



City Council and Successor Agency to the Brea Redevelopment Agency Agenda

Tuesday, April 16, 2019

6:00 p.m. - Closed Session

6:15 p.m. - Study Session

7:00 p.m. - General Session

Christine Marick, Mayor

Marty Simonoff, Mayor Pro Tem

Cecilia Hupp, Council Member

Glenn Parker, Council Member

Steven Vargas, Council Member

This agenda contains a brief general description of each item Council will consider. The City Clerk has on file copies of written documentation relating to each item of business on this Agenda available for public inspection. Contact the City Clerk's Office at (714) 990-7756 or view the Agenda and related materials on the City's website at www.cityofbrea.net. Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

Procedures for Addressing the Council

The Council encourages interested people to address this legislative body by making a brief presentation on a public hearing item when the Mayor calls the item or address other items under **Matters from the Audience**. State Law prohibits the City Council from responding to or acting upon matters not listed on this agenda.

The Council encourages free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Council rules prohibit clapping, booing or shouts of approval or disagreement from the audience. PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL IS IN SESSION. Thank you.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

Important Notice

The City of Brea shows both live broadcasts and replays of City Council Meetings on Brea Cable Channel 3 and over the Internet at www.cityofbrea.net. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

CLOSED SESSION
6:00 p.m. - Executive Conference Room
Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

1. Public Comment

Closed Session may convene to consider matters of purchase / sale of real property (G. C. §54956.8), pending litigation [G.C. §54956.9(d)(1)], potential litigation [G.C. §54956.9(d)(2)(3) or (4)], liability claims (G. C. §54961) or personnel items (G.C. §54957.6). Records not available for public inspection.

2. Conference with City's Labor Negotiator Pursuant to Government Code §54957.6 - Regarding the Administrative and Professional Employees' Association (APEA); Brea Fire Association (BFA); Brea Fire Management Association (BFMA); Executive and Part-Time Employees - Chris Emeterio, Negotiator, Cindy Russell, Negotiator, and Mario E. Maldonado, Negotiator

STUDY SESSION
6:15 p.m. - Executive Conference Room
Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

3. Public Comment

4. Clarify Regular Meeting Topics

DISCUSSION ITEMS

5. 2019-2020 City Council Priorities and Projects

Attachments

19-20 Priorities & Projects

6. As Needed Engineering Services for Public Works Projects

7. Cashew at Lambert Traffic Diverter

REPORT

8. Council Member Report/Requests

GENERAL SESSION
7:00 p.m. - Council Chamber
Plaza Level

CALL TO ORDER/ ROLL CALL - COUNCIL

9. Pledge of Allegiance: Girl Scout Troop 5002
10. Invocation: John Prebeg, The Church of Jesus Christ of Latter-Day Saints
11. Commendation: Jack Conklin, Police Chief, Thirty Years of Dedicated Service to the City of Brea
12. Proclamation: Arbor Day
13. Presentation: 57 Lambert Freeway Interchange Project Status Update
14. Presentation: League of California Cities Pension Reform Efforts
15. Report - Prior Study Session
16. Community Announcements
17. Matters from the Audience
18. Response to Public Inquiries - Mayor / City Manager

ADMINISTRATIVE ITEM - *This agenda category is for City Council consideration of a wide variety of topics related to the City's operations. Public comments regarding items in this section should be presented during "Matters from the Audience."*

19. **Comprehensive Annual Financial Report for the City of Brea for Fiscal Year Ended June 30, 2018 and Related Audit Reports** - Receive and file the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018 and related audit reports

Attachments

CAFR

Audit Communication Letter

Brea Management Letter

Single Audit Report

Corrective Action Plan

Appropriation Limit Report

CONSENT CALENDAR - *The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."*

CITY COUNCIL - CONSENT

20. **April 2, 2019 City Council Regular Meeting Minutes** - Approve.

Attachments

Draft Minutes

21. **Replacement of the current AT&T copper wire phone circuit lines with a virtual connection, establishing redundant Internet access capabilities for improved Disaster Recovery**
- Authorize the City's Procurement & Contracts Administrator to sign the agreement and any subsequent renewals for AT&T to add Session Initiation Protocol (SIP) telephone trunk lines to replace our current Primary Rate Interface (PRI) physical line, at a net cost of \$6,624 per year for a three (3) year term.

Attachments

Proposal

22. **Annual Engineer's Report for Maintenance Districts Nos. 1, 2, 3, 4, 5, 6 and 7** - Approval and Receipt of the Annual Engineer's Report for Landscape and Lighting Maintenance Districts Nos. 1, 2, 3, 4, 5, 6 and 7 and adopt the Resolutions of Intent to set a Public Hearing for each District on June 4, 2019, at 7:00 p.m.

Attachments

Exhibit A

Resolution LLMD 1

Resolution LLMD 2

Resolution LLMD 3

Resolution LLMD 4

Resolution LLMD 5

Resolution LLMD 6

Resolution LLMD 7

Engineer's Reports LLMD 1-7

23. **Monthly Report of Investments for the City of Brea for Period Ending February 28, 2019** - Receive and file.

Attachments

Attachment A

24. **April 5 and 12, 2019 City Check Registers** - Receive and file.

Attachments

04-05-19 Check Register

04-12-19 Check Register

CITY/ SUCCESSOR AGENCY - CONSENT

- 25. Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending February 28, 2019** - Receive and file.

Attachments

Attachment A

PUBLIC HEARING - *This portion of the meeting is for matters that legally require an opportunity for public input. Audience participation is encouraged and is limited to 5 minutes per speaker.*

- 26. Public Hearing to Consider a Solid Waste Services Rate Increase for Commercial Customers for Commercial Organics Recycling Program; Amendment No. 1 to Brea Disposal (Republic) Contract** - Receive public input, adopt Resolution No. 2019-024 approving the proposed solid waste services rate increase of 3.06% for commercial customers, and approve Amendment No.1 to agreement with Brea Disposal (Republic).

Attachments

- 1. Public Hearing Notice
- 2a. Embassy Suites Example
- 2b. Downtown Example
- 2c. Small Business Example
- 3. Amendment No.1
- 4. Resolution

ADMINISTRATIVE ANNOUNCEMENTS

- 27. City Manager**
- 28. City Attorney**
- 29. Council Requests**

COUNCIL ANNOUNCEMENTS

ADJOURNMENT

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members
FROM: Bill Gallardo, City Manager
DATE: 04/16/2019
SUBJECT: 2019-2020 City Council Priorities and Projects

RECOMMENDATION

City Council to review and approve the list of 2019-2020 City Council Priorities and Projects.

BACKGROUND/DISCUSSION

On March 15, 2019, the City Council and Executive Staff identified and discussed Priorities and Project Goals for the upcoming fiscal year. The attached document contains the list of Priorities and Projects for Fiscal Year 2019-2020 in no particular order.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Melissa Davis, Management Analyst I

Attachments

19-20 Priorities & Projects

2019-2020 CITY COUNCIL PRIORITIES AND PROJECTS

1. Continue to Manage and Pay Down Unfunded Pension Liability and Manage the Other Post Pension Liability (OPEB)
2. Support Advocacy for Pension Reform and Reducing Workers Compensation Costs
3. Continue Next Steps for Downtown/Central Brea Proactive Planning
4. Prepare to Support the Changing Needs and Interest of a Significant Increase in our Senior Population
5. Determine Future Service Needs and Funding
 - a. Police Department
 - b. Fire Department
 - c. Public Works
6. Continue Master Planning Needs for Parks, Recreation, and Human Services and Cultural Arts
 - a. Continue Engagement of the Community, the Commissions, and the City Council to Complete Master Planning Efforts for Both Parks, Recreation, and Human Services and Cultural Arts
7. Continue Development of the Tracks at Brea Trail
 - a. Facilitate the Tracks' Western Extension Towards La Habra
 - b. Explore Options for Further Trail Enhancements:
 - i. Lighting
 - ii. Walkway Connections
 - iii. Security Cameras
8. Renegotiate Refuse Franchise Agreement with Republic Industries
9. Create a Balanced City Budget (Ongoing)
10. Complete the Transfer of Chevron Property (Birch Hills Golf Course) to the City
11. Complete Discussion with County Regarding State Permit for Olinda-Alpha Landfill
12. Explore and Consider Reclaimed Water Projects
13. Evaluate Emergency Medical Transport

2019-2020 CITY COUNCIL PRIORITIES AND PROJECTS

14. Assess Traffic Impacts of New Development and Efficiencies for the Existing Circulation System
15. Continue to Further Brea/Fullerton Fire Department Partnerships
16. Continue Regional Partnerships with Other Agencies
17. Implement Methods to Improve Employee Relations, Retention, Attraction, and Investment

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members
FROM: Bill Gallardo, City Manager
DATE: 04/16/2019
SUBJECT: Cashew at Lambert Traffic Diverter

RECOMMENDATION

Review and discuss.

BACKGROUND/DISCUSSION

At the April 2, 2019 City Council meeting, Council requested an item to be placed on the next City Council meeting to discuss the traffic diverters on Cashew at Lambert Road.

Over the past two years, staff has been working with the residents bounded by Cliffwood, Lambert and State College to reduce cut- through traffic in this neighborhood. After much research and public meetings, the Traffic Committee recommended to install traffic diverters at two locations. The first was at intersection of Cliffwood and State College and the second was at Cashew and Lambert Road. At a Special Traffic Committee meeting on March 7, 2019, the Traffic Committee Meeting directed staff to remove the traffic diverter at Cliffwood and State College. The Traffic Committee did not take any action regarding the diverter at Cashew and Lambert and the diverter is currently in place.

Since the temporary diverter at Cashew and Lambert is still in place, staff intends on keeping with the original monitoring period of six months. At the conclusion of the monitoring period, staff will report the results to the Traffic Committee and/or Working group to determine next steps.

With the Council's request of having this item on this agenda, staff will be placing an item on the April 18, 2019 Traffic Committee to discuss the Cashew Diverters.

FISCAL IMPACT/SUMMARY

The cost to install the Cashew diverter was estimated at \$5,000. The cost to remove the diverter is minimal as City staff would remove and restore to normal conditions.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Michael Ho, P.E., Deputy Director of Public Works/City Engineer
Concurrence: Tony Olmos, P.E., Director of Public Works

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: Comprehensive Annual Financial Report for the City of Brea for Fiscal Year Ended June 30, 2018 and Related Audit Reports

RECOMMENDATION

Receive and file the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018 and related audit reports

BACKGROUND/DISCUSSION

The City's independent auditor, Vavrinek, Trine, Day & Co., LLP (VTD), has completed its audit of the City's financial statements for Fiscal Year ended June 30, 2018. VTD has issued an unmodified opinion on the City's CAFR, which means the City's financial statements are free of material misstatements; are in accordance with Generally Accepted Accounting Principles; and fairly present both the financial position and the results of operations for the year ended June 30, 2018. In addition, included are the Audit Communication Letter and Management Letter, both dated March 8, 2019.

Statement on Auditing Standards (SAS) 114 Report (Audit Communication Letter).

Statement on Auditing Standards (SAS) 114 was issued by the American Institute of Certified Public Accountants (AICPA) to establish a two-way communication between the independent auditors and those charged with governance (i.e. City Council). SAS 114 requires that the City's auditor communicate, either orally or in writing, certain information to an audit committee or another designated party that performs oversight of the financial reporting and auditing process. The City's Finance Committee has been identified by the City Council to receive and review the report of the annual audit from the City's independent auditor and to review and make recommendations to the City Council to receive and file the report. The Audit Communication Letter did not identify any disagreements with management.

The Audit Communication Letter identified difficulties in completing the audit due to clarifications and additional information requested by the auditor and the auditor's time to review the information provided. The additional information requested by the auditor was mostly related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Other Post Employment Benefits (GASB 75); information supporting non-recurring events such as debt refundings and details supporting the recording of a significant amount of dedicated capital assets for Blackstone and La Floresta developments as outlined in the City's Management Letter discussed further in this report.

Certain items detected during the audit were identified in the City's Management Letter and have

been addressed by management. The auditors recommended further review of the processes related to Financial Reporting and Closing procedures. The other recommendation was to formalize policies and procedures and update our Capital Asset Policy related to Developer Contributions (dedicated capital assets from developments).

Financial Highlights

As described in Management's Discussion and Analysis (MD&A) and Notes 1 and 10 to the financial statements, the City implemented GASB 75, which requires reporting the liabilities. Although the situation surrounding the City's other post employment benefits has not changed, the way in which they are accounted for and reported in the financial statements has changed based on the new GASB statement. The net impact on the City's net position as of June 30, 2018 now reports post employment benefits liability of \$26 million.

The City's net position (assets and deferred outflows of resources less liabilities and deferred inflows) increased by \$31 million, from \$228 million to \$259 million as of June 30, 2018. The increase in the City's net position was due to a \$51 million increase from the results of current operations and a \$20 million decrease due to the restatement of net position by implementing Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions, effective July 1, 2017. The City's capital assets represent \$316 million of the \$464 million total assets. The City's long-term (non-current) liabilities of \$210 million primarily include \$151 million in net pension and other post employment benefit liabilities and \$59 million of outstanding bonds and capital leases (which was used to fund capital improvements and finance the acquisition of capital assets).

As of June 30, 2018, the General Fund's ending fund balance includes a reserve of \$7.3 million for funds deposited in the City's pension rate stabilization program with Public Agency Retirement System (PARS). This fund was set up to reduce the future unfunded pension liability and current and future retirement costs. As it relates to the City's net position, this amount is now included in the unrestricted net position of the City's Governmental Activities to align with the classification net pension liability. Previously, this amount was reported as restricted net position.

The Successor Agency to the Brea Redevelopment Agency financial transactions are reported as a Private Purpose Trust Fund within the Fiduciary Funds section of the CAFR. The Private Purpose Trust Fund is reporting long-term liabilities of \$154.2 million of bonded obligations to be paid from future Redevelopment Property Tax (formerly tax increment).

Single Audit Report and Corrective Action Plan

A Single Audit, including the Corrective Action Plan is required of any organization expending \$750,000 or more of federal funds in a year. The purpose of the Single Audit Report is to report on an organizations compliance with the federal government's requirements for the use of federal funds, awards or grants. For the year ended June 30, 2018, the City had \$7,466,792 in federally funded expenditures mostly related to the Tracks at Brea project (See attached report, page 6-7). The following is a summary of the Single Audit Report and Corrective Action Plan:

- The Independent Auditors' Report on Internal Control Over Financial Reporting – This report communicates any significant deficiencies in internal control or material instances of noncompliance as it relates to the City's financial reporting. This report noted no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

- The Independent Auditors' Report on Compliance for Each Major Federal Program – This report communicates any significant deficiencies in internal control over compliance for Each Major Federal Program. Due to a missing procurement file, the City's auditor states that they were unable to obtain sufficient and appropriate audit evidence supporting the compliance of the major federal program reviewed and consequently were unable to determine whether the City complied with those requirements applicable to that program. (see information below, Findings 2018-002 and 2018-003). Therefore, the auditor believes that their audit provides a reasonable basis for a qualified opinion on compliance and consider the deficiency in internal controls over compliance as described in the report to be a material weakness. However, the report also indicates, the audit does not provide a legal determination of the City's compliance. Additionally, the auditor identified instances of non-compliance which are required to be reported and that the auditor considers to be significant deficiencies; however, their opinion on each major federal program is unmodified with response to these matters.
- Schedule of Expenditures of Federal Awards and Notes which outlines the federal award activity for the City of the Fiscal Year ended June 30, 2018.
- The Schedule of Findings and Questioned Costs, including the Corrective Action Plan
 - Financial Statement Findings – None
 - Federal Award Findings and Questioned Costs:
 1. Findings 2018-002 for Procurement, Suspension and Debarment and 2018-003 Special Tests and Provisions (both related to the missing procurement file previously mentioned) which include questioned costs of \$424,738. Due to the missing procurement file, the City was not in compliance with the terms and conditions of the grant agreement which required the retention of all records for three years from final expenditure of the grant revenues. The costs are not being questioned because they cannot be verified or are unallowable, but the City was unable to provide the procurement files supporting the contract's competitive procurement process; evidence of verification at the time of procurement of whether the entity was suspended or debarred and certain indirect cost rate information. Additionally, the City's policies for procurement of professional services at that time were not specific to engineering and design services, nor was there evidence of approval by the State of California Department of Transportation.

It is noted that City staff did provide certain evidence of the contract's competitive procurement process to include the Request for Proposal; the successful proposal and several staff reports related to the contract amendments that outlined the competitive process used to procure the original contract. Additionally, staff provided information that the vendor has not been suspended or debarred since October 31, 2012, and is currently not suspended or debarred. Lastly, the City's current purchasing policies include written procedures regarding the competitive process for procurement of professional services and the City has also obtained documentation of the indirect cost self-certifications from the vendor for 2012 through 2016, and has requested the calendar year 2017 document from the vendor.

The City's Corrective Action Plan for these two findings includes a review and update to the Grant Management Policies and Procedures (GMPP) to ensure that these requirements are sufficiently documented and to include detailed information regarding specific procedures over methods of procurement used for engineering and design services. Additionally, the City will be considering maintaining a copy of the

pertinent records for documentation along with the contract on file in the Purchasing Division office.

2. Federal Award Findings 2018-001 and 2018-004 had no questioned costs identified and were as follows:

- Finding 2018-001 - Allowable Costs/Cost Principles, Cash Management. As stated in the finding, the City implemented a written Grant Management Policies and Procedures (GMPP) document dated November 20, 2018 which documents a number of procedures that were already in place at June 30, 2018.
- Finding 2018-004 - Reporting. As stated in the finding, the City's procedures include a review of the Active Transportation Program (ATP) Project Progress Reports by the City Engineer. The City's Grants Management Policies and Procedures will be updated to indicate that documentation of such review and approvals be maintained in the project files.
- Schedule of Prior Audit Findings - The City has implemented all the prior year Financial Statement Findings as of June 30, 2018 and implemented the Federal Award Finding as of November 20, 2018 (see Finding 2018-001)

Appropriations Limit Report – It is the City's responsibility to calculate and adopts the annual appropriations limit pursuant to Article XIII-B of the California State Constitution. The City's auditor is required to review and approve the appropriations calculation as part of the annual audit of the City. The auditor found no exceptions to the City's calculation of the appropriations limit. See attached report.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed the CAFR and related reports at its regular meeting held on April 9, 2019 and recommended it be forwarded to the City Council for their review.

The Finance Committee asked staff to follow up on comments made at the meeting related to the use of Paramedic Taxes, the financial presentation of Water Rights and Preferred Stock, and the Single Audit Report regarding Compliance Findings and the Questioned Costs.

The comment as to proper legal review and use of the voter approved Paramedic Tax. Staff has requested the City Attorney review this matter and provide an opinion regarding the use of the Paramedic Tax proceeds based on the costs assigned to the Paramedic Program. The comment as to the reports of Water Rights and Preferred Stock in California Domestic Water Company (CDWC Preferred Stock). For financial reporting purposes, Water Rights and CDWC Preferred Stock are properly reported in the City's financial statements as capital assets at cost pursuant to Generally Accepted Accounting Principles. Additionally, the City's Capital Assets Policy has the recording in the financial records at their original purchase price (cost) for both Water Rights and Preferred Stock.

The comment as to the Single Audit Report related to the compliance findings and questioned costs in the Single Audit Report was outlined previously in this report. The costs were being questioned due to the fact the auditors did not have sufficient evidence (records) to determine certain compliance requirements pursuant to the terms and conditions of the grant agreements. One of the compliance requirements is retention of records and certain records could not be provided to specifically address certain compliance requirements associated with federally funded expenditures.

