137	3,368,033	74,618	6.5%
2022	46,872	3,798,226	81,034	2.8%
2023	48,184	4,025,918	83,553	3.6%
2024	47,725	4,242,609	88,897	4.1%

Sources:
[1] City Community Development, Planning Division
[2] Per capita income for Orange County; U.S. Department of Commerce, Bureau of Economic Analysis
[3] State of California Employment Development Department - Labor Market Information Division

CITY OF BREA, CALIFORNIA
Principal Employers
Current Fiscal Year and Nine Years Ago

	Fiscal Year 2023-24			Fiscal Year 2014-15		
Employer	**Employees**	**Rank**	**Percent of Total City Employment [1]**	**Employees**	**Rank**	**Percent of Total City Employment**
Albertson's, Inc.	1,156	1	4.94%	520	6	3.10%
Beckman Coulter, Inc.[2]	837	2	3.58%	1,200	3	5.48%
Brea Olinda Unified School District	615	3	2.63%	678	5	2.37%
Nationwide (formerly Veterinary Pet Ins.) [2]	460	4	1.97%	460	7	2.10%
Service Champions Plumbing, HVAC[2]	406	5	1.74%			
Bristol Industries[2]	405	6	1.73%	400	9	1.83%
Nordstrom Department Store[2]	385	7	1.65%	419	8	1.91%
24 Hour Fitness, USA, LLC[2]	201	8	0.86%			
Acosta Sales & Marketing[2]	163	9	0.70%			
The Olive Garden Italian Restaurant[2]	122	10	0.52%			
Mercury Insurance Group				1,500	2	6.85%
Kirkhill - TA Company				920	4	4.20%
Peterson Brothers Construction[3]				300	10	1.37%
Bank of America[3]				1,500	1	6.85%
Total	4,750		20.32%	7,897		36.06%

[1] Based upon the Employment Development Department's Labor Force estimate of 23,400 in 2023 out of a total population of 47,725.
[2] Used prior year employee count.
[3] No longer in the City of Brea.
[4] HDL Companies

Source: Calls to businesses.

CITY OF BREA, CALIFORNIA
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	59	60	59	54	50	48	46	45	46	48
Public Safety	158	158	159	157	156	155	156	157	161	162
Community Development	21	21	23	22	19	19	21	22	23	22
Community Services	52	55	56	54	55	67	67	53	63	65
Public Works	42	45	47	49	47	47	47	48	50	54
Water Utility	17	17	15	16	18	17	17	17	19	19
Sewer Utility	6	6	6	6	5	5	5	5	6	6
Sanitation	2	2	4	3	2	1	1	1	1	2
External Information Technology	10	10	12	11	8	7	6	4	4	4
Total	367	374	381	372	360	366	366	352	373	382

Source: City of Brea Adopted Budget and Supplements to the Adopted Budget.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function:										
Police										
Calls dispatched	23,026	24,359	26,027	25,185	28,510	27,973	27,845	27,996	26,241	27,516
Crime reports	4,490	4,798	4,881	4,888	4,798	4,011	3,961	4,191	3,954	4,063
Moving citations	3,426	2,483	2,409	2,799	2,801	1,559	3,158	1,183	936	799
Parking citations	10,057	10,528	10,467	10,591	9,331	3,267	1,632	2,714	2,862	2,870
Water										
Number of customer accounts	12,951	13,153	13,224	13,338	13,428	13,449	13,474	13,467	13,408	13,474
Average daily consumption (millions of gallons)	10	8	8	9	8	8	9	9	8	8
Water samples taken	686	732	780	824	783	821	821	821	821	821
Community Development										
Permits issued	1,561	2,072	2,170	2,045	2,002	1,756	1,276	1,528	1,708	1,362
Inspections conducted	7,997	6,903	6,833	7,611	8,697	9,753	5,383	7,127	7,223	5,780
Public Works										
Square feet of graffiti removal	4,545	3,609	6,950	7,074	5,310	8,100	6,542	12,135	4,088	1,684
Streetsweeping miles	20,128	20,333	21,060	21,476	17,300	11,373	10,613	9,759	10,999	11,425
Trees pruned per year	3,408	3,275	2,830	2,158	2,745	1,838	1,879	1,693	2,713	2,850
Traffic signal intersections maintained [1]	52	53	56	56	53	53	54	54	54	54
Infrastructure improv. projects administered	10	8	8	6	8	9	8	-	6	3
Culture and Recreation										
Gallery promotions and mailings	18,500	14,800	14,800	14,800	14,800	7,400	-	5,995	-	2,050
Gallery attendance	10,042	12,807	10,175	7,700	7,000	6,740	1,790	2,854	7,244	5,105
Theatre annual program brochures mailed	26,258	34,670	31,853	10,200	21,906	16,086	-	28,177	32,424	27,727
Theatre attendance	12,926	50,476	47,832	41,499	34,803	23,861	2,306	6,176	64,620	69,029
General government										
Accounts payable warrants issued	8,599	7,569	7,154	6,980	7,026	7,215	6,632	6,092	6,252	6,355

[1] Doesn't include five flashing beacons the City maintains

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function:										
Highways and streets										
Miles of streets	120	121	121	121	126	126	126	126	126	126
Street lights	3,401	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452
Water										
Number of water wells	1	1	1	1	1	1	1	1	1	1
Number of reservoirs	7	7	7	7	7	7	7	7	7	7
Miles of lines & mains	197	197	212	212	212	225	225	225	225	225
Sewer										
Miles of sanitary sewers	111	112	112	112	114	114	114	114	114	114
Miles of storm drains	26	27	27	27	27	27	27	27	27	27
Culture and Recreation										
Number of parks	13	13	13	14	14	14	14	14	14	14
Number of other facilities	7	7	7	7	7	7	7	7	7	7

Source: City of Brea