FISCAL IMPACT/SUMMARY

The City's annual audit for the Fiscal Year ended June 30, 2018 (FY 2017-18) has been completed and the City's independent auditor has issued an unmodified opinion on the City's CAFR, which is the highest level of assurance an entity can receive from its independent auditors (a "clean audit"). New procedures have been put in place to address items noted in the City's Management Letter. There is no fiscal impact on the City as a result of this audit.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Lee Squire, Financial Services Manager

Concurrence: Cindy Russell, Administrative Services Director

Attachments

CAFR

Audit Communication Letter

Brea Management Letter

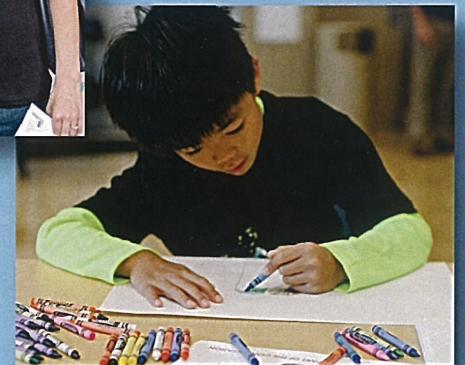
Single Audit Report

Corrective Action Plan

Appropriation Limit Report

City of Brea, California

Fiscal Year Ended June 30, 2018

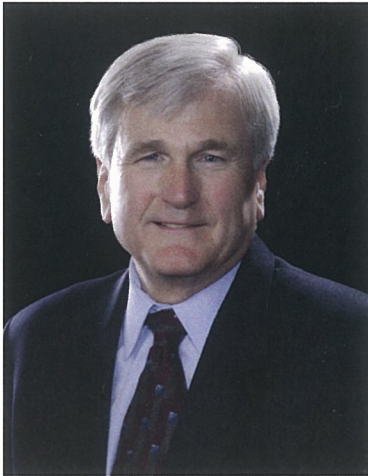


Comprehensive Annual Financial Report



BREA
envisions
activities
open inviting
people
schools
diverse
entertainment
future traditional
community
welcoming
environment
love
restaurants history
oriented
progressive
innovative kids
quality
family
opportunities
friendly great
vision
homes
fun
shop

CITY COUNCIL



Glenn Parker
Mayor



Christine Marick
Mayor Pro Tem



Cecilia Hupp
Council Member



Marty Simonoff
Council Member



Steven Vargas
Council Member

ELECTED OFFICIAL

Treasurer **Richard J. Rios**

ADMINISTRATIVE PERSONNEL

<i>City Manager</i>	William Gallardo
<i>Assistant City Manager/ Community Services Director</i>	Chris Emeterio
<i>Administrative Services Director</i>	Cindy Russell
<i>Chief of Police</i>	John M. Conklin
<i>Community Development Director</i>	David Crabtree
<i>City Clerk</i>	Lillian Harris-Neal
<i>Fire Chief</i>	Wolfgang Knabe
<i>Public Works Director</i>	Tony Olmos
<i>City Attorney</i>	James Markman

CITY OF BREA, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Prepared by:

Administrative Services Department

Cindy Russell
Administrative Services Director

Lee Squire
Financial Services Manager

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CITY OF BREA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

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March 8, 2019

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Brea for the Fiscal Year ended June 30, 2018. 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 of Brea's financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Brea'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.

Vavrinek, Trine, Day & Co., 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, 2018, 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, 2018, 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, 2018 received in excess of \$7.4 million in grant revenues. Information related to this single audit, including a schedule of expenditures of federal awards assistance, the independent auditors' reports on the internal controls and

compliance with applicable laws and regulations, and a schedule of findings and questioned costs 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 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 40,000 residents and hosts a daytime working population of more than 100,000.

The City is a major retail center featuring the county's fourth largest shopping center, the Brea Mall; the Brea Union Plaza; Brea's Downtown; and a host of other retail and service businesses. Brea is also a center for big businesses such as Albertsons Distribution Warehouse, Bank of America, Beckman-Coulter, Bristol Industries, Kirkhill-TA Company, Evangelical Christian Credit Union, Kaiser Permanente, Kindred Hospital, Nature's Best, Veterinary Pet Insurance Company and Nestle Waters North America. Several companies' corporate headquarters are located within Brea, including Beckman-Coulter, Suzuki Motor of America and Mercury Insurance.

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 179 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 annual budget serves as the foundation for the City of Brea's financial planning and control. The budget is adopted on an annual basis by the City Council in June of each 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 one-year period that begins July 1. 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. The City Council adopts the annual budget on or before June 30 of each year. At the conclusion of the first six months, the budget team prepares a report on the progress of the first half of the budget cycle. The City Manager formally reviews the report with the City Council. The City Council adopts budget modifications as needed. The level of budgetary control is established at the department level within the General Fund and at the fund level for all other funds.

LOCAL ECONOMIC FACTORS

Brea's physical setting encompasses about 7,955 acres or 12.43 square miles of land. Brea's land use is distributed as follows:

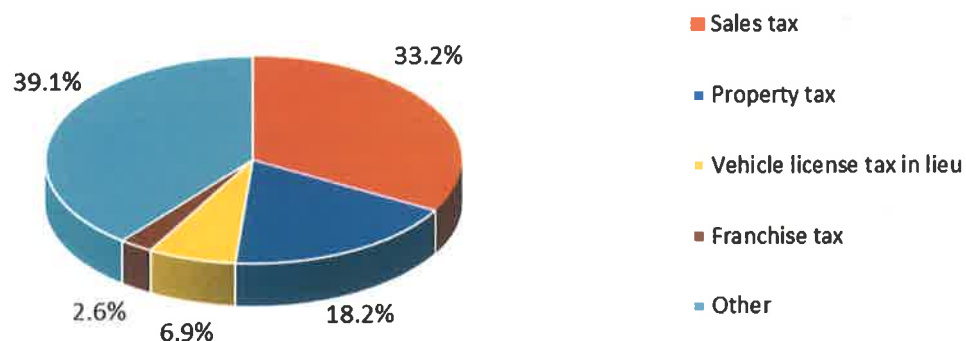
Land Use Distribution

Land Use	Percent
Residential (single-family, multi-family, and mobile homes)	27%
Commercial and Office	5
Industrial	11
Parks and Open Space	14
Public Facilities (City facilities, schools, drainage channels, and fire stations)	4
Carbon Canyon Hillside Areas and Vacant Lands	21
Agriculture	1
Vacant	2
Other (streets)	15
Total	100%

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

The current land use mix produces General Fund revenues of approximately \$58 million. The top four revenue sources include sales tax, property taxes, vehicle license taxes, and franchise taxes. These revenue sources account for 60.9% of the total amount of General Fund revenues. The remaining revenues account for 39.1% of the total and are represented by a broad range of sources.

General Fund Revenues by Revenue Source Fiscal Year Ended June 30, 2018

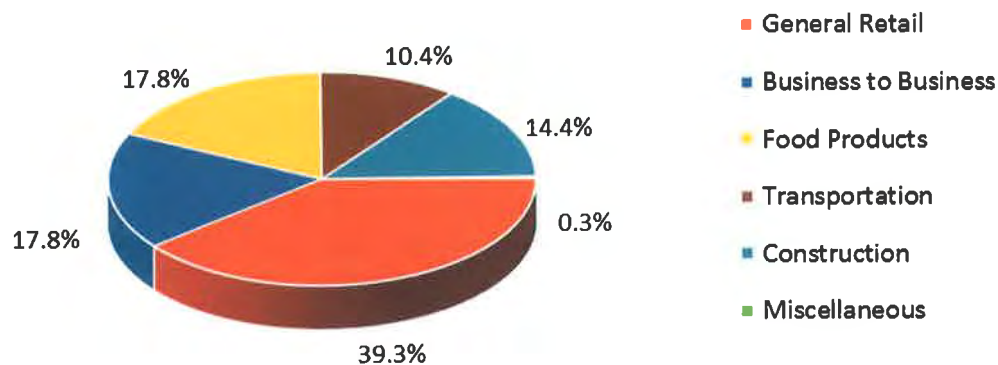


Sales Tax

Sales tax represents the single largest source of General Fund revenue at \$19.2 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 39.3% of the total sales tax generated. This sector includes the regional Brea Mall, which is the fourth largest mall in sales tax volume in Orange County. The second largest economic sector remains tied between the business-to-business category and the food products category, at 17.8%. During Fiscal Year 2017-18, the City's sales tax consultant MuniServices reported that the sales tax growth has flattened. 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. The City of Brea's sales tax per capita is the second largest in Orange County.

Sales Tax by Economic Categories Fiscal Year Ended June 30, 2018



Property Taxes

Brea is a very diverse community as previously indicated in the land use chart. General Fund property taxes represent \$10.55 million or 18.2% of General Fund revenues. Assessed valuation of all property (including the former Brea Redevelopment Agency) in Brea is \$9.7 billion, an increase of 5.8% over the prior fiscal year. The valuation is split between residential at 58%, commercial/industrial at 34%, and the remaining 8% for other miscellaneous uses. Of the City's 16,358 dwelling units, 65% are single-family units, 29% are multi-family units and 6% 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 \$694,000 from \$670,000 noted in the prior 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 will be 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 50.1% of the \$1.6 million in annual franchise tax revenue. The remaining 49.9% of this revenue includes franchise fees for oil pipelines, cable television, and other non-city utilities.

Franchise Taxes Fiscal Year Ended June 30, 2018

	Annual Revenue	Percent of Total
Public Utilities	\$ 799,525	50.1%
All Others	794,907	49.9%
Totals	<u>\$ 1,594,432</u>	<u>100.0%</u>

ECONOMIC OUTLOOK

Development within Brea remains active with both projects in review as well as actively being constructed. New residential units are opening this year in the planned community of Central Park Village. And further infill development is also being constructed at the Brea Place project which is approved to include mixed-use improvements including 600+ residential apartments, commercial office space and a new hotel. Finally, on the residential front, project applications are in review for new master planned neighborhoods at the Brea 265 project, which includes applicant goals for as many as 1100 new homes. For more affordable, workforce level housing, the Mercury Lane Apartments project—proposed at 120 units—is under review and would provide for a westward expansion of Brea Downtown. Commercial and Industrial activity also remains active. Of significant note, the City is in discussions with Simon Properties to redevelop the now closed Sears store and parcel at the Brea Mall—Simon is planning a significant new investment in its Brea property to take it to the next level. Simon's further refinement of this asset has already started with its expansion of the Apple Store and realizing further tenants such as Tesla Automotive, Google, and others in a reworking of its tenanting strategies. Brea Downtown commercial activity has also been strong with a new 100+ room hotel application in review and the recent opening of the new and expanded Improv live performance venue and associated new restaurants. Other existing restaurant investment is anticipated this year together with new retail tenants. Finally, on the Industrial front, several projects are in discussion and anticipated for submittal this year for new research and design facilities to come to market. All in all, Brea's development activity remains robust and anticipated to continue as new City led Planning efforts, such as The Brea Core Plan, continues, with goals to help assure for Brea's Economic Development future.

Unemployment in Brea continues to remain low with Orange County ranked 8th in the state for the lowest unemployment rate hovering around 2.8 percent according to the State Employment Development Department. Brea is aligned with the County with an unemployment rate of 2.8 percent. The low unemployment is anticipated to stay relatively unchanged through the next fiscal year.

General retail is anticipated to remain relatively flat over the next fiscal year. However, there are several retail sectors within Brea that are at an all-time high which includes restaurants and food markets and construction retailers and suppliers; auto sales. Given positive outlook in these areas along with the coming development, Brea may experience some marginal revenue growth beginning in mid to late 2019.

Brea's strong financial foundation is not only the result of the City's efforts during Fiscal Year 2017-18, but the result of fiscally conservative organizational decisions made over the past decade. Some of the past measures included tough strategic decisions such as: City-wide reorganization, increasing employee retirement contributions and other reductions, while maintaining core City services.

Overall, the Fiscal Year 2018-19 budget is balanced due to a solid foundation of fiscally conservative practices combined with a continued increase in employee retirement contributions, projecting relatively flat expenditures and a generally improving economy. Total General Fund revenues for Fiscal Year 2018-19 are projected to increase slightly by approximately 1% over Fiscal Year 2017-18 (excluding net change in Paramedic Services) mainly due to the increasing property taxes. While revenues are increasing slightly, staff will continue to identify and closely monitor any potential threats to City revenues.

It is important to understand why the City of Brea (and all local government) is impacted by State Government's decisions and actions. Unlike the State Government, the City does not exert control over two of its primary sources of revenue for the General Fund - property taxes and sales taxes.

The following regional factors, along with the State and National economic condition, will continue to place uncertainty on Brea's revenues and expenditures:

- The continued statewide CalPERS increases in FY 2018-19 and beyond to address pension liability.
- The continued increase in online versus brick and mortar retail sales impacting sales tax revenues.
- Increases in the cost-of-living as the economy continues to improve.
- Housing activity expected to decrease due to increasing interest rates.

It is expected that these factors may have a potentially negative impact on the City's revenues. Other costs such as energy, water, and equipment are being diligently managed in an effort to minimize the need for future service reductions. Going forward, during Fiscal Year 2018-19, City staff will continue to be diligent in monitoring economic factors and seek additional budget solutions to balance the budget.

Locally, geographic and socio-economic conditions in Orange County and the City of Brea remain desirable. Property values in the region are projected to increase, and the City's property tax base is expected to continue its favorable trend for the foreseeable future. Brea's net taxable assessed valuation for Fiscal Year 2017-18 General Fund increased by almost 11% from the prior year.

Brea's sales tax of \$19.2 million in Fiscal Year 2017-18 decreased almost 3% compared to the prior fiscal year. However, due to increasing online sales of which Brea only receives a portion of the County pool proceeds, sales tax dipped down to \$19.2 million for FY 2017-18 and is expected to slightly increase for FY 2018-19. Based on economic data trends and projections, overall retail sales are projected to increase by approximately 1.0% - 1.5% annually thereafter.

Highlights for the State of California from the UCLA Anderson Forecast on December 5, 2018 include the following:

- The forecast indicates that the state's economy is evolving as expected however the risk of a trade war with China remains a concern as it could adversely affect the logistics industry which is one of the fastest growing sectors in California this past year.
- California's unemployment rate is expected to have a normal differential to the U.S. rate, at 4.6% in 2020.
- The employment and payroll growth is expected to grow in the mid-1% range in 2019 and slow to less than 1% in 2020. Real personal income growth in California is expected to be in the upper 3% range in 2019 and will cool to just below 3% in 2020.

LONG-TERM FINANCIAL PLANNING

Brea Engagement & Strategy Team

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. This group is also instrumental in tackling economic impacts on the City's Budget. BEST continues to meet focusing on addressing changes to the budget and other organizational concerns 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 2017-18, the first of the seven years, 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, 2018 was \$948,517.

Capital Asset 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 Reserves at June 30, 2018 was \$8,665,861.

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 was made during FY 2015-16 and the balance as of June 30, 2018 including interest earned to date was \$7,325,249.

MAJOR INITIATIVES

State Route 57/Lambert Road Interchange Improvements

This is a major construction project in conjunction with Caltrans to construct 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 \$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.

Pension Reform

Starting in Fiscal Year 2011-12, the City of Brea began the first year of pension reform for both safety and non-safety employees by requiring employees to contribute toward their retirement and instituting PEPR, a second retirement tier for new employees. As of June 30, 2018, all employees are paying 100% of the employee share of retirement; all public safety employees and some miscellaneous employees are cost sharing the City's share of retirement costs. The implementation of a multi-tiered retirement system is a long-term solution to mitigate the increases in pension costs; however, savings are not fully realized for many years in the future.

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 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017. This was the 28th 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 comprehensive annual 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 comprehensive annual 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.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of Lee Squire, Financial Services Manager – Accounting, 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, Vavrinek, Trine, Day & Co., 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.

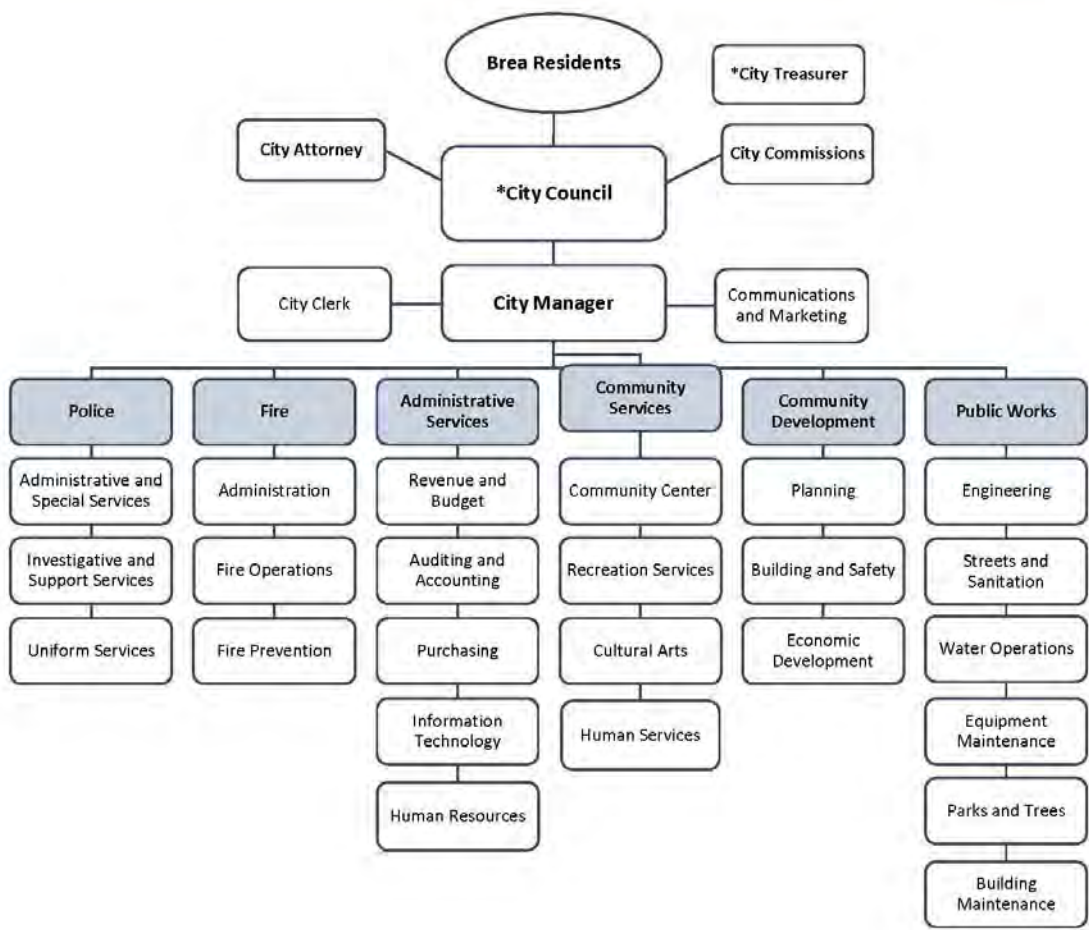
Sincerely,



William Gallardo
City Manager



Cindy Russell
Administrative Services Director





Government Finance Officers Association

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

Presented to

**City of Brea
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Monell

Executive Director/CEO

Financial Section

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

To the Members of the City Council
City of Brea, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brea, California, (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1, 10, and 13 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and No. 85, *Omnibus 2017*, as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 through 17), schedule of changes in the net pension liability and related ratios for the Miscellaneous and Safety Plans (pages 95 through 96), schedule of plan contributions for the Miscellaneous and Safety Plans (page 97), schedule of changes in total OPEB liability and related ratios (page 98), and schedules of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and each major special revenue fund and related note (pages 99 through 101), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor funds financial statements and budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor funds financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor funds financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Yavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Brea's Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2018. 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 at the close of the most recent fiscal year resulting in a net position of \$260 million.
- The City's total net position increased overall by \$31 million due to a \$51 million increase due to current year operations and a \$20 million decrease due to the restatement of net position by implementing Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective July 1, 2017.
- The City's non-current liabilities of \$210 million primarily includes \$125 million in net pension liabilities; \$26 million in other post-employment (OPEB) liabilities and \$59 million of outstanding bonded debt and capital leases (which was used to finance the acquisition of capital assets and to fund capital improvements). Total capital assets, net of depreciation, represent \$316 million of the \$464 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 \$81 million, an increase of \$2 million. Of the total combined fund balance of \$81 million for governmental funds, \$139,562 was non-spendable, \$52.7 million was restricted, \$867,841 was committed, \$12.3 million was assigned, and \$14.7 million was unassigned.
- The General Fund reported an increase of \$2 million in fund balance resulting in a total ending fund balance of \$36.1 million. Of the total ending fund balance, \$139,562 was non-spendable, \$8.1 million was restricted, \$867,841 was committed, \$12.3 million was assigned and \$14.7 million was unassigned. The unassigned balance is available for future appropriations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the Comprehensive Annual Financial Report contains the following information: *Independent Auditors' Report*, *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, the *Supplementary Information* section, and an optional section that presents combining and budgetary schedules for individual non-major funds. 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.

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 inflows, liabilities (including long-term liabilities that may be paid over twenty or more years) and any deferred outflows 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 liabilities – 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:

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.

Business-type Activities – The City's business enterprises include urban runoff, water utility, sewer utility, sanitation, and information technology external support. 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 are 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, and information technology external support) 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. We exclude these activities 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 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

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, 2018, as shown in Table 1, was \$260 million.

Table 1
Net Position
June 30, 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 96,690	\$ 96,892	\$ 24,894	\$ 16,310	\$ 121,584	113,202
Capital assets	210,741	177,570	105,184	93,268	315,925	270,838
Noncurrent assets	9,382	8,956	17,133	17,170	26,515	26,126
Total assets	316,813	283,418	147,211	126,748	464,024	410,166
Deferred charge on refunding	-	-	491	655	491	655
Deferred pension/OPEB related items	25,281	19,606	2,419	1,901	27,700	21,507
Total Deferred Outflows of Resources	25,281	19,606	2,910	2,556	28,191	22,162
Noncurrent liabilities	144,292	116,683	65,585	62,181	209,877	179,032
Other liabilities	13,537	16,128	3,801	3,819	17,338	19,947
Total liabilities	157,829	132,811	69,386	66,000	227,215	198,979
Deferred pension/OPEB related items	3,915	3,784	1,243	1,178	5,158	4,962
Total Deferred Inflows of Resources	3,915	3,784	1,243	1,178	5,158	4,962
Net Investment in Capital Assets	204,323	170,548	58,347	42,092	262,670	212,640
Restricted	54,134	52,867	5,658	5,641	59,792	58,508
Unrestricted	(78,107)	(56,986)	15,322	14,393	(62,785)	(42,761)
Total net position	\$ 180,350	\$ 166,261	\$ 79,327	\$ 62,126	\$ 259,677	\$ 228,387

Net Investment of Capital Assets – The largest component of the \$464 million in total assets is the City's investment in capital assets (e.g., land, buildings, infrastructure, and equipment), representing \$316 million or 68% of total assets. A significant portion of the capital assets have been funded through bond financing from the former Brea Redevelopment Agency.

Noncurrent Liabilities – Of the \$210 million in long-term (non-current) liabilities, \$55.5 million represents outstanding bonded debt and capital leases; \$125 million represents net pension liability; and \$26 million represents the City's OPEB liability. The proceeds from debt were used to finance the acquisition of capital assets and to fund capital improvements.

Restricted Net Position – The \$59.8 million in restricted net position was on overall increase of \$1.2 million from the prior fiscal year.

Unrestricted Net Position – The \$62.8 million deficit in unrestricted net position was an overall increase of \$20 million deficit from the prior fiscal year.

Overall, the City's net position increased \$31 million during the current fiscal year.

Table 2
Change in Net Position
Fiscal Year Ended June 30, 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 11,242	\$ 9,484	\$ 30,966	\$ 28,377	\$ 42,208	\$ 37,861
Operating grants and contributions	3,965	2,633	502	525	4,467	3,158
Capital grants and contributions	43,193	5,669	14,286	-	57,479	5,669
General Revenues:						
Taxes:						
Property taxes	19,358	17,888	-	-	19,358	17,888
Sales taxes	19,236	21,200	-	-	19,236	21,200
Transient occupancy taxes	1,786	1,716	-	-	1,786	1,716
Franchise taxes	1,594	1,680	-	-	1,594	1,680
Business license taxes	1,107	1,079	-	-	1,107	1,079
Other taxes	580	392	-	-	580	392
Motor vehicle in lieu	80	75	-	-	80	75
Use of money and property	602	1,111	(25)	(23)	577	1,088
Rental Income	880	1,032	-	-	880	1,032
Other	3,686	8,694	(53)	138	3,633	8,832
Gain (loss) on sale of capital asset	24	(2)	97	112	121	110
Total Revenues	107,333	72,651	45,773	29,129	153,106	101,780
Expenses:						
General government	6,680	7,758	-	-	6,680	7,758
Public safety	40,137	33,938	-	-	40,137	33,938
Community development	3,784	3,403	-	-	3,784	3,403
Community services	8,055	7,599	-	-	8,055	7,599
Public works	18,324	16,307	-	-	18,324	16,307
Interest on long-term debt	380	415	-	-	380	415
Urban runoff	-	-	396	377	396	377
Water utility	-	-	17,306	14,883	17,306	14,883
Sewer utility	-	-	1,897	1,630	1,897	1,630
Sanitation	-	-	3,284	3,045	3,284	3,045
Information Technology External Support	-	-	1,790	1,724	1,790	1,724
Total Expenses	77,360	69,420	24,673	21,659	102,033	91,079
Change in net position before transfers	29,973	3,231	21,100	7,470	51,073	10,701
Transfers	450	1,125	(450)	(1,125)	-	-
Change in net position	30,423	4,356	20,650	6,345	51,073	10,701
Net position at beginning of year	166,261	161,905	62,126	51,978	228,387	213,883
Restatement of Net position	(16,334)	-	(3,449)	3,803	(19,783)	3,803
Net position at end of year	\$ 180,350	\$ 166,261	\$ 79,327	\$ 62,126	\$ 259,677	\$ 228,387

Governmental Activities – The cost of all Governmental Activities in the current fiscal year was \$77.4 million. As shown on the statement of activities, \$11.2 million of the cost was paid by those who directly benefited from the programs; \$47.2 million was financed by contributions and grants received from other governmental organizations, developers, and property owners for both capital and operating activities; and \$18.9 million was subsidized through general city revenues. Therefore, as a result of operations, the City's change in net position before transfers increased by \$30 million.

Property tax revenues for Fiscal Year 2017-18 increased by \$1.5 million when compared to Fiscal Year 2016-17. The increase in property tax revenues is primarily due to the increase in sale value of residential and commercial properties, as well as completion of the Blackstone and

La Floresta housing developments. Sales tax revenues for Fiscal Year 2017-18 were \$2 million lower when compared to Fiscal Year 2016-17.

Total expenses for Fiscal Year 2017-18 were \$77 million, an increase of \$7.9 million when compared to Fiscal Year 2016-17. This was primarily due to a combination of increases in public safety and public works expenses.

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 and information technology external support to public agencies).

Each programs' net cost (total cost less revenues generated by the activities) is 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
Fiscal Year Ended June 30, 2018
(in thousands)

	Program Expenses		Program Revenues	
	2018	2017	2018	2017
General government	\$ 6,680	\$ 7,758	\$ 3,073	\$ 2,669
Public safety	40,137	33,938	2,615	1,712
Community development	3,784	3,403	5,127	2,592
Community services	8,055	7,599	3,745	2,958
Public works	18,324	16,307	43,839	7,855
Interest on long-term debt	380	415	-	-
Totals	<u>\$ 77,360</u>	<u>\$ 69,420</u>	<u>\$ 58,399</u>	<u>\$ 17,786</u>

Of the \$58 million in program revenues that financed the Governmental Activities, 75% was utilized for Public Works, 9% was utilized for Community Development, 6% was utilized for Community Services and 5% supplemented for each General Government and Public Safety.

Table 4
Program Expenses and Revenues - Governmental Activities
Fiscal Year Ended June 30, 2018
(in millions)

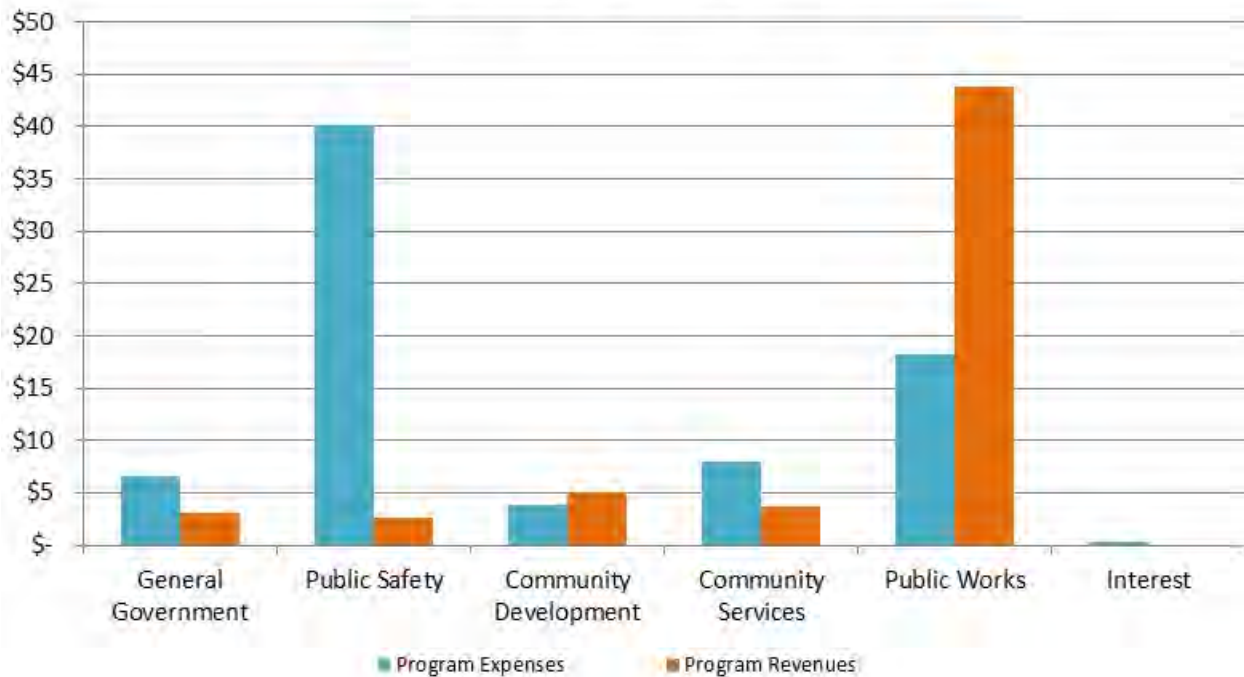
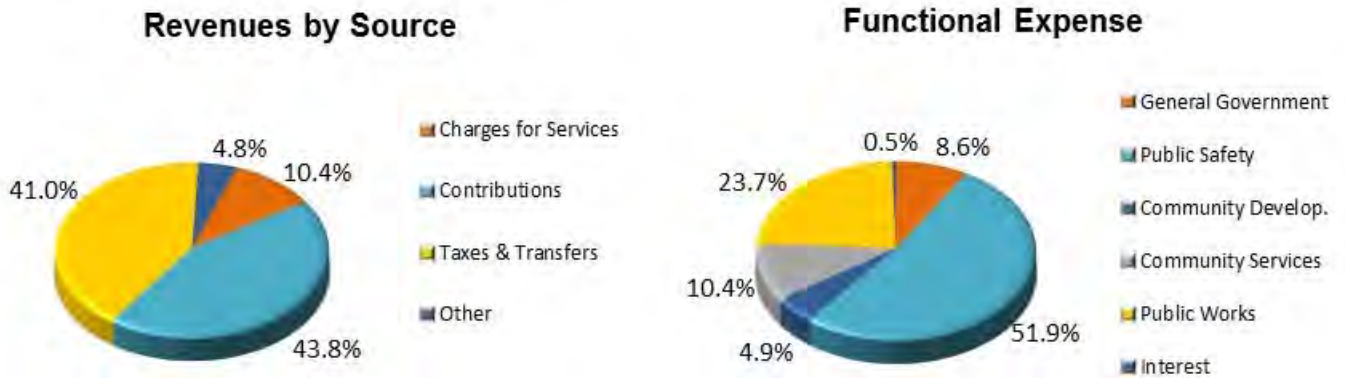


Table 5
Governmental Activities
Fiscal Year Ended June 30, 2018



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

Revenues

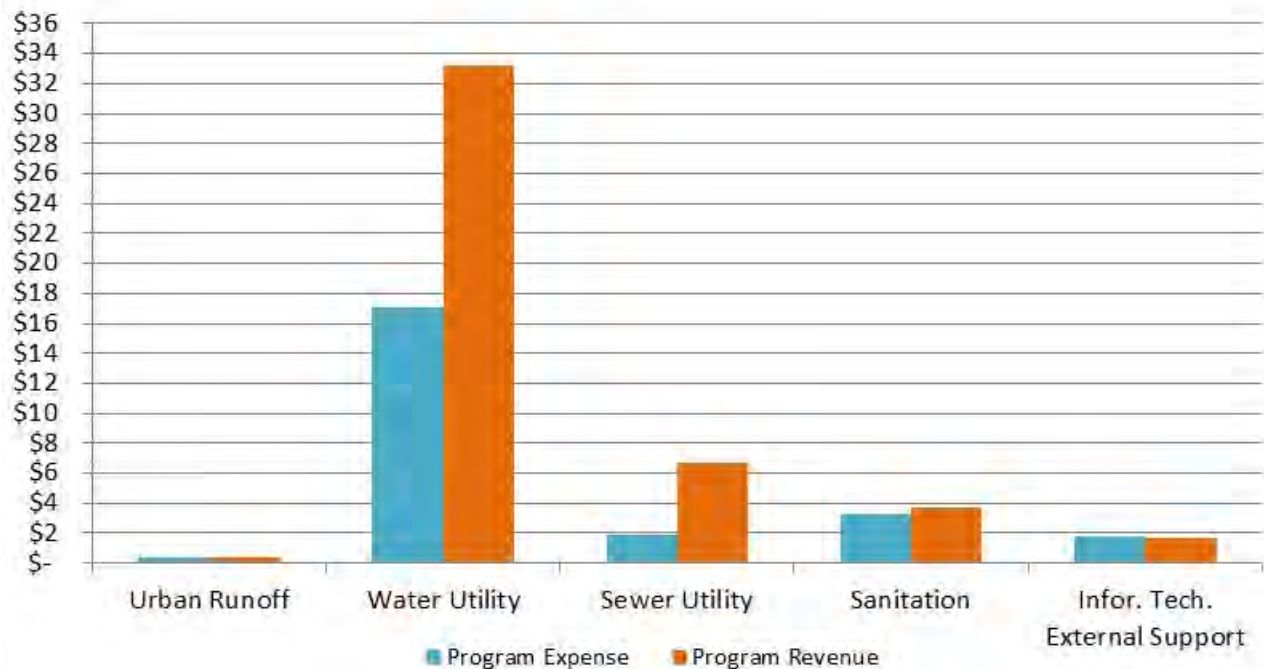
- The City's combined amount of program revenues, general revenues, taxes and transfers was \$107.8 million. This amount includes operating and capital contributions and grants of \$47.2 million and \$44.2 million in taxes and transfers.
- Of the \$107.8 million in total governmental revenues and transfers, 10.4% represents program revenues, 43.8% represents contributions and 41% represents taxes & transfers. Other revenues make up the remaining 4.8%.

Expenses

- In the current year, expenses for all Governmental Activities were \$77.4 million. See Table 5 above for an analysis of the expenses by function/program.

Business-type Activities – Business-type Activities increased the City’s net position by \$20.7 million which was comprised of various changes in the net position of the urban runoff, water utility, sewer utility, sanitation and information technology external support activities. Business-type Activities are financed primarily by fees charged to external parties for goods and services.

Table 6
Program Expense & Revenue – Business-type Activities
Fiscal Year Ended June 30, 2018
(in millions)



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

The water utility activity had an increase in net position of \$15.9 million. The increase in net position was primarily due to the increase in developer contributions of \$9.8 million, as well as \$3.6 million increase due to the increase in charges for services. Of the \$14.3 million in water related expenses, 47.8% was from the purchase of water, 11.1% was from maintenance and other operating expenses, 16.2% was from depreciation, and 24.9% covered personnel costs. Water rates were adjusted effective July 2017, to fund on-going operations, recapture the bond coverage ratio and provide funding for planned capital improvements to the water utility system.

The sewer utility activity had an increase in net position of \$4.8 million. The increase in net position was primarily due to an increase in developer contributions. Of the \$1.9 million in sewer related expenses, 15.2% was from maintenance and other operating expenses, 25.6% from depreciation and 59.2% from personnel costs.

The urban runoff activity had a decrease in net position of \$24,700. This increase was primarily due to user rates being adjusted as well as revenues over expenses. Operating expenses, which include maintenance and operation costs of \$148,343, personnel costs of \$245,091 and depreciation of \$938, totaled \$394,372 while operating and non-operating revenues totaled \$419,072.

The sanitation utility activity had an increase in net position of \$70,603. The increase in net position was due to operating revenues of \$3.7 million, expenses of \$3.3 million and the transfer out of \$400,000 of franchise fees. Operating expenses, included maintenance and operation costs of \$2.5 million and personnel costs of \$778,880.

The information technology external support activity had a decrease in net position of \$134,422. Operating expenses and transfer out of \$1.8 million exceeded operating revenues of \$1.7 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.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$81 million, an increase of \$2 million. Non-spendable fund balance of \$139,562 is for advances to other funds. Restricted fund balance totals \$52.7 million, legally restricted by external parties. Committed fund balance of \$867,841 is primarily for ongoing updating of the general plan. Assigned fund balance totals \$12.3 million which is primarily for community center and capital assets replacement. Unassigned fund balance totals \$14.7 million.

The General Fund ended the fiscal year with a \$36 million fund balance, a net increase of \$2 million. Non-spendable fund balance of \$139,562 is for advances to other funds. Restricted fund balance of \$8.1 million includes \$7.3 million toward the payment of the City's pension obligations and remaining is for items such as debt service funds with trustees as well as for lighting and landscape districts. Committed fund balance of \$867,841 is primarily for ongoing updating of the general plan. Assigned fund balance of \$12.3 million is primarily for community center and capital assets replacement. Unassigned fund balance of \$14.7 million is available for future appropriations.

The Housing Successor Fund ended the fiscal year with a fund balance of \$20.7 million all of which is restricted for affordable housing activities and for notes and loans receivable.

The City's Capital Projects Fund ended the fiscal year with a fund balance of \$7.7 million, a decrease of \$1.3 million. Restricted fund balance of \$7.7 million is primarily for impact fees.

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 \$64.6 million, an increase of \$15.9 million from prior year. The increase in net position was primarily due to the \$9.8 million developer contribution of capital assets for the Blackstone Development, as well as revenues over expenditures of \$6.1 million less a restatement of \$1.4 million. Of the \$64.6 million in net position \$40.1 million is net investment in capital assets, \$5.7 million is restricted for debt service and \$18.8 million is unrestricted.

The Sewer Utility Fund ended the fiscal year with \$19.4 million in net position, an increase of \$4.8 million. The increase in net position was primarily due to \$4.5 million developer contribution of capital assets for the Blackstone Development. Of the \$19.4 million in net position \$18.2 million is net investment in capital assets and the balance is unrestricted.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted resources and transfers in for the General Fund at fiscal year-end were \$1,074,179 more than the original budget and total actual resources and transfers-in were \$128,043 less than the final budget.

The final appropriations and transfers out for the General Fund at fiscal year-end were \$4.6 million more than the original budget and total actual expenditures and transfers out were \$6.5 million less than the final budget. Several factors contributed to the final variance and are briefly summarized as follows:

Changes to Original Budget

Resources (Inflows):

- The \$1,074,179 variance was primarily due to an increase of \$1 million in overall City revenues.

Changes to Appropriation (Outflows):

- The variance between original budget and final budget of \$4.6 million was primarily due to an increase in transfers out toward the funding of various capital projects.

Variances with Final Budget

Resources (Inflows):

- The variance between budgeted and actual resources was \$128,043.

Charges to Appropriation (Outflows):

- The variance between budgeted and actual charges of \$6.5 million was due to \$4 million decrease in transfers out and \$2.5 million decrease in operational charges across all departments including capital outlay. Operational charges for Public Works department decreased by \$638,626, Public Safety decreased by \$625,493, Community Services decreased by \$596,846 and the remaining variance was spread over Community Development and General Government.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2018, amounts to \$316 million (net of accumulated depreciation). This investment in a broad range of capital assets includes 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 \$45 million represents a 17% increase from last year.

Table 7
Capital Assets (net of depreciation)
Fiscal Year Ended June 30, 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 57,236	\$ 47,152	\$ 2,850	\$ 2,074	\$ 60,086	\$ 49,226
Water rights		-	32,375	32,375	32,375	32,375
Structures and improvements	65,582	40,310	25	-	65,607	40,310
Equipment	8,433	8,579	57	73	8,490	8,652
Infrastructure	79,159	69,085	69,672	58,746	148,831	127,831
Construction-in-progress	331	12,444	204	-	535	12,444
Totals	<u>\$ 210,741</u>	<u>\$ 177,570</u>	<u>\$ 105,183</u>	<u>\$ 93,268</u>	<u>\$ 315,924</u>	<u>\$ 270,838</u>

The net decrease to construction-in-progress totaled \$11.9 million, as noted above. This was primarily due to the completion of various capital improvement projects. The following significant capital assets and infrastructure projects were completed in Fiscal Year 2017-18:

- Tracks at Brea
- Super Block I Parking Structure

Additional information on the City's capital assets can be found in Note (7) of the Notes to the Financial Statements.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding for bonds and leases of \$55.5 million for all governmental and business-type activities.

Table 8
Bonds and Capital Leases
Fiscal Year Ended June 30, 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Lease revenue bonds	\$ 2,760	\$ 2,760	\$ -	\$ -	\$ 2,760	\$ 2,760
Water revenue bonds	-	-	49,110	50,150	49,110	50,150
Capital leases	3,658	4,262	-	-	3,658	4,262
Totals	\$ 6,418	\$ 7,593	\$ 49,110	\$ 50,150	\$ 55,528	\$ 57,443

Additional information on the City's long-term debt can be found in Note (8) of the Notes to the Financial Statements.

FACTORS EFFECTING NEXT YEAR'S BUDGET

The Fiscal Year 2018-19 General Fund budgeted expenditures were \$51.1 million and budgeted revenues were \$52.8 million.

A brief summary of the factors considered when preparing the Fiscal Year 2018-19 budget are as follows:

- Sales tax represents the single largest source of General Fund revenue, budgeted at \$19.98 million for Fiscal Year 2018-19. Based on economic data trends and projections, sales tax is projected to remain relatively flat for Fiscal Year 2018-19. 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.
- General Fund property taxes are projected to increase by approximately 5.1% and represent \$10.58 million of General Fund revenues.

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.

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CITY OF BREA, CALIFORNIA

STATEMENT OF NET POSITION JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current Assets:			
Cash and investments	\$ 56,562,910	\$ 20,011,869	\$ 76,574,779
Prepaid expense	517,356	606,613	1,123,969
Receivables:			
Taxes	163,773	-	163,773
Accounts	1,153,533	4,838,371	5,991,904
Accrued Interest	2,128,456	-	2,128,456
Notes and loans	18,151,862	-	18,151,862
Internal balances	819,780	(819,780)	-
Due from other governments	11,007,809	256,773	11,264,582
Due from Successor Agency	5,384,580	-	5,384,580
Land Held for Resale	800,000	-	800,000
Total Current Assets	96,690,059	24,893,846	121,583,905
Noncurrent assets:			
Restricted assets:			
Cash and investments	9,122,967	-	9,122,967
Cash with fiscal agent	259,380	5,657,518	5,916,898
Capital assets not being depreciated	57,567,311	35,429,765	92,997,076
Capital assets, net of depreciation	153,173,585	69,753,665	222,927,250
Equity in California Domestic Water Company	-	11,475,827	11,475,827
Total Noncurrent Assets	220,123,243	122,316,775	342,440,018
Total Assets	316,813,302	147,210,621	464,023,923
Deferred Outflows of Resources:			
Deferred charge on refunding	-	491,412	491,412
Deferred amounts related to pensions	24,257,347	2,265,645	26,522,992
Deferred amounts related to OPEB	1,023,207	152,893	1,176,100
Total Deferred Outflows of Resources	25,280,554	2,909,950	28,190,504
Liabilities:			
Current liabilities:			
Accounts payable	4,403,472	893,445	5,296,917
Accrued liabilities	1,371,008	-	1,371,008
Accrued interest	88,919	1,360,655	1,449,574
Unearned revenue	1,337,491	-	1,337,491
Deposits payable	302,201	259,545	561,746
Due to other governments	1,797,146	-	1,797,146
Long-term liabilities, due within one year	4,236,581	1,287,830	5,524,411
Total Current Liabilities	13,536,818	3,801,475	17,338,293
Noncurrent liabilities:			
Long-term liabilities, due in more than one year	9,686,963	49,854,911	59,541,874
Total OPEB liability	22,502,021	3,363,267	25,865,288
Net pension liability	112,102,521	12,530,484	124,633,005
Total Noncurrent Liabilities	144,291,505	65,748,662	210,040,167
Total Liabilities	157,828,323	69,550,137	227,378,460
Deferred Inflows of Resources:			
Deferred amounts related to pensions	2,099,678	972,097	3,071,775
Deferred amounts related to OPEB	1,815,640	271,304	2,086,944
Total Deferred Inflows of Resources	3,915,318	1,243,401	5,158,719
Net Position:			
Net investment in capital assets	204,322,724	58,347,144	262,669,868
Restricted for:			
Affordable housing	26,663,383	-	26,663,383
Public safety	404,666	-	404,666
Public works	6,903,715	-	6,903,715
Capital projects	19,903,195	-	19,903,195
Debt service	259,380	5,657,518	5,916,898
Unrestricted	(78,106,848)	15,322,371	(62,784,477)
Total Net Position	\$ 180,350,215	\$ 79,327,033	\$ 259,677,248

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,679,825	\$ 1,403,754	\$ 1,669,728	\$ -
Public safety	40,137,072	1,689,176	926,137	-
Community development	3,784,020	4,619,615	242,649	264,532
Community services	8,054,662	3,023,144	721,779	-
Public works	18,324,571	506,348	404,523	42,928,043
Interest on long-term debt	380,159	-	-	-
Total governmental activities	77,360,309	11,242,037	3,964,816	43,192,575
Business-type activities:				
Urban runoff	396,030	418,426	-	-
Water utility	17,306,036	22,885,107	490,805	9,828,045
Sewer utility	1,896,662	2,239,774	-	4,457,670
Sanitation	3,283,613	3,727,950	11,154	-
Information technology external support	1,790,154	1,695,050	-	-
Total business-type activities	24,672,495	30,966,307	501,959	14,285,715
Total primary government	\$ 102,032,804	\$ 42,208,344	\$ 4,466,775	\$ 57,478,290

General revenues:

Taxes:

Property taxes - general purposes

Property taxes - paramedic program

Transient occupancy tax

Sales taxes

Franchise tax

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Rental Income

Other

Gain on disposal of capital assets

Total General Revenues

Transfers

Change in net position

Net Position at Beginning of Year, as restated

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,606,343)	\$ -	\$ (3,606,343)
(37,521,759)	-	(37,521,759)
1,342,776	-	1,342,776
(4,309,739)	-	(4,309,739)
25,514,343	-	25,514,343
(380,159)	-	(380,159)
<u>(18,960,881)</u>	<u>-</u>	<u>(18,960,881)</u>
-	22,396	22,396
-	15,897,921	15,897,921
-	4,800,782	4,800,782
-	455,491	455,491
<u>-</u>	<u>(95,104)</u>	<u>(95,104)</u>
<u>-</u>	<u>21,081,486</u>	<u>21,081,486</u>
<u>(18,960,881)</u>	<u>21,081,486</u>	<u>2,120,605</u>
15,624,911	-	15,624,911
3,732,709	-	3,732,709
1,786,589	-	1,786,589
19,235,559	-	19,235,559
1,594,432	-	1,594,432
1,107,537	-	1,107,537
579,840	-	579,840
79,899	-	79,899
602,517	(25,014)	577,503
879,853	-	879,853
3,686,032	(53,002)	3,633,030
23,639	97,026	120,665
<u>48,933,517</u>	<u>19,010</u>	<u>48,952,527</u>
<u>450,000</u>	<u>(450,000)</u>	<u>-</u>
<u>30,422,636</u>	<u>20,650,496</u>	<u>51,073,132</u>
<u>149,927,579</u>	<u>58,676,537</u>	<u>208,604,116</u>
<u>\$ 180,350,215</u>	<u>\$ 79,327,033</u>	<u>\$ 259,677,248</u>

See accompanying notes to basic financial statements.

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GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

HOUSING SUCCESSOR FUND

The Housing Successor 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.

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 the non-major Special Revenue Funds and General Fund.

NON-MAJOR GOVERNMENTAL FUNDS

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, 2018**

		Special Revenue Fund	Capital Projects Fund
	General	Housing Successor	Capital Improvements
Assets:			
Cash and investments	\$ 24,824,722	\$ 2,755,135	\$ 10,381,355
Prepaid costs	8,680	-	-
Receivables:			
Taxes	139,452	-	-
Accounts	1,140,697	6,923	-
Interest	415,787	1,712,669	-
Notes and loans	-	16,379,681	-
Due from other funds	1,516,469	-	-
Due from other governments	5,544,805	-	5,155,790
Due from Successor Agency	603,568	-	4,781,012
Advances to other funds	130,882	-	-
Land held for resale	-	800,000	-
Restricted assets:			
Cash and investments	7,297,623	1,726,001	99,343
Cash and investments with fiscal agents	259,380	-	-
Total assets	\$ 41,882,065	\$ 23,380,409	\$ 20,417,500
Liabilities, deferred inflows of resources, and fund balances:			
Liabilities:			
Account payable	\$ 1,197,116	\$ 3,855	\$ 2,818,918
Accrued liabilities	1,371,008	-	-
Unearned revenues	1,195,341	-	142,150
Deposits payable	301,284	917	-
Due to other funds	-	-	5,135,758
Due to other governments	237,965	-	-
Advances from other funds	-	-	-
Total liabilities	4,302,714	4,772	8,096,826
Deferred Inflows of Resources:			
Unavailable revenues	1,486,014	2,654,121	4,590,032
Fund balances (deficit):			
Nonspendable	139,562	-	-
Restricted	8,112,011	20,721,516	7,730,642
Committed	867,841	-	-
Assigned	12,270,563	-	-
Unassigned	14,703,360	-	-
Total fund balances	36,093,337	20,721,516	7,730,642
Total liabilities, deferred inflows of resources and fund balances	\$ 41,882,065	\$ 23,380,409	\$ 20,417,500

See accompanying notes to basic financial statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 11,848,459	\$ 49,809,671
-	8,680
24,321	163,773
-	1,147,620
-	2,128,456
1,772,181	18,151,862
3,900,000	5,416,469
307,214	11,007,809
-	5,384,580
-	130,882
-	800,000
-	9,122,967
-	259,380
<u>\$ 17,852,175</u>	<u>\$ 103,532,149</u>

\$ 125,238	\$ 4,145,127
-	1,371,008
-	1,337,491
-	302,201
-	5,135,758
1,559,181	1,797,146
12,157	12,157
<u>1,696,576</u>	<u>14,100,888</u>
-	8,730,167
-	139,562
16,165,252	52,729,421
-	867,841
-	12,270,563
(9,653)	14,693,707
<u>16,155,599</u>	<u>80,701,094</u>
<u>\$ 17,852,175</u>	<u>\$ 103,532,149</u>

See accompanying notes to basic financial statements.

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CITY OF BREA, CALIFORNIA

**RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds \$ 80,701,094

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

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity. Those capital assets consist of:

Capital assets, depreciable and nondepreciable	\$ 330,099,378	
Accumulated depreciation	<u>(124,482,525)</u>	205,616,853

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. Those long term liabilities consist of:

Lease revenue bonds	(2,760,000)	
Capital leases payable	(3,658,172)	
Compensated absences	(2,392,479)	(8,810,651)

Accrued interest payable for the current portion of interest due on bonds does not require the use of current financial resources and therefore has not been reported in the governmental funds. (88,919)

Amounts reported for net pension liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net pension liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are not reported in the governmental funds.

Net pension liability	(108,230,830)	
Total OPEB liability	(20,417,012)	
Deferred outflows of resources related to pensions	23,269,883	
Deferred outflows of resources related to OPEB	884,346	
Deferred inflows of resources related to pensions	(1,982,669)	
Deferred inflows of resources related to OPEB	<u>(1,680,817)</u>	(108,157,099)

Revenues reported as unavailable revenues in the governmental funds do not provide current financial resources but are recognized in the in the statement of activities. 8,730,167

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows and inflows of resources, and liabilities of the internal service funds are included in governmental activities in the statement of net position.

2,358,770

Net Position of Governmental Activities **\$ 180,350,215**

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

		Special Revenue Fund	Capital Projects Fund
	General	Housing Successor	Capital Improvements
Revenues:			
Taxes	\$ 38,986,972	\$ -	\$ -
Licenses and permits	584,841	-	-
Intergovernmental	9,297,372	-	13,503,439
Charges for services	3,862,112	-	481,960
Investment income, net	529,131	12,732	36,521
Fines and forfeitures	819,914	-	-
Developer contributions	-	-	105,514
Rental income	1,336,756	-	-
Other revenues	2,603,193	324,722	732,762
Total revenues	58,020,291	337,454	14,860,196
Expenditures:			
Current:			
General government	5,283,304	-	81,293
Public safety	34,441,868	-	-
Community development	2,918,971	278,802	-
Community services	7,284,303	-	-
Public works	5,131,010	-	-
Capital outlay	403,166	-	20,795,469
Debt service:			
Principal	435,389	-	-
Interest and fiscal charges	383,551	-	-
Total expenditures	56,281,562	278,802	20,876,762
Excess (deficiency) of revenues over (under) expenditures	1,738,729	58,652	(6,016,566)
Other financing sources (uses):			
Transfers in	1,050,000	-	4,741,699
Transfers out	(703,478)	-	-
Total other financing sources (uses)	346,522	-	4,741,699
Net change in fund balances	2,085,251	58,652	(1,274,867)
Fund balances, beginning of year	34,008,086	20,662,864	9,005,509
Fund balances, end of year	\$ 36,093,337	\$ 20,721,516	\$ 7,730,642

See accompanying notes to basic financial statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 2,087,490	\$ 41,074,462
-	584,841
1,523,187	24,323,998
3,663,983	8,008,055
(142)	578,242
4,444	824,358
-	105,514
-	1,336,756
30	3,660,707
<u>7,278,992</u>	<u>80,496,933</u>
433	5,365,030
1,069,814	35,511,682
272,216	3,469,989
-	7,284,303
259,093	5,390,103
-	21,198,635
-	435,389
-	383,551
<u>1,601,556</u>	<u>79,038,682</u>
<u>5,677,436</u>	<u>1,458,251</u>
-	5,791,699
<u>(4,499,524)</u>	<u>(5,203,002)</u>
<u>(4,499,524)</u>	<u>588,697</u>
1,177,912	2,046,948
<u>14,977,687</u>	<u>78,654,146</u>
<u>\$ 16,155,599</u>	<u>\$ 80,701,094</u>

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds	\$	2,046,948
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expenses. Additionally, certain capital contributions are only reported as revenues on the government wide statement of activities.

Capital outlay	\$ 13,922,983		
Depreciation	(7,163,642)		
Capital contributions	<u>26,830,317</u>		33,589,658

The issuance of long-term debt (e.g., bonds, leases) provides current resources to governmental funds, while the repayment of long-term debt principal is an expenditure in the governmental funds; The issuance of debt increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.

Also, governmental funds report the effect of premiums, discounts when debt is first issued, whereas these amounts are amortized in the statement of activities.

Capital leases principal payments		603,704
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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. These expenses consists of the following:

Changes in interest payable for long-term liabilities		2,924
Changes in compensated absences		131,221
Changes in total OPEB liabilities and related deferred outflows and inflows of resources		(198,575)
Changes in net pension liabilities and related deferred outflows and inflows of resources		(5,086,490)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.

47

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

(666,801)

Change in net position of governmental activities	\$	<u>30,422,636</u>
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See accompanying notes to basic financial statements.

PROPRIETARY FUNDS

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 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 Service Funds are used to allocate the cost of providing goods and services by one department to other department on a cost reimbursement basis.

CITY OF BREA, CALIFORNIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2018

	Enterprise Funds				Governmental Activities Internal Service Funds
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Total	
Assets:					
Current assets:					
Cash and investments	\$ 15,189,768	\$ 3,544,242	\$ 1,277,859	\$ 20,011,869	\$ 6,753,239
Prepaid Expenses	606,613	-	-	606,613	508,676
Receivables:					
Accounts receivable	3,473,235	362,705	1,002,431	4,838,371	5,913
Due from other governments	245,402	-	11,371	256,773	-
Total current assets	<u>19,515,018</u>	<u>3,906,947</u>	<u>2,291,661</u>	<u>25,713,626</u>	<u>7,267,828</u>
Noncurrent assets:					
Restricted - Cash and investments with fiscal agent	5,657,518	-	-	5,657,518	-
Capital assets - net of accumulated depreciation	86,932,333	18,249,770	1,327	105,183,430	5,124,043
Equity in California Domestic Water Company	11,475,827	-	-	11,475,827	-
Advances to other funds	-	-	-	-	289,255
Total noncurrent assets	<u>104,065,678</u>	<u>18,249,770</u>	<u>1,327</u>	<u>122,316,775</u>	<u>5,413,298</u>
Total assets	<u>123,580,696</u>	<u>22,156,717</u>	<u>2,292,988</u>	<u>148,030,401</u>	<u>12,681,126</u>
Deferred outflows of resources:					
Deferred charge on refunding	491,412	-	-	491,412	-
Deferred pension related items	967,573	368,929	929,143	2,265,645	987,464
Deferred OPEB related items	63,274	23,169	66,450	152,893	138,861
Total deferred outflows of resources	<u>1,522,259</u>	<u>392,098</u>	<u>995,593</u>	<u>2,909,950</u>	<u>1,126,325</u>
Liabilities:					
Current liabilities:					
Accounts payable	582,009	15,261	296,175	893,445	258,345
Accrued interest	1,360,655	-	-	1,360,655	-
Deposits payable	259,545	-	-	259,545	-
Due to other funds	-	-	280,711	280,711	-
Compensated absences, due within one year	75,088	29,981	82,762	187,830	68,645
Claims and judgments, due within one year	-	-	-	-	1,908,119
Bonds, notes, and capital leases, due within one year	1,100,000	-	-	1,100,000	-
Total current liabilities	<u>3,377,297</u>	<u>45,242</u>	<u>659,648</u>	<u>4,082,186</u>	<u>2,235,109</u>
Non-current liabilities:					
Advances from other funds	407,980	-	-	407,980	-
Compensated absences, due in more than one year	25,029	9,994	27,587	62,610	22,882
Claims and judgments, due in more than one year	-	-	-	-	3,113,247
Net pension liability	5,075,969	2,315,736	5,138,779	12,530,484	3,871,691
Total OPEB liability	1,391,875	509,664	1,461,728	3,363,267	2,085,009
Bonds, notes, and capital leases, due in more than one year	49,792,301	-	-	49,792,301	-
Total noncurrent liabilities	<u>56,693,154</u>	<u>2,835,394</u>	<u>6,628,094</u>	<u>66,156,642</u>	<u>9,092,829</u>
Total liabilities	<u>60,070,451</u>	<u>2,880,635</u>	<u>7,287,742</u>	<u>70,238,828</u>	<u>11,327,938</u>
Deferred inflows of resources					
Deferred pension related items	361,458	248,620	362,019	972,097	117,009
Deferred OPEB related items	112,278	41,113	117,913	271,304	134,823
Total Deferred Inflows of Resources	<u>473,736</u>	<u>289,733</u>	<u>479,932</u>	<u>1,243,401</u>	<u>251,832</u>
Net position (deficit):					
Net investment in capital assets	40,096,047	18,249,770	1,327	58,347,144	5,124,043
Restricted for debt service	5,657,518	-	-	5,657,518	-
Unrestricted	18,805,203	1,128,677	(4,480,420)	15,453,460	(2,896,362)
Total net position (deficit)	<u>\$ 64,558,768</u>	<u>\$ 19,378,447</u>	<u>\$ (4,479,093)</u>	<u>\$ 79,458,122</u>	<u>\$ 2,227,681</u>
Reconciliation of Net Position to the Statement of Net Position					
Net Position per Statement of Net Position - Proprietary Funds				79,458,122	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				(57,480)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				(73,609)	
Net Position per Statement of Net Position				<u>\$ 79,327,033</u>	

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 22,344,336	\$ 2,274,485	\$ 4,920,504	\$ 29,539,325	\$ 10,010,898
Connection fees	192,182	18,965	-	211,147	-
Fines and forfeitures	219,923	-	131	220,054	-
Other revenues	128,666	(53,676)	920,790	995,780	592,499
Total operating revenues	22,885,107	2,239,774	5,841,425	30,966,306	10,603,397
Operating expenses:					
Personnel services	3,550,913	1,115,573	2,667,673	7,334,159	4,376,494
Maintenance and operation	1,589,232	286,413	2,774,101	4,649,746	3,751,901
Cost of purchased water	6,832,417	-	-	6,832,417	-
Claims and judgements	-	-	-	-	2,287,760
Depreciation expense	2,309,560	482,770	938	2,793,268	795,071
Total operating expenses	14,282,122	1,884,756	5,442,712	21,609,590	11,211,226
Operating income	8,602,985	355,018	398,713	9,356,716	(607,829)
Nonoperating revenues (expenses):					
Federal interest subsidy on debt	490,805	-	-	490,805	-
Intergovernmental revenues	-	-	11,154	11,154	-
Interest revenue	-	842	1,014	1,856	468
Interest expense	(3,016,165)	-	-	(3,016,165)	-
Change in equity of California Domestic Water Company	(53,002)	-	-	(53,002)	-
Gain (loss) on disposal of capital assets	97,026	-	-	97,026	5,648
Total nonoperating revenues (expenses)	(2,481,336)	842	12,168	(2,468,326)	6,116
Income before transfers	6,121,649	355,860	410,881	6,888,390	(601,713)
Transfers and capital contributions:					
Transfers in	-	-	-	-	61,303
Transfers out	-	-	(450,000)	(450,000)	(200,000)
Developer contributions	9,828,045	4,457,670	-	14,285,715	-
Total transfers and capital contributions	9,828,045	4,457,670	(450,000)	13,835,715	(138,697)
Change in net position	15,949,694	4,813,530	(39,119)	20,724,105	(740,410)
Net position (deficit):					
Net position at beginning of year	50,036,469	15,087,588	(2,940,945)	62,183,112	5,029,586
Restatement of net position	(1,427,395)	(522,671)	(1,499,029)	(3,449,095)	(2,061,495)
Net position (deficit) at beginning of year, as restated	48,609,074	14,564,917	(4,439,974)	58,734,017	2,968,091
Net position (deficit) at end of year	\$ 64,558,768	\$ 19,378,447	\$ (4,479,093)	\$ 79,458,122	\$ 2,227,681

Reconciliation of Changes in Net Position to the Statement of Activities:

Changes in Net Position, per the Statement of Revenues, Expense and Changes in Fund Net Position - Proprietary Funds	\$ 20,724,105
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	(73,609)
Changes in Net Position of Business-Type Activities per Statement of Activities	\$ 20,650,496

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Non-major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 22,357,730	\$ 2,289,270	\$ 5,853,490	\$ 30,500,490	\$ 10,617,425
Cash payments to suppliers for goods and services	(6,467,915)	(276,534)	(2,776,388)	(9,520,837)	(3,492,686)
Cash payments to employees for services	(3,348,378)	(1,038,890)	(2,565,438)	(6,952,706)	(6,575,155)
Net cash provided by operating activities	12,541,437	973,846	511,664	14,026,947	549,584
Cash flows from noncapital financing activities:					
Cash transfer out	-	-	(450,000)	(450,000)	(200,000)
Cash transfer in	-	-	-	-	61,303
Advances received (repaid) from (to) other funds	(813,639)	-	3,324	(810,315)	576,863
Intergovernmental revenues	-	-	11,154	11,154	-
Federal interest subsidy on debt	490,805	-	-	490,805	-
Net cash provided by (used for) noncapital financing activities	(322,834)	-	(435,522)	(758,356)	438,166
Cash Flows from capital and related financing activities:					
Acquisition and construction of capital assets	(177,103)	(245,798)	-	(422,901)	(375,967)
Proceeds from sale of capital assets	97,026	-	-	97,026	5,648
Principal and interest paid on long-term debt	(3,785,092)	-	-	(3,785,092)	(173,762)
Net cash used for capital and related financing activities	(3,865,169)	(245,798)	-	(4,110,967)	(544,081)
Cash flows from investing activities:					
Interest received	(26,870)	842	(2,310)	(28,338)	3,317
Net cash provided by (used for) investing financing activities	(26,870)	842	(2,310)	(28,338)	3,317
Net Increase in cash and cash equivalents	8,326,564	728,890	73,832	9,129,286	446,986
Cash and cash equivalents at beginning of year	12,520,722	2,815,352	1,204,027	16,540,101	6,306,253
Cash and cash equivalents at end of year	\$ 20,847,286	\$ 3,544,242	\$ 1,277,859	\$ 25,669,387	\$ 6,753,239
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income	\$ 8,602,985	\$ 355,018	\$ 398,713	\$ 9,356,716	\$ (607,829)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,309,560	482,770	938	2,793,268	795,071
(Increase) decrease in accounts receivable	(281,975)	49,496	652	(231,827)	1,899
(Increase) decrease in prepaid expense	1,894,223	-	-	1,894,223	(508,676)
(Increase) decrease due from other governments	(245,402)	-	11,413	(233,989)	-
Decrease (increase) in accounts payable	49,396	9,879	80,028	139,303	(5,651)
(Decrease) in accrued liabilities	(82,694)	(30,718)	(82,315)	(195,727)	(55,760)
Increase in deposit payables	10,115	-	-	10,115	-
Increase in claims and judgements	-	-	-	-	524,175
(Decrease) in due to other funds	-	-	(159,183)	(159,183)	-
Increase (decrease) in compensated absences	(3,998)	1,442	(12,065)	(14,621)	(1,192)
Increase in net pension liability	275,743	101,022	259,321	636,086	388,070
Increase (decrease) in total OPEB liability	13,484	4,937	14,162	32,583	19,477
Total adjustments	3,938,452	618,828	112,951	4,670,231	1,157,413
Net cash provided by operating activities	\$ 12,541,437	\$ 973,846	\$ 511,664	\$ 14,026,947	\$ 549,584
Non-cash investing, capital, and financing activities:					
Amortization of bond discount and premium	\$ (63,107)	\$ -	\$ -	\$ (63,107)	\$ -
Amortization of loss on refunding	163,804	-	-	163,804	-
Change in equity of California Domestic Water Company	(53,002)	-	-	(53,002)	-
Capital contributions	9,828,045	4,457,670	-	14,285,715	-

See accompanying notes to basic financial statements.

FIDUCIARY FUNDS

AGENCY FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

CITY OF BREA, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Cash and investments	\$ 5,454,634	\$ 2,107,776
Receivables:		
Taxes	7,810	-
Accounts	17,361	-
Accrued interest	-	67,831
Deferred loans	-	1,992,985
Due from other governments	19,065	426,000
Prepaid insurance	-	95,430
Restricted assets:		
Cash and investments with fiscal agents	1,285,572	18,090,111
Capital assets:		
Capital assets, net of accumulated depreciation	275,324	-
Total assets	\$ 7,059,766	22,780,133
Deferred outflows of resources:		
Deferred charges on refunding	\$ -	8,168,036
Liabilities:		
Accounts payable	238,112	1,695,121
Accrued liabilities	537,995	-
Accrued interest	-	2,143,900
Due to the City of Brea	-	5,384,580
Due to external parties/other agencies	6,283,659	-
Long-term liabilities:		
Due in one year	-	9,630,000
Due in more than one year	-	144,578,798
Total liabilities	\$ 7,059,766	163,432,399
Net Position (deficit):		
Held in trust for other purposes		\$ (132,484,230)

See accompanying notes to basic financial statements.

CITY OF BREA, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 16,919,118
Interest and changes in fair value of investments	266,111
Sale of assets	244,706
Total additions	<u>17,429,935</u>
Deductions:	
Administrative expenses	278,677
Contractual services	30,076
Interest expense and cost of issuance	7,298,674
Payment to the County of Orange	2,440,183
Payments to the City of Brea	5,272,723
Pass through agreement payments	1,581,169
Project expenses	89,090
Total deductions	<u>16,990,592</u>
Changes in net position	439,343
Net position (deficit):	
Trust deficit, beginning of the year	<u>(132,923,573)</u>
Trust deficit, end of the year	<u>\$ (132,484,230)</u>

See accompanying notes to basic financial statements.

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CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

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 their relationship with the City are such that their 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 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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Description of the Reporting Entity (Continued)

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, through the issuance of debt, financing for various capital improvements. The Brea Community Benefit Financing Authority is administered by the Board who are the 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 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.

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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenue, which are considered available if collected 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 agency funds and a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private purpose trust 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.

The City reports the following major governmental funds:

- 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 **Housing Successor Special Revenue 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.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 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.

The City reports the following major proprietary funds:

- The **Water Utility Enterprise 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 general public on a continuing basis is financed or recovered primarily through user charges.
- The **Sewer Utility Enterprise 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 general public 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.
- **Debt Service Funds** are used to account for the accumulation of resources for and payment of interest and principal on long-term debt.
- **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.
- **Agency 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- **Private-Purpose Trust Fund** accounts for the assets 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.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Enterprises 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 State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (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 their 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 their repayment, are classified as restricted assets on the balance sheet because their 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 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, 2018. The County of Orange assesses bills and collects property taxes for the City.

All trade and tax receivables are shown net of an allowance for uncollectibles.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Water Utility fund also reports a prepaid expense for water purchased in advance, to be used in future periods. The Vehicle Replacement fund also reports a prepaid expense for equipment purchased in advanced, to be used once received.

Inventories

Inventories of materials and supplies are carried at cost. The City records inventory using a first-in-first-out (FIFO) basis and the consumption method.

Land Held for Resale

The former Brea Redevelopment Agency acquired land that was primarily used to develop blighted properties. During the year, the City acquired the land from the Successor Agency. 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. Values recorded on the balance sheet are at cost.

Capital Assets

Capital assets, which include property, plant, equipment, 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 \$5,000 and \$100,000 respectively and an estimated useful life in excess of four years. 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.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

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:

<u>Asset</u>	<u>Years</u>
Buildings	40 - 50
Computers	4 - 5
Equipment	4 - 10
Improvements	10 - 50
Infrastructure	40 - 50
Software	5 - 10
Vehicles	4 - 10

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 will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statement of net position. The City reports deferred outflows of resources for pension and OPEB contributions made after the actuarial measurement date. This amount is deferred and will be expensed in the following fiscal year. Other deferred outflows of resources are reported for the net difference between projected and actual earning on pension plan investments, and changes of assumptions. These will be amortized over a five-year period on a straight-line basis for investment earnings and over the expected average remaining service lifetime.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two 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 other item is deferred pension and OPEB related items reported in the government-wide statement of net position and the proprietary funds statement of net position. These amounts are the result of differences between expected and actual experience and changes in assumptions. These will be recognized as pension or OPEB expense over the expected average remaining service lifetime.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

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 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 types in the 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.

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.

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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

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 under Forms and Publications.

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.

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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

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 financial statements 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, 2018, \$53,874,959 of net position is restricted by enabling legislation.

Unrestricted Net Position – This amount is all net position that do 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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Property Tax

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 as of 12:01 A.M. 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 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, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for fiscal years beginning after June 15, 2017, or the 2017-2018 fiscal year. The City implemented this pronouncement effective July 1, 2017.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement is effective for the reporting periods beginning after June 15, 2017, or 2017-2018 fiscal year. The City implemented this pronouncement effective July 1, 2017.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Pronouncements Issued But Not Yet Adopted

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2018, which may impact future financial presentations:

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the 2018-19 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the 2019-20 fiscal year. The City has not determined the effect of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or 2020-2021 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement is effective for the reporting periods beginning after June 15, 2018, or 2018-2019 fiscal year. The City has not determined the effect of the Statement.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2019, or 2020-2021 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018, or 2019-2020. The City has not determined the effect of the Statement.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances or Net Position

The following individual nonmajor funds have a deficit at June 30, 2018:

Community Development Block Grant Special Revenue Fund	\$ (4,794)
Midbury Assembly Authority Capital Projects Fund	(4,859)
Risk Management Internal Service Fund	(56,934)
Information Technology Internal Service Fund	(1,217,694)
Building Occupancy Internal Service Fund	(42,926)
Sanitation Enterprise Fund	(2,510,340)
Information Technology External Support Enterprise Fund	(2,216,760)

For the Community Development Block Grant special revenue fund and the Midbury Assembly Authority capital projects fund, the City expects to eliminate these deficits with anticipated future revenues from grants, special assessments and fee for services. For the Risk Management, Information Technology, Building Occupancy, Sanitation, and Information Technology External Support funds, the deficits are the result of pension and OPEB liabilities, which will be eliminated through future charges.

At June 30, 2018, the Successor Agency of the Former RDA Private-purpose Trust Fund had a deficit net position amount of \$132,484,230. The deficit balance will be eliminated with future property tax revenue.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 3 – CASH AND INVESTMENTS

As of June 30, 2018, 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	\$ 76,574,779	\$ 7,562,410	\$ 84,137,189
Restricted assets:			
Cash and investments	9,122,967	-	9,122,967
Cash and investments with fiscal agents	5,916,898	19,375,683	25,292,581
Total cash and investments	<u>\$ 91,614,644</u>	<u>\$ 26,938,093</u>	<u>\$ 118,552,737</u>

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

Cash on hand	\$ 7,928
Deposits with financial institutions	3,440,010
Investments	80,689,251
Restricted cash and investments	9,122,967
Cash and investments with fiscal agents	<u>25,292,581</u>
Total cash and investments	<u>\$ 118,552,737</u>

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. Cash Deposits

The carrying amount of the City's cash deposits was \$3,440,010 at June 30, 2018. Bank balances were \$3,859,575 at that date. The \$419,565 difference represents outstanding checks and other reconciling items. As of June 30, 2018, the City's deposits with financial institutions were covered by FDIC up to \$250,000, and the remaining amounts of \$3,609,575 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.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

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	Maximum Maturity	Maximum Percentage or Amount of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations (Bills, Notes and Bonds)	5 years	No limit	No limit
U.S. Government Sponsored Enterprise Securities*	5 years	No limit	No limit
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Repurchase Agreements	1 year	No limit	No limit
Certificates of Deposit	5 years	30%	No limit
Negotiable Certificates of Deposit	5 years	30%	No limit
Passbook Savings Accounts/Interest Bearing Investment Accounts	n/a	No limit	No limit
Medium Term Corporate Notes	5 years	30%	No limit
Bank Money Market Accounts	5 years	20%	10%
California Local Agency Investment Fund**	n/a	\$65,000,000	No limit
County of Orange Investment Fund (County Pool)**	n/a	No limit	No limit
Asset Backed Securities	5 years	10%	No limit
Supranationals	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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

b. Investments (Continued)

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 \$65,000,000. 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 are based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted Cash & Investments

The City has established a Section 115 Trust to accumulate resources for future contributions to CalPERS. As of June 30, 2018, the City reported \$7,396,966 in restricted cash and investments. As of June 30, 2018, the City had \$7,297,623 of restricted cash and investments reported in the general fund in a Section 115 Trust restricted for future pension contributions and \$99,343 in a construction escrow account reported in the Capital Improvements fund. In January 2016, 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 U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates
- Eligible instruments issued pursuant to SEC Rule 144(a)
- Municipal Bonds
- Money Market Mutual Funds

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).

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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.

Investment Type	Minimum legal rating	Not Rated	AAA	AA+	AA-	AA
U.S. Treasury Obligations	N/A	\$ -	\$ -	\$ 13,810,841	\$ -	\$ -
U.S. Government Sponsored Enterprise Securities	N/A	-	-	15,480,106	-	-
Coporate Notes	A	-	3,288,389	1,299,678	2,166,663	-
Money Market Mutual Funds	AAA	-	37,605	-	-	-
Asset Backed Securities	AA	-	2,826,085	-	-	-
Commercial Paper	A-1/A	-	-	-	-	-
California Local Agency Investment Fund	N/A	25,591,322	-	-	-	-
Supranational	AA	-	3,061,267	-	-	-
Restricted Cash and Investments - Section 115 Trust						
Corporate Bonds	BBB-	-	-	351,214	290,384	-
Money Market Mutual Funds	N/A	4,849,011	-	-	-	-
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	-	20,805,088	-	-	-
U.S. Treasury Obligations	N/A	-	-	4,236,175	-	-
U.S. Government Sponsored Enterprise Securities	N/A	-	-	251,318	-	-
Total		<u>\$ 30,440,333</u>	<u>\$ 30,018,434</u>	<u>\$ 35,429,332</u>	<u>\$ 2,457,047</u>	<u>\$ -</u>

Investment Type	Minimum legal rating	A+	A	BBB+	BBB	Total
U.S. Treasury Obligations	N/A	\$ -	\$ -	\$ -	\$ -	\$ 13,810,841
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	15,480,106
Coporate Notes	A	2,335,357	10,017,939	-	-	19,108,026
Money Market Mutual Funds	AAA	-	-	-	-	37,605
Asset Backed Securities	AA	-	-	-	-	2,826,085
Commercial Paper	A-1/A	-	2,500,000	-	-	2,500,000
California Local Agency Investment Fund	N/A	-	-	-	-	25,591,322
Supranational	AA	-	-	-	-	3,061,267
Restricted Cash and Investments - Section 115 Trust						
Corporate Bonds	BBB-	268,387	1,251,346	285,774	100,850	2,547,955
Money Market Mutual Funds	N/A	-	-	-	-	4,849,011
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	-	-	-	-	20,805,088
U.S. Treasury Obligations	N/A	-	-	-	-	4,236,175
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	251,318
Total		<u>\$ 2,603,744</u>	<u>\$ 13,769,285</u>	<u>\$ 285,774</u>	<u>\$ 100,850</u>	<u>\$ 115,104,799</u>

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 their investments, and has authority from City Council to execute purchases and sales of investments according to the parameters in their investment policy without the approval of management. Investments are held by another third party custodian designated by the City.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

c. Risk Disclosures (Continued)

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
Federal National Mortgage Association	U.S Government Sponsored Enterprise	\$ 10,494,516

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, 2018, the City had the following investments and original maturities:

Investment Type	Investment Maturities (in Years)				Total
	12 months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	
U.S. Treasury Obligations	\$ -	\$ 635,959	\$ 13,174,882	\$ -	\$ 13,810,841
U.S. Government Sponsored Enterprise Securities	-	3,466,719	12,013,387	-	15,480,106
Corporate Bonds	5,269,927	3,740,976	10,097,123	-	19,108,026
Money Market Mutual Funds	37,605	-	-	-	37,605
Asset Backed Securities	41,926	823,201	1,960,958	-	2,826,085
Commercial Paper	2,500,000	-	-	-	2,500,000
California Local Agency Investment Fund	25,591,322	-	-	-	25,591,322
Supranational	-	1,046,961	2,014,306	-	3,061,267
Restricted Cash and Investments - Section 115 Trust					
Corporate Bonds	408,188	587,610	785,737	766,420	2,547,955
Money Market Mutual Funds	4,749,668	99,343	-	-	4,849,011
Restricted Cash and Investments with Fiscal Agents					
Money Market Mutual Funds	20,805,088	-	-	-	20,805,088
U.S. Treasury Obligations	-	758,189	3,477,986	-	4,236,175
U.S. Government Sponsored Enterprise Securities	-	-	251,318	-	251,318
	<u>\$ 59,403,725</u>	<u>\$ 11,158,958</u>	<u>\$ 43,775,697</u>	<u>\$ 766,420</u>	<u>\$ 115,104,799</u>

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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. The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Totals	Investments not Measured at Fair Value	Level		
			1	2	3
U.S. Treasury Obligations	\$ 13,810,841	\$ -	\$ -	\$ 13,810,841	\$ -
U.S. Government Sponsored Enterprise Securities	15,480,106	-	-	15,480,106	-
Corporate Bonds	19,108,026	-	-	19,108,026	-
Money Market Mutual Funds	37,605	37,605	-	-	-
Asset Backed Securities	2,826,085	-	-	2,826,085	-
Commercial Paper	2,500,000	-	-	2,500,000	-
California Local Agency Investment Fund	25,591,322	25,591,322	-	-	-
Supranational	3,061,267	-	-	3,061,267	-
Restricted Cash and Investments - Section 115 Trust					
Corporate Bonds	2,547,955	-	-	2,547,955	-
Money Market Mutual Funds	4,849,011	4,849,011	-	-	-
Restricted Cash and Investments with Fiscal Agents					
Money Market Mutual Funds	20,805,088	20,805,088	-	-	-
U.S. Treasury Obligations	4,236,175	-	-	4,236,175	-
U.S. Government Sponsored Enterprise Securities	251,318	-	-	251,318	-
	<u>\$ 115,104,799</u>	<u>\$ 51,283,026</u>	<u>\$ -</u>	<u>\$ 63,821,773</u>	<u>\$ -</u>

Deposits and withdrawals related to the investments in LAIF and money market funds are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy these investments are uncategorized.

NOTE 4 – CALIFORNIA DOMESTIC WATER COMPANY (CDWC)

The City purchases 80.9% of its water for the Water Enterprise 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 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, 2018, 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 \$235,490.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

The City also holds 687.85 shares of preferred stock which are reported at cost as “water rights” within capital assets. During December 2011, Brea was issued 664.14 shares of preferred stock for \$8,141,812 to secure Brea’s claim to the 664.10 acre feet of water rights from CDWC. During May 2013, Brea was issued another 23.75 shares of preferred stock for \$302,592 to secure Brea’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.

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 \$107,792.

As of June 30, 2018, the City holds 2,106.5 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 26.31% of the total shares outstanding. The City reported a decrease of \$53,002 as the change in equity for the year ended June 30, 2018. 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, 2018, the City was entitled to purchase 1.55 acre feet of water per common stock share owned or 3,265.08 acre feet of at the common stock entitlement rate, for a total cost of \$1,301,376.

In an effort to memorialize the transactions that have occurred related to Class A Preferred Stock and to describe and clarify the rights the City has obtained by reason of its ownership of the Class A Preferred Stock, management had prepared an Agreement between CDWC and the City for City Council consideration in May 2018 which outlines the City’s acquisition of Class A Preferred Stock.

Since that time, City staff has learned that California Domestic Water Company (CDWC) is in the process of updating its Rules and Regulations for Water Service (CDWC Rules and Regulations). This document describes how CDWC administers, processes and provides water service including sections outlining provisions for the ownership and entitlements of common stock shares. As part of this update, CDWC plans to add the provisions for the ownership and entitlements of Class A Preferred Stock.

Once the CDWC Rules and Regulations are adopted by the CDWC Board of Directors, the effect of changes, if any, to the information provided regarding the City’s common stock and Class A Preferred Stock would be reported in a future period.

During the year ended June 30, 2018, the City paid \$2,518,523 to California Domestic Water Company for purchases of water during the year. Additionally, the City used \$1,894,223 of replenishment water paid for in August 2016, for a total of \$4,412,746.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018:

CDBG	\$ 1,523,940
HOME Grant Funds	35,241
Affordable Housing Trust	213,000
Total notes and loans receivable	<u>\$ 1,772,181</u>

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. For the remainder of loans and notes receivable, the Agency 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, 2018:

Home Buyer Assistance Loans	\$ 4,614,780
Rehabilitation Loans	162,929
Developer / Organization Loans:	
Acacia Apartments	1,446,924
Birch Hills Affordable Apartments	4,750,000
Bonterra Apartments	1,109,992
Imperial Apartments	2,853,000
La Habra Housing	616,056
South Walnut Bungalows	826,000
Total notes, loans and deferred loans receivable	<u>\$ 16,379,681</u>

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

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

Due To/From Other Funds

	Due From Other Funds		Total
	General Fund	Non-major Governmental Fund	
Due to Other Funds			
Capital Improvements Fund	\$ 1,235,758	\$ 3,900,000	\$ 5,135,758
Non-major Enterprise Funds	280,711	-	280,711
Total	<u>\$ 1,516,469</u>	<u>\$ 3,900,000</u>	<u>\$ 5,416,469</u>

- a. The balances due among the General Fund, Non-major Governmental Fund, and Capital Improvements Fund for \$5,135,758 were related to the downtown parking structure. These balances cleared during the following fiscal year from payments from the Successor Agency.
- b. The balances due between General Fund and Non-major Enterprise Funds for \$280,711 were a result of routine transaction not cleared prior to the end of the fiscal year.

Advances To/From Other Funds

	Advances from Other Funds		Total
	Non-major Governmental Funds	Water Utility Fund	
Advances to Other Funds			
General Fund	\$ 12,157	\$ 118,725	\$ 130,882
Internal Service Funds	-	289,255	289,255
Total	<u>\$ 12,157</u>	<u>\$ 407,980</u>	<u>\$ 420,137</u>

- a. The General Fund and the Internal Service Funds advanced \$407,980 to the Water Utility Fund in order to purchase water rights in 2012. Amounts will be repaid through January 2019, with interest accrued at 0.38%.
- b. The General Fund advanced Non-major Governmental Funds \$12,157 to fund street improvements. Amount will be repaid through June 30, 2020 with interest accrued at 0.36%.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers In/Out from Other Funds

Transfers Out	Transfers In			Total
	General Fund	Capital Improvements Fund	Internal Service Funds	
Governmental Activities:				
General Fund	\$ -	\$ 642,175	\$ 61,303	\$ 703,478
Non-major Governmental Funds	400,000	4,099,524	-	4,499,524
Internal Service Funds	200,000	-	-	200,000
Business-type Activities:				
Non-major Enterprise Funds	450,000	-	-	450,000
Total	<u>\$ 1,050,000</u>	<u>\$ 4,741,699</u>	<u>\$ 61,303</u>	<u>\$ 5,853,002</u>

- a. The General Fund transferred \$642,175 to the Capital Improvements Fund for various capital improvement program projects.
- b. The General Fund transferred \$61,303 to the Internal Service Funds for the purchase of a fire vehicle and community services vehicle.
- c. Non-major Governmental Funds transferred \$400,000 to the General Fund for street maintenance purposes, funded through restricted revenue sources (Gas Tax, etc.).
- d. Non-major Governmental Funds transferred \$4,099,524 to the Capital Improvements Fund for various capital improvement program projects.
- e. The Internal Service Funds transferred \$200,000 to the General Fund for general purposes.
- f. Non-major Enterprise Funds transferred \$450,000 to the General Fund for general purposes and reimbursement of franchise fees paid to Sanitation fund.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – CAPITAL ASSETS

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2018, is as follows:

	Beginning Balance	Transfers	Additions	Disposals	Ending Balance
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 47,151,590	\$ -	\$ 10,084,371	\$ -	\$ 57,235,961
Construction in progress	12,444,497	(23,202,295)	11,089,148	-	331,350
Total Capital Assets, Not Depreciated	59,596,087	(23,202,295)	21,173,519	-	57,567,311
Capital assets, being depreciated:					
Structures and improvements	89,012,014	22,503,326	4,753,017	-	116,268,357
Equipment	21,596,102	698,969	599,830	(2,022,117)	20,872,784
Infrastructure	133,342,655	-	14,613,582	-	147,956,237
Total Capital Assets Being Depreciated	243,950,771	23,202,295	19,966,429	(2,022,117)	285,097,378
Less accumulated depreciation for:					
Structures and improvements	(48,701,723)	-	(1,985,379)	-	(50,687,102)
Equipment	(13,017,400)	-	(1,433,721)	2,011,434	(12,439,687)
Infrastructure	(64,257,391)	-	(4,539,613)	-	(68,797,004)
Total Accumulated Depreciation	(125,976,514)	-	(7,958,713)	2,011,434	(131,923,793)
Total Capital Assets Being Depreciated, Net	117,974,257	23,202,295	12,007,716	(10,683)	153,173,585
Governmental Activities Capital Assets, Net	\$ 177,570,344	\$ -	\$ 33,181,235	\$ (10,683)	\$ 210,740,896

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities:				
Capital assets, not depreciated:				
Land	\$ 2,074,536	\$ 775,575	\$ -	\$ 2,850,111
Water rights - fee title	23,931,020	-	-	23,931,020
Water rights - preferred stock	8,444,404	-	-	8,444,404
Construction in progress	-	204,230	-	204,230
Total Capital Assets, not depreciated	<u>34,449,960</u>	<u>979,805</u>	<u>-</u>	<u>35,429,765</u>
Capital assets, being depreciated:				
Structures and Improvements	-	26,160	-	26,160
Equipment	341,529	8,039	-	349,568
Infrastructure	112,129,592	13,694,611	-	125,824,203
Total Capital Assets Being Depreciated	<u>112,471,121</u>	<u>13,728,810</u>	<u>-</u>	<u>126,199,931</u>
Less accumulated depreciation for:				
Structures and Improvements	-	(1,090)	-	(1,090)
Equipment	(264,589)	(28,434)	-	(293,023)
Infrastructure	(53,388,410)	(2,763,743)	-	(56,152,153)
Total Accumulated Depreciation	<u>(53,652,999)</u>	<u>(2,793,267)</u>	<u>-</u>	<u>(56,446,266)</u>
Total Capital Assets Being Depreciated, Net	<u>58,818,122</u>	<u>10,935,543</u>	<u>-</u>	<u>69,753,665</u>
Business-Type Activities Capital Assets, Net	<u>\$ 93,268,082</u>	<u>\$ 11,915,348</u>	<u>\$ -</u>	<u>\$ 105,183,430</u>

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 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 \$173.33 per acre foot. Refer to Note 4 for further details of transactions with California Domestic Water Company.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
City:	
General government	\$ 780,440
Public safety	527,224
Community services	382,729
Public works	<u>5,473,249</u>
Total City	<u>7,163,642</u>
Internal service:	
Vehicle maintenance	675,464
Building occupancy	<u>119,607</u>
Total internal service	<u>795,071</u>
Total Governmental Activities	<u><u>\$ 7,958,713</u></u>
Business-Type Activities:	
Water utility	\$ 2,309,560
Sewer utility	482,770
Urban runoff	<u>938</u>
Total Business-Type Activities	<u><u>\$ 2,793,268</u></u>

NOTE 8 – LONG-TERM LIABILITIES

a. Governmental Activities Long-Term Liabilities

A summary of changes in governmental activities long-term debt for the year ended June 30, 2018, is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Lease Revenue Bonds:					
2010 lease revenue bonds	\$ 2,760,000	\$ -	\$ -	\$ 2,760,000	\$ -
Capital leases	4,261,876	-	(603,704)	3,658,172	465,458
Compensated absences	2,616,419	2,857,457	(2,989,869)	2,484,007	1,863,004
Claims and judgments (note 11)	4,497,191	2,225,335	(1,701,160)	5,021,366	1,908,119
	<u>\$ 14,135,486</u>	<u>\$ 5,082,792</u>	<u>\$ (5,294,733)</u>	<u>\$ 13,923,545</u>	<u>\$ 4,236,581</u>

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

a. Governmental Activities Long-Term Liabilities (Continued)

Lease Revenue Bonds

2010 Lease Revenue Bonds

The \$2,835,000 principal amount of the 2010 Lease Revenue Bonds was issued by the Brea Public Financing Authority (Authority) in April 2010. The proceeds were used to finance a portion of the costs of the installation of photovoltaic energy systems and energy efficient improvements on City property. The Authority elected to treat the bonds as “Build America Bonds” under Section 54AA(g)(2) of the Tax Code which made the Authority eligible for cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the bonds. These are referred to as “refundable credits” in the bond indenture and are pledged for the payment of the bonds.

Bonds maturing on April 1, 2030, in the amount of \$1,260,000 are term bonds and bear interest at 6.734%. Installments are \$380,000, \$420,000 and \$460,000 and are due in 2028, 2029 and 2030. Bonds maturing on April 1, 2036, in the amount of \$1,500,000, are term bonds and bear interest at 6.884%. Installments range from \$165,000 to \$510,000 every year from 2031 to 2036.

Bonds are payable from the lease payments to be made by the City of Brea for the leasing of certain real property pursuant to the lease agreement dated April 1, 2010. The required reserve for the 2010 lease revenue bonds is \$261,807. As of June 30, 2018, the reserve amount was \$265,506.

The outstanding balance at June 30, 2018, was \$2,760,000.

The debt service schedule of the 2010 Lease Revenue Bonds are as follows:

Year Ending June 30:	Principal	Interest	Total
2019	\$ -	\$ 188,108	\$ 188,108
2020	-	188,108	188,108
2021	-	188,108	188,108
2022	-	188,108	188,108
2023	-	188,108	188,108
2024-2028	380,000	940,542	1,320,542
2029-2033	1,735,000	524,960	2,259,960
2034-2036	645,000	91,557	736,557
Total	<u>\$ 2,760,000</u>	<u>\$ 2,497,599</u>	<u>\$ 5,257,599</u>

Capital Leases

In April 2010, the City entered into equipment lease purchase agreement with Banc of America Leasing & Capital, LLC to finance the Brea Civic and Cultural Center Project, and the Brea Community Center Project. Per the lease agreement, remaining semi-annual payments ranging from \$11,467 to \$80,272 are due in April and October of each year with the final payment due in April 2027. The outstanding balance at June 30, 2018, was \$2,485,000.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

a. Governmental Activities Long-Term Liabilities (Continued)

In August 2015, the City entered into an equipment lease purchase agreement with Banc of America Public Capital Corp in the amount of \$1,952,104 for the acquisition of public safety radio communication equipment in connection with the upgrade of the Orange County 800 Megahertz Countywide Coordinated Communication System. Per the lease agreement, remaining semiannual payments ranging from \$142,729 to \$150,611 are due in June and December of each year with the final payment due in June 2022. The outstanding balance at June 30, 2018, was \$1,173,172.

The assets acquired through capital lease is as follows:

Equipment	\$ 6,663,699
Less: Accumulated Depreciation	(1,715,905)
Total	<u>\$ 4,947,794</u>

Combined future capital lease payments are as follows:

Year Ending June 30:	
2019	\$ 645,819
2020	654,191
2021	666,271
2022	675,836
2023	380,298
2024-2027	<u>1,579,806</u>
Total minimum lease payments	4,602,221
Less: amount representing interest	(944,049)
Present value of minimum lease payment	<u>\$ 3,658,172</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The Governmental Activities' liability, at June 30, 2018, will be paid in future years from the General Fund, Vehicle Maintenance Fund, and Building Occupancy Fund in amounts of \$2,392,480, \$32,239 and \$59,288 respectively. Total compensated absences at June 30, 2018, were \$2,484,007.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

b. Business-Type Activities Long-Term Liabilities

A summary of changes in business-type activities long-term debt for the year ended June 30, 2018 is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water Revenue Bonds:					
2009 Water Revenue Bonds	\$ 22,280,000	\$ -	\$ (590,000)	\$ 21,690,000	\$ 610,000
2010 Water Revenue Bonds	9,885,000	-	(125,000)	9,760,000	150,000
2014 Water Revenue Bonds	17,985,000	-	(325,000)	17,660,000	340,000
Compensated absences	265,061	239,737	(254,358)	250,440	187,830
Totals	<u>\$ 50,415,061</u>	<u>\$ 239,737</u>	<u>\$ (1,294,358)</u>	<u>\$ 49,360,440</u>	<u>\$ 1,287,830</u>
			Unamortized bond discount	\$ (271,218)	
			Unamortized bond premium	2,053,519	
				<u>\$ 51,142,741</u>	

Water Revenue Bonds

2009 Water Revenue Bonds

In May 2009, the Brea Public Financing Authority issued \$25,800,000 of 2009 Water Revenue Bonds structured into two series. The \$12,855,000 2009 Water Revenue Refunding Bond Series A and the \$12,945,000 2009 Water Revenue Bonds, Series B. The proceeds from Series A bonds was used to current refund all of the remaining outstanding 1998 Water Revenue Bonds and proceeds from the Series B Bonds financed the acquisition of additional water rights and various capital projects relating to the Water System. Proceeds were also used to fund a debt service reserve fund and pay cost of issuance expenses.

Series A bonds consist of \$12,855,000 serial bonds and term bonds. Bonds maturing in the years 2010 through 2027 are serial bonds payable in remaining annual installments of \$610,000 to \$930,000 and bear interest at 4.0% to 4.75%. Bonds maturing July 1, 2029, in the amount of \$1,375,000 are term bonds and bear interest at 4.75%. Series B bonds consist of \$12,945,000 term bonds. Bonds mature from 2029 through 2039 in annual installments of \$525,000 to \$1,495,000 and bear interest at 6.75%.

The required reserve for the 2009 Water Revenue Bonds is \$1,560,937. As of June 30, 2018, the reserve was \$1,875,147 being held in the Water Fund of the City of Brea. The outstanding balance at June 30, 2018, was \$21,690,000.

2010 Water Revenue Bonds

In April 2010, the Brea Public Financing Authority issued \$12,295,000 of water revenue bonds into two series. Both Series A and B were issued to finance a portion of the costs of the installation of photovoltaic energy systems and energy efficient improvements at the City. Proceeds were also used to fund a debt service reserve fund and pay issuance costs and capitalized interest on the bonds through the end of the construction phase.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

b. Business-Type Activities Long-Term Liabilities (Continued)

2010 Water Revenue Bonds (Continued)

Series A bonds consisted of \$2,410,000 of tax exempt serial bond maturing on July 1 of each year beginning in 2012 through 2016, and has been paid in full. Series B bonds consisted of \$9,885,000 of federally taxable “Build America Bonds”, \$2,195,000 of these bonds are serial bonds maturity on July 1 of each year beginning in 2017 through 2025. Annual principal installments range from \$125,000 to \$385,000. Interest payments are due July 1 and January 1 of each year and range from 4.37% to 5.99%. The remaining \$7,690,000 are term bonds due maturing on July 1, 2030 and July 1, 2036 in the amounts of \$2,685,000 and \$5,005,000. The Series B bonds are also subject to mandatory sinking fund requirements. These “Build America Bonds” under Section 54AA(g)(1) of the Tax Code make the Authority eligible for cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the bonds. These are referred to as “refundable credits” in the bond indenture and are pledged for the payment of the bonds.

The required reserve for the 2010 Water Revenue Bonds, Series B is \$758,076. As of June 30, 2018, the reserve amount was \$1,321,437. The outstanding balance at June 30, 2018 was \$9,760,000.

2014 Water Revenue Bonds

In August 2014, the Brea Community Benefit Financing Authority issued \$18,555,000 of 2014 Water Revenue Bonds. The proceeds will be 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 outstanding balance at June 30, 2018, was \$17,660,000.

Water Revenue Bonds Debt Coverage Requirement

The City has covenanted that gross revenues (including interest revenue and excluding 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, 2018, were \$22,885,107. Operation and maintenance costs for the year ended June 30, 2018, were \$11,972,562, excluding depreciation. This resulted in a debt coverage ratio of 2.81 for the year ended June 30, 2018.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

b. Business-Type Activities Long-Term Liabilities (Continued)

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, 2018 was \$88,184,244.

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

Year Ending June 30:	Principal	Interest	Total
2019	\$ 1,100,000	\$ 2,698,827	\$ 3,798,827
2020	1,165,000	2,652,304	3,817,304
2021	1,235,000	2,600,695	3,835,695
2022	1,310,000	2,543,596	3,853,596
2023	1,390,000	2,484,316	3,874,316
2024-2028	8,340,000	11,296,377	19,636,377
2029-2033	11,335,000	8,602,059	19,937,059
2034-2038	13,475,000	4,734,520	18,209,520
2039-2043	7,565,000	1,350,425	8,915,425
2044-2045	2,195,000	111,125	2,306,125
Total	<u>\$ 49,110,000</u>	<u>\$ 39,074,244</u>	<u>\$ 88,184,244</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability at June 30, 2018, will be paid in future years by the enterprise funds. Total compensated absences at June 30, 2018, were \$250,440.

c. 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 agency 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.

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

c. Debt Without Government Commitment (Continued)

In June 2005, the Brea Public Financing Authority issued \$15,405,000 Brea Public Financing Authority 2005 Series A Local Agency Revenue Bonds for and on behalf of the City of Brea Community Facilities District No. 1997-1 (Olinda Heights Public Improvements) and the Brea Olinda Unified School District (BOUSD) Community Facilities District No. 95-1 (Olinda Heights). \$6,665,000 of the City of Brea Community Facilities District Bonds were for a current refunding of the Community Facilities District No. 1997-1 (Olinda Heights Public Improvements) 1998 Special Tax Bonds. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982, and are payable from the proceeds of annual special tax to be levied on property. The bonds mature from 2006 to 2028, with remaining annual installments ranging from \$285,000 to \$430,000 per year. The interest rates on the bonds range from 3.875% to 4.375%. The outstanding balance at June 30, 2018, was \$3,875,000. The remaining \$6,310,000 of bonds outstanding relate to the BOUSD Community Facilities District No. 95-1 (Olinda Heights), and are not part of the City. Refer to the separately prepared financial statements of the BOUSD for further information.

In February 2014, the City issued on behalf of the Community Facilities District No. 1996-1 (Downtown Brea Public Improvements) \$1,630,000 aggregate principal of 2014 Special Tax Refunding Bonds to currently refund in full the Community Facilities District No. 1996-1 (Downtown Brea Public Improvements) 1997 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 2014 to 2021, with remaining annual installments ranging from \$210,000 to \$225,000 per year. The annual interest rate on the bonds is 2.580%. The outstanding balance at June 30, 2018, was \$870,000.

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 \$200,000 to \$575,000. The remaining interest rates on the bonds range from 2.000% to 4.000%. The outstanding balance at June 30, 2018, was \$8,555,000.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

a. Plan Description

The City of Brea contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. 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.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 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.

	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 yrs - 63 years, respectively	1.426% - 2.418% 50 yrs - 63 years, respectively	1.000% - 2.500% 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	7.000%	5.750%
Required employer contribution rates	18.778%	18.778%	5.692%

* Closed to new entrants

	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 January 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	3.000% 50 yrs	3.000% 50 yrs	2.000% - 2.700% 50 yrs - 55 yrs, respectively	2.000% - 2.700% 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	9.000%	10.250%
Required employer contribution rates	53.227%	53.227%	53.227%	10.495%

* Closed to new entrants

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

c. Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms of the Plans:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Inactive employees or beneficiaries currently receiving benefits	272	204
Inactive employees entitled to but not yet receiving benefits	274	74
Active employees	201	100
Total	747	378

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 during the year ended June 30, 2018 were \$2,433,536 and \$6,573,125 for the Miscellaneous Plan and the Safety Plan, respectively.

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

The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary increases	3.3% to 14.2% by Entry, Age and Service	3.3 to 14.2 percent by Entry, Age and Service
Mortality Table**	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds

**The mortality table used was developed based on 2014 CalPERS's Experience Study. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

e. Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

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 on pension plan investments, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for each Plan.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00	0.80	2.27
Inflation Sensitive	6.00	0.60	1.39
Private Equity	12.00	6.60	6.63
Real Estate	11.00	2.80	5.21
Infrastructure and Forestland	3.00	3.90	5.36
Liquidity	2.00	-0.40	-0.90

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

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

f. Changes of Assumptions

For the June 30, 2017 measurement date, the discount rate was changed from 7.65% to 7.15%.

g. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent 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.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

h. Changes in the Net Pension Liability

The changes in Net Pension Liability for each Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous Plan			
Balance at June 30, 2016	\$ 125,653,186	\$ 92,909,405	\$ 32,743,781
Changes in the year:			
Service Cost	2,355,806	-	2,355,806
Interest on the total pension liability	9,338,038	-	9,338,038
Changes in assumptions	7,763,702	-	7,763,702
Differences between expected and actual experience	(972,574)	-	(972,574)
Net Plan to Plan Resource Movement	-	(68,950)	68,950
Contribution - employer	-	2,810,705	(2,810,705)
Contribution - employee	-	1,135,787	(1,135,787)
Net Investment Income	-	10,371,791	(10,371,791)
Benefit payments, including refunds of employee contributions	(6,040,591)	(6,040,591)	-
Administrative expense	-	(137,174)	137,174
Net changes	12,444,381	8,071,568	4,372,813
Balance at June 30, 2017	\$ 138,097,567	\$ 100,980,973	\$ 37,116,594
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Safety Plan			
Balance at June 30, 2016	\$ 230,031,065	\$ 151,158,712	\$ 78,872,353
Changes in the year:			
Service Cost	3,216,910	-	3,216,910
Interest on the total pension liability	16,994,058	-	16,994,058
Changes in assumptions	14,075,011	-	14,075,011
Differences between expected and actual experience	(2,374,086)	-	(2,374,086)
Net Plan to Plan Resource Movement	-	68,950	(68,950)
Contribution - employer	-	5,562,362	(5,562,362)
Contribution - employee	-	1,103,737	(1,103,737)
Net Investment Income	-	16,755,962	(16,755,962)
Benefit payments, including refunds of employee contributions	(11,322,632)	(11,322,632)	-
Administrative expenses	-	(223,176)	223,176
Net changes	20,589,261	11,945,203	8,644,058
Balance at June 30, 2017	\$ 250,620,326	\$ 163,103,915	\$ 87,516,411

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Miscellaneous Plan's net pension liability	\$ 55,837,801	\$ 37,116,594	\$ 21,649,358
Safety Plan's net pension liability	121,393,498	87,516,411	59,654,608
Total Net Pension Liability	<u>\$ 177,231,299</u>	<u>\$ 124,633,005</u>	<u>\$ 81,303,966</u>

j. Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2018, the City recognized pension expense of \$5,301,859 for the Miscellaneous Plan and \$10,046,035 for the Safety Plan. As of June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Contributions made after the measurement date	\$ 2,433,536	\$ -
Difference between expected and actual experience	-	(858,906)
Change in assumptions	4,888,257	-
Net difference between projected and actual earnings on pension plan investments	1,291,295	-
Miscellaneous Plan Total	<u>8,613,088</u>	<u>(858,906)</u>
Safety Plan		
Contributions made after the measurement date	6,573,125	-
Difference between expected and actual experience	-	(2,212,869)
Change in assumptions	9,048,221	-
Net difference between projected and actual earnings on pension plan investments	2,288,558	-
Safety Plan Total	<u>17,909,904</u>	<u>(2,212,869)</u>
Total	<u>\$ 26,522,992</u>	<u>\$ (3,071,775)</u>

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

k. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

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 \$2,433,536 and \$6,573,125 for the Miscellaneous and Safety Plans, respectively, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2019. 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, 2017 measurement date, the expected average remaining service lifetime is 2.7 years for the Miscellaneous Plan and 2.8 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,	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2019	\$ 2,210,933	\$ 3,388,397
2020	3,315,494	5,990,764
2021	558,675	969,600
2022	(764,456)	(1,224,851)
Total	<u>\$ 5,320,646</u>	<u>\$ 9,123,910</u>

NOTE 10 – 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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

c. Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	298
Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to, but not yet receiving benefits	75
Total	<u>583</u>

d. Total OPEB Liability

The City's total OPEB liability of \$25,865,288 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date. 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, 2017 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	3.58%
Inflation	2.75%
Payroll Growth	3.00%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare 7.5% and Medicare 6.5% decreased to 4.0% Non-Medicare and 4.0% Medicare in 2076 and later years
PEMHCA	4.25% for 2020+
Participation at Retirement	Actives: 80% decreasing to 60% over 24 years Retirees: 100% if covered, 5% re-elect at age 65 if waived and under age 65

(1) Derived using CalPERS 1997-2015 Experience Study

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of June 30, 2017.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

e. Changes of Assumptions

For the June 30, 2017 measurement date, the discount rate was changed from 2.85% to 3.58%.

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	<u>\$ 27,678,298</u>
Changes in the year:	
Service Cost	1,020,496
Interest	801,573
Changes in assumptions	(2,488,279)
Benefit payments, including refunds of employee contributions	(1,146,800)
Net changes	<u>(1,813,010)</u>
Balance at June 30, 2018	<u>\$ 25,865,288</u>

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 (2.58 percent) or 1 percentage-point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 29,375,707	\$ 25,865,288	\$ 23,001,602

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 (6.5/5.5 to 3%)	Healthcare Trend Rate (7.5/6.5 to 4%)	1% Increase (8.5/7.5 to 5%)
Total OPEB Liability	\$ 24,100,610	\$ 25,865,288	\$ 28,627,152

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,426,734. At June 30, 2018 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
Amounts paid by the employer for OPEB as the benefits come due subsequent to the measurement date	\$ 1,176,100	\$ -
Changes in assumptions	-	2,086,944
Total	<u>\$ 1,176,100</u>	<u>\$ 2,086,944</u>

\$1,176,100 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization
2019	\$ (401,335)
2020	(401,335)
2021	(401,335)
2022	(401,335)
2023	(401,335)
Thereafter	(80,269)
Total	<u>\$ (2,086,944)</u>

NOTE 11 – SELF-INSURANCE PROGRAM

The City is a member of the California Insurance Pool Authority (CIPA). CIPA, a consortium of 11 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, 2018, 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 their annual premium. During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – SELF-INSURANCE PROGRAM (CONTINUED)

At June 30, 2018, \$5,021,366 has been accrued for general liability and workers' compensation claims in the Internal Service Risk Management 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, 2018, 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.

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

Claims and judgements at June 30, 2016	\$ 4,220,920
Claims payments	(1,634,136)
Claims incurred and changes in estimates	<u>1,910,407</u>
Claims and judgements at June 30, 2017	4,497,191
Claims payments	(1,705,292)
Claims incurred and changes in estimates	<u>2,229,467</u>
Claims and judgements at June 30, 2018	<u><u>\$ 5,021,366</u></u>

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – FUND BALANCE CLASSIFICATIONS

Fund balances in the governmental funds as of June 30, 2018, have been classified as follows:

		Special Revenue	Capital		
		Fund	Projects Fund	Non-major	
		Housing	Capital	Governmental	
	General	Successor	Improvements	Funds	Total
Nonspendable:					
Advances to other funds	\$ 130,882	\$ -	\$ -	\$ -	\$ 130,882
Prepaid costs	8,680	-	-	-	8,680
Total nonspendable	139,562	-	-	-	139,562
Restricted:					
Debt service	259,380	-	-	-	259,380
Prop 172	100,013	-	-	-	100,013
COPS	146,485	-	-	-	146,485
Lighting and maintenance districts	280,884	-	-	-	280,884
Low and moderate income housing asset	-	20,721,516	-	-	20,721,516
Gas tax	-	-	-	1,342,676	1,342,676
Narcotic enforcement asset seizure	-	-	-	158,168	158,168
Air quality improvement	-	-	-	242,076	242,076
Park development	-	-	-	3,222,119	3,222,119
Measure M	-	-	-	2,090,582	2,090,582
Affordable housing trust	-	-	-	2,414,202	2,414,202
Blackstone CFD	-	-	-	2,068,013	2,068,013
La Floresta CFD	-	-	-	143,803	143,803
Taylor-Morrison CFD	-	-	-	92,603	92,603
Central Park Village CFD	-	-	-	30,608	30,608
Capital and mitigation improvement	-	-	-	4,103,447	4,103,447
Storm drain	-	-	-	256,955	256,955
Capital projects	-	-	7,730,642	-	7,730,642
Pension stabilization	7,325,249	-	-	-	7,325,249
Total restricted	8,112,011	20,721,516	7,730,642	16,165,252	52,729,421
Committed:					
General Plan Maintenance Fee	818,988	-	-	-	818,988
Brea War Memorial	48,853	-	-	-	48,853
Total committed	867,841	-	-	-	867,841
Assigned to:					
Community Benefit and Economic Development	2,501,082	-	-	-	2,501,082
OPEB fund	155,103	-	-	-	155,103
Community center	948,517	-	-	-	948,517
Capital Asset replacement	8,665,861	-	-	-	8,665,861
Total assigned	12,270,563	-	-	-	12,270,563
Unassigned	14,703,360	-	-	(9,653)	14,693,707
Total	\$ 36,093,337	\$ 20,721,516	\$ 7,730,642	\$ 16,155,599	\$ 80,701,094

CITY OF BREA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 13 – RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS

The City adopted Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and No. 85, *Omnibus 2017*, effective July 1, 2017. As a result of the implementation, the City restated the beginning net position as noted below:

	June 30, 2017 Previously Reported	Restatement	June 30, 2017 Restated
<u>Governmental Activities:</u>			
Net OPEB obligation	\$ (6,742,813)	\$ 6,742,813	\$ -
Total OPEB liability	-	(24,080,119)	(24,080,119)
Deferred outflows of resources	-	1,003,716	1,003,716
Net position	166,261,169	(16,333,590)	149,927,579
<u>Internal Service Funds:</u>			
Total OPEB liability	-	(2,150,604)	(2,150,604)
Deferred outflows of resources	-	89,109	89,109
Net position	5,029,586	(2,061,495)	2,968,091
<u>Business-type Activities - Enterprise Funds:</u>			
Total OPEB liability	-	(3,598,179)	(3,598,179)
Deferred outflows of resources	-	149,084	149,084
Net position	62,125,632	(3,449,095)	58,676,537
<u>Enterprise Funds: Water</u>			
Total OPEB liability	-	(1,489,092)	(1,489,092)
Deferred outflows of resources	-	61,697	61,697
Net position	50,036,469	(1,427,395)	48,609,074
<u>Enterprise Funds: Sewer</u>			
Total OPEB liability	-	(545,263)	(545,263)
Deferred outflows of resources	-	22,592	22,592
Net position	15,087,588	(522,671)	14,564,917
<u>Enterprise Funds: Nonmajor Enterprise</u>			
Total OPEB liability	-	(1,563,824)	(1,563,824)
Deferred outflows of resources	-	64,795	64,795
Net position	(2,940,945)	(1,499,029)	(4,439,974)

Refer to Note 10 for further details on the implementation of the OPEB standards.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The following material construction and other significant commitments existed at June 30, 2018:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2018</u>	<u>Remaining Commitments</u>
Capital Improvements Fund:			
57 Freeway & Lambert Road Interchange Improvement Project	\$ 5,970,000	\$ 5,097,469	\$ 872,531
The Tracks At Brea Trail Project - EPA RLF	1,153,000	999,261	153,739
Laurel Elementary Magnet/Lagos de Moreno Park Upgrades	1,942,040	1,512,060	429,980
Randolph St./Imperial Hwy./Lambert St./State College Blvd.	724,650	79,035	645,615
Total	<u>\$ 9,789,690</u>	<u>\$ 7,687,825</u>	<u>\$ 2,101,865</u>

Further, as described in Note 17, the City annually contributes amounts to the Successor Agency for debt service. For the year ended June 30, 2018, \$1,394,609 was contributed for debt service.

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.

In an effort to memorialize the transactions that have occurred related to Class A Preferred Stock and to describe and clarify the rights the City has obtained by reason of its ownership of the Class A Preferred Stock, management had prepared an Agreement between CDWC and the City for City Council consideration in May 2018 which outlines the City's acquisition of Class A Preferred Stock.

Since that time, City staff has learned that California Domestic Water Company (CDWC) is in the process of updating its Rules and Regulations for Water Service (CDWC Rules and Regulations). This document describes how CDWC administers, processes and provides water service including sections outlining provisions for the ownership and entitlements of common stock shares. As part of this update, CDWC plans to add the provisions for the ownership and entitlements of Class A Preferred Stock.

Once the CDWC Rules and Regulations are adopted by the CDWC Board of Directors, the effect of changes, if any, to the information provided regarding the City's common stock and Class A Preferred Stock would be reported in a future period.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

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 an Agency fund of the City. During the year ended June 30, 2018, the City paid \$18,002 to ILJAOC for its share of operating and replacement costs. 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.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

a. Cash and investments

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

Cash and Investments	\$ 2,107,776
Cash and Investments with fiscal agent	<u>18,090,111</u>
	<u>\$ 20,197,887</u>

b. Deferred Loans

The City (through the former redevelopment agency) has made long term loans to various developers and organizations to stimulate development in the City and remove blight in designated project areas. The outstanding balance at June 30, 2018, is as follows:

Rehabilitation loans	\$ 8,000
Developer/ Organization Loans:	
Brea Improv	276,430
Brea Olinda Unified School District	<u>1,708,555</u>
	<u>\$ 1,992,985</u>

c. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2018, follows:

	Beginning Balance	Additions	Repayments	Retirements	Ending Balance	Due Within One Year
Tax Allocation Bonds						
2003 Tax Allocation Bonds	\$ 28,450,418	\$ 627,974	\$ -	\$ (16,475,000)	\$ 12,603,392	\$ -
2011 Tax Allocation Bonds Series A	25,837,733	1,182,132	-	(27,019,865)	-	-
2011 Tax Allocation Bonds Series B	9,940,000	-	-	(9,940,000)	-	-
2013 Tax Allocation Bonds	74,880,000	-	(7,130,000)	-	67,750,000	7,245,000
2016 Tax Allocation Bonds Series A	10,425,000	-	(1,150,000)	-	9,275,000	1,030,000
2016 Tax Allocation Bonds Series B	1,540,000	-	(155,000)	-	1,385,000	145,000
2017 Tax Allocation Bonds Series A	-	32,851,710	-	-	32,851,710	-
2017 Tax Allocation Bonds Series B	-	13,070,000	-	-	13,070,000	-
Subtotal - Tax Allocation Bonds	<u>151,073,151</u>	<u>47,731,816</u>	<u>(8,435,000)</u>	<u>(53,434,865)</u>	<u>136,935,102</u>	<u>8,420,000</u>
Lease Revenue Bonds						
2004 Refunding Lease Revenue Bonds	1,595,000	-	(295,000)	-	1,300,000	305,000
2010 Refunding Lease Revenue Bonds	4,710,000	-	(870,000)	-	3,840,000	905,000
Subtotal -Lease Revenue Bonds	<u>6,305,000</u>	<u>-</u>	<u>(1,165,000)</u>	<u>-</u>	<u>5,140,000</u>	<u>1,210,000</u>
Total	<u>\$ 157,378,151</u>	<u>\$ 47,731,816</u>	<u>\$ (9,600,000)</u>	<u>\$ (53,434,865)</u>	<u>142,075,102</u>	<u>\$ 9,630,000</u>
				Unamortized bond discounts and premiums	<u>12,133,696</u>	
					<u>\$ 154,208,798</u>	

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

c. Long-Term Debt (Continued)

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 Agency's 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 their nature, there is 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 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, 2018, was \$12,603,392.

2011 Tax Allocation Bonds, Series A and B

In June 2011, the former Brea Redevelopment Agency issued \$18,839,323 principal amount of Brea Redevelopment Agency 2011 Tax Allocation Bonds, Series A. The proceeds were used to: 1) refund all of the Agency's remaining outstanding 2001 Subordinate Tax Allocation Refunding Bonds, Series B, 2) finance projects benefiting the Agency's Redevelopment Project AB, 3) fund a reserve account, and 4) pay costs of issuance.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

c. Long-Term Debt (Continued)

In June 2011, the former Brea Redevelopment Agency issued \$10,295,000 principal amount of Brea Redevelopment Agency 2011 Taxable Tax Allocation Housing Bonds, Series B. The proceeds were used to: 1) finance projects in the Agency's low and moderating income housing program of benefit to the project area, 2) fund a reserve account, and 3) pay costs of issuance.

As of June 30, 2018, the 2011 Tax Allocation Bonds, Series A and B outstanding balances are considered legally defeased.

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.

The difference between the reacquisition price and carrying value of the refunded debt resulted in a deferred loss on refunding. The balance as of June 30, 2018 of \$476,968 is reported as a deferred outflow of resources, and will be amortized over the life of the new debt as a component of interest expense.

Bonds maturing in the years 2014 to 2026 are payable in August 1, of each year with annual installments ranging from \$1,500,000 to \$8,595,000. The remaining interest rates on the bonds was 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, 2018, was \$67,750,000.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

c. Long-Term Debt (Continued)

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 difference between the reacquisition price and carrying value of the refunded debt is reported as a deferred outflow of resources as of June 30, 2018 totaling \$542,921. This amount will be amortized over the life of the refunded debt, as a component of interest expense.

The Series A Serial Bonds totaling \$10,425,000 have principal repayments ranging from \$915,000 to \$1,150,000 with interest rates ranging from 2.00% to 4.00%.

The outstanding balance at June 30, 2018 was \$9,275,000.

The Series B Serial Bonds totaling \$1,540,000 have principal repayment ranging from \$145,000 to \$165,000 with interest rates ranging from 1.25% to 3.00%.

The outstanding balance at June 30, 2018 was \$1,385,000.

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 it 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 difference between the reacquisition price and carrying value of the refunded debt is reported as a deferred outflow of resources as of June 30, 2018, totaling \$7,148,147. This amount will be amortized over the life of the refunding debt as a component of interest expense. The refunding provided for a cumulative savings of \$24,474,521 over the life of the bonds, resulting in an economic gain of \$9,434,502 net of other funds to fund the redemption, or 18.1 percent of the refunded principal.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

c. Long-Term Debt (Continued)

2017 Tax Allocation Refunding Bonds, Series A and B (Continued)

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.

The Series A Convertible Capital Appreciation Bonds have a face value of \$16,080,000. By their nature, there is 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, 2018 was \$32,851,710.

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, 2018 was \$13,070,000.

A financial guaranty insurance policy has been issue 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 Payment
2019	\$ 8,875,000	\$ 4,760,448	\$ 13,635,448
2020	9,055,000	4,346,498	13,401,498
2021	9,485,000	3,909,338	13,394,338
2022	9,930,000	3,454,913	13,384,913
2023	10,310,000	2,986,038	13,296,038
2024 - 2028	49,830,821	11,789,017	61,619,838
2029 - 2033	27,733,431	16,761,218	44,494,649
2034 - 2037	11,715,850	3,011,040	14,726,890
Total	<u>\$ 136,935,102</u>	<u>\$ 51,018,510</u>	<u>\$ 187,953,612</u>

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

c. Long-Term Debt (Continued)

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 \$187,953,612, with annual debt service requirements as 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 \$16,919,118 and the debt service obligation was \$14,207,086.

Refunding Lease Revenue Bonds

2004 Refunding Lease Revenue Bonds

The \$4,330,000 principal amount of the 2004 Refunding Lease Revenue Bonds was issued by the Brea Public Financing Authority in November 2004, to advance refund the Brea Public Financing Authority's 1995 Lease Revenue Bonds.

Bonds maturing in the years 2005 to 2021 are serial bonds payable in remaining annual installments ranging from \$295,000 to \$345,000. The bonds bear remaining interest of 3.875% to 4.500%. Bonds maturing on or after July 1, 2015, may be called before maturity and redeemed at the option of the Authority in whole or in part on any date after July 1, 2014, at a redemption price equal to 100% of the principal amount of the bonds redeemed.

Bonds are payable from the lease payments to be made by the City of Brea for the subleasing of certain real property pursuant to a lease agreement dated November 1, 2004. A financial guarantee insurance policy has been issued, and accordingly, no cash reserve balance is required to be established. Simultaneously, the City and the Agency entered into the Fourth Supplement to the Amended and Restated Reimbursement Agreement.

The outstanding balance at June 30, 2018, was \$1,300,000.

2010 Refunding Lease Revenue Bonds

The \$9,460,000 principal amount of the 2010 Refunding Lease Revenue Bonds was issued by the Brea Public Financing Authority in December 2010, to refund the Brea Public Financing Authority's 1998 Lease Revenue Refunding Bonds.

Bonds maturing in the years 2011 to 2021 are serial bonds payable in remaining annual installments ranging from \$870,000 to \$1,015,000. The bonds bear interest at 2% to 4%, due semi-annually on January 1 and July 1. Bonds maturing on July 1, 2021, may be redeemed at the option of the Authority in whole or in part on any date after July 1, 2020, at a redemption price equal to 100% of the principal amount of the bonds redeemed.

CITY OF BREA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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

d. Long-Term Debt (Continued)

Bonds are payable from the lease payments to be made by the City of Brea for the right to use and occupy certain property pursuant to a lease agreement dated December 1, 1998, and further amended by Amended and Restated Sublease Agreement dated December 1, 2010. Simultaneously, the City and the Agency entered into the Fourth Supplement to the Amended and Restated Reimbursement Agreement.

The outstanding balance at June 30, 2018, was \$3,840,000.

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

Year Ending June 30,	Principal	Interest	Total Payment
2019	\$ 1,210,000	\$ 182,484	\$ 1,392,484
2020	1,260,000	133,275	1,393,275
2021	1,310,000	81,669	1,391,669
2022	1,360,000	27,631	1,387,631
Total	<u>\$ 5,140,000</u>	<u>\$ 425,059</u>	<u>\$ 5,565,059</u>

Pledged Revenues – Lease Refunding Bonds

The Successor Agency pledged, as security for the lease revenue bonds issued, direct General Fund contribution and indirect tax increment revenue via a lease reimbursement agreement. The bonds issued were 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 \$5,565,059 with annual debt service requirements as indicated above. For the current year, the General Fund contribution was \$1,394,609 and total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$16,919,118. The debt service obligation on the lease revenue bonds for the current year was \$1,394,609.

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 bondholder for debt service payment. When the bonds are converted, then the Borrower will pay principal and interest per bond conversion. The outstanding balance at June 30, 2018, was \$3,697,816 for Series A-1.

CITY OF BREA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

e. Insurance

The Successor Agency of the former Redevelopment Agency is covered under the insurance policy of the City of Brea at June 30, 2018.

f. Other Significant Commitments

Owner Participation Agreement

In 1987, the Brea Redevelopment Agency entered into an owner participation agreement with the owners of the Brea Mall. This agreement obligates the Agency to pay the owners 80% of the tax increment revenues generated by the Brea Mall above the 1987-1988 base year tax increment, plus \$15,000. The agreement's term is for 33 years beginning the year ended June 30, 1990. The tax increment revenue sharing payments are senior to bond payments.

The amount paid by the Agency as a result of this agreement for the fiscal year ended June 30, 2018, was \$1,581,169. Future minimum payments for the remaining years are estimated as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 1,626,662
2020	1,673,065
2021	1,720,395
2022	<u>1,768,673</u>
Total	<u>\$ 6,788,795</u>

g. Deficit Net Position

As of June 30, 2018, the Agency had a deficit net position of \$132,484,230. This will be reduced with future receipt of distributions from the Redevelopment Property Tax Trust Fund from the County.

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CITY OF BREA, CALIFORNIA

MISCELLANEOUS PLAN SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS LAST TEN YEARS* AS OF JUNE 30, 2018

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 2,355,806	\$ 2,046,427	\$ 2,062,984	\$ 2,192,940
Interest on the total pension liability	9,338,038	9,044,787	8,692,445	8,386,263
Differences between actual and expected experience	(972,574)	(950,961)	(1,784,268)	-
Changes in assumptions	7,763,702	-	(2,142,611)	-
Benefit payments, including refunds of employee contributions	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
Net change in total pension liability	12,444,381	4,845,587	1,742,383	6,110,482
Total pension liability- beginning	125,653,186	120,807,599	119,065,216	112,954,734
Total pension liability- ending (a)	\$ 138,097,567	\$ 125,653,186	\$ 120,807,599	\$ 119,065,216
Plan fiduciary net position				
Net Plan to Plan Resource Movement	\$ (68,950)	\$ -	\$ -	\$ -
Contributions- employer	2,810,705	2,403,298	2,132,083	1,969,185
Contributions- employee	1,135,787	1,071,389	1,087,960	1,140,919
Net investment income	10,371,791	510,663	2,130,803	14,101,824
Benefit payments, including refunds of employee contributions	(6,040,591)	(5,294,666)	(5,086,167)	(4,468,721)
Administrative expense	(137,174)	(57,456)	(106,071)	-
Net change in plan fiduciary net position	8,071,568	(1,366,772)	158,608	12,743,207
Plan fiduciary net position- beginning	92,909,405	94,276,177	94,117,569	81,374,362
Plan fiduciary net position- ending (b)	\$ 100,980,973	\$ 92,909,405	\$ 94,276,177	\$ 94,117,569
 Net pension liability- ending (a) - (b)	 \$ 37,116,594	 \$ 32,743,781	 \$ 26,531,422	 \$ 24,947,647
 Plan fiduciary net position as a percentage of the total pension liability	 73.12%	 73.94%	 78.04%	 79.05%
 Covered payroll	 \$ 16,716,903	 \$ 15,474,119	 \$ 15,043,603	 \$ 14,843,300
 Net pension liability as percentage of covered payroll	 222.03%	 211.60%	 176.36%	 168.07%
 Measurement Period	 June 30, 2017	 June 30, 2016	 June 30, 2015	 June 30, 2014

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

Changes of Assumptions: In 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2016 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 % (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

Benefits Changes: The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2015 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).

CITY OF BREA, CALIFORNIA

SAFETY PLAN SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS LAST TEN YEARS* AS OF JUNE 30, 2018

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 3,216,910	\$ 2,745,588	\$ 2,865,433	\$ 3,080,297
Interest	16,994,058	16,654,242	16,223,231	15,749,580
Difference Between expected and Actual Experience	(2,374,086)	(2,403,349)	(2,307,435)	-
Changes in Assumptions	14,075,011	-	(3,994,113)	-
Benefit payments, including refunds of employee contributions	(11,322,632)	(11,396,941)	(10,585,623)	(10,108,174)
Net change in total pension liability	20,589,261	5,599,540	2,201,493	8,721,703
Total pension liability- beginning	230,031,065	224,431,525	222,230,032	213,508,329
Total pension liability- ending (a)	\$ 250,620,326	\$ 230,031,065	\$ 224,431,525	\$ 222,230,032
Plan fiduciary net position				
Net Plan to Plan Resource Movement	\$ 68,950	\$ -	\$ -	\$ -
Contributions- employer	5,562,362	4,627,179	3,591,767	3,655,839
Contributions- employee	1,103,737	973,955	1,084,088	1,024,137
Net investment income	16,755,962	746,473	3,517,885	24,058,889
Benefit payments, including refunds of employee contributions	(11,322,632)	(11,396,941)	(10,585,623)	(10,108,174)
Administrative expenses	(223,176)	(95,259)	(175,877)	-
Net change in plan fiduciary net position	11,945,203	(5,144,593)	(2,567,760)	18,630,691
Plan fiduciary net position- beginning	151,158,712	156,303,305	158,871,065	140,240,374
Plan fiduciary net position- ending (b)	\$ 163,103,915	\$ 151,158,712	\$ 156,303,305	\$ 158,871,065
Net pension liability- ending (a) - (b)	\$ 87,516,411	\$ 78,872,353	\$ 68,128,220	\$ 63,358,967
Plan fiduciary net position as a percentage of the total pension liability	65.08%	65.71%	69.64%	71.49%
Covered payroll	\$ 10,703,998	\$ 10,168,516	\$ 9,980,447	\$ 9,919,059
Net pension liability as percentage of covered payroll	817.60%	775.65%	682.62%	638.76%
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

Changes of Assumptions: In 2017, the discount rate was reduced from 7.65 % to 7.15 %. In 2016 there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 % (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

Benefits Changes: The figures above do not include any liability impact that may have resulted from plan changes that occurred after the June 30, 2015 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).

CITY OF BREA, CALIFORNIA

SCHEDULE OF PLAN CONTRIBUTIONS MISCELLANEOUS AND SAFETY PLANS LAST TEN YEARS* FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015	2014
<u>Miscellaneous Plan</u>					
Actuarially determined contributions	\$ 2,433,536	\$ 2,279,397	\$ 2,403,298	\$ 2,132,083	\$ 1,969,185
Contributions in relation to the actuarially determined contribution	<u>(2,433,536)</u>	<u>(2,279,397)</u>	<u>(2,403,298)</u>	<u>(2,132,083)</u>	<u>(1,969,185)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>15,773,914</u>	<u>16,716,903</u>	<u>15,474,119</u>	<u>15,043,603</u>	<u>14,843,300</u>
Contributions as a percentage of covered payroll	15.43%	13.64%	15.53%	14.17%	13.27%
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Safety Plan</u>					
Actuarially determined contributions	\$ 6,573,125	\$ 5,863,082	\$ 4,627,179	\$ 3,591,767	\$ 3,655,839
Contributions in relation to the actuarially determined contribution	<u>(6,573,125)</u>	<u>(5,863,082)</u>	<u>(4,627,179)</u>	<u>(3,591,767)</u>	<u>(3,655,839)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>11,688,892</u>	<u>10,703,998</u>	<u>10,168,516</u>	<u>9,980,447</u>	<u>9,919,059</u>
Contributions as a percentage of covered payroll	56.23%	54.77%	45.50%	35.99%	36.86%

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

Notes to Schedule:

Miscellaneous and Safety Plans

Valuation Date:

The actuarial methods and assumptions used to set the actuarially determined contribution for FY 2017-18 were from the June 30, 2015 funding valuation report.

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF BREA, CALIFORNIA

**SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,020,496
Interest on the total OPEB liability	801,573
Changes in assumptions	(2,488,279)
Benefit payments, including refunds of employee contributions	<u>(1,146,800)</u>
Net change in total OPEB liability	<u>(1,813,010)</u>
Total OPEB liability - beginning	<u>27,678,298</u>
Total OPEB liability - ending (a)	<u><u>\$ 25,865,288</u></u>
 Covered-employee payroll	 \$ 33,837,681
 Total OPEB liability as a percentage of covered-employee payroll	 76.44%

Notes to Schedule:

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

* Fiscal year 2018 was the first year of implementation. As such, additional years will be added as available.

See accompanying note to required supplementary information.

CITY OF BREA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 40,155,736	\$ 40,186,814	\$ 38,986,972	\$ (1,199,842)
Licenses and permits	661,500	661,500	584,841	(76,659)
Intergovernmental	7,629,285	8,483,195	9,297,372	814,177
Charges for services	3,063,242	3,063,242	3,862,112	798,870
Investment income, net	881,510	881,510	529,131	(352,379)
Fines and forfeitures	586,300	586,300	819,914	233,614
Rental income	1,570,882	1,570,882	1,336,756	(234,126)
Miscellaneous	2,525,700	2,714,891	2,603,193	(111,698)
Total revenues	<u>57,074,155</u>	<u>58,148,334</u>	<u>58,020,291</u>	<u>(128,043)</u>
Expenditures:				
Current:				
General government	5,485,771	5,446,386	5,283,304	163,082
Public safety	34,398,999	35,067,361	34,441,868	625,493
Community development	2,939,593	3,169,646	2,918,971	250,675
Community services	7,645,934	7,881,149	7,284,303	596,846
Public works	5,831,676	5,769,636	5,131,010	638,626
Capital outlay	98,000	637,655	403,166	234,489
Debt service:				
Principal retirement	435,389	435,389	435,389	-
Interest and fiscal charges	384,263	384,263	383,551	712
Total expenditures	<u>57,219,625</u>	<u>58,791,485</u>	<u>56,281,562</u>	<u>2,509,923</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(145,470)</u>	<u>(643,151)</u>	<u>1,738,729</u>	<u>2,381,880</u>
Other financing sources (uses):				
Transfers in	1,050,000	1,050,000	1,050,000	-
Transfers out	<u>(1,660,000)</u>	<u>(4,685,198)</u>	<u>(703,478)</u>	<u>3,981,720</u>
Total other financing sources (uses)	<u>(610,000)</u>	<u>(3,635,198)</u>	<u>346,522</u>	<u>3,981,720</u>
Net change in Fund Balance	<u>\$ (755,470)</u>	<u>\$ (4,278,349)</u>	<u>2,085,251</u>	<u>\$ 6,363,600</u>
Fund balance at beginning of the year			<u>34,008,086</u>	
Fund balance at end of the year			<u>\$ 36,093,337</u>	

See accompanying note to required supplementary information.

CITY OF BREA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
HOUSING SUCCESSOR FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income, net	\$ 34,410	\$ 34,410	\$ 12,732	\$ (21,678)
Other revenues	191,900	191,900	324,722	132,822
Total revenues	<u>226,310</u>	<u>226,310</u>	<u>337,454</u>	<u>111,144</u>
Expenditures:				
Community Development	<u>339,169</u>	<u>334,350</u>	<u>278,802</u>	<u>55,548</u>
Net change in Fund Balance	<u>\$ (112,859)</u>	<u>\$ (108,040)</u>	<u>58,652</u>	<u>\$ 166,692</u>
Fund balance at beginning of the year			<u>20,662,864</u>	
Fund balance at end of the year			<u>\$ 20,721,516</u>	

See accompanying note to required supplementary information.

CITY OF BREA, CALIFORNIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2018

Budget Information

General Budget Policies

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

1. In May of each year, the City Manager submits to the City Council a proposed financial plan with an annual operating budget for the upcoming fiscal year commencing July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings are conducted at City Council meetings to obtain taxpayer comments.
3. On or before July 1, the financial plan for the fiscal year is adopted by Council action.
4. 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 department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same department only; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Activities of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds are included in the annual appropriated budget. As an additional internal control mechanism, project-length financial plans are adopted for the Capital Improvement Program.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
6. Legally adopted 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 no adopted budget.

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.

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SUPPLEMENTARY INFORMATION

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MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds

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 the Special Revenue Funds and General Fund.

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CITY OF BREA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 24,468,576	\$ 24,666,984	\$ 13,503,439	\$ (11,163,545)
Charges for services	337,000	337,000	481,960	144,960
Investment income, net	216,320	216,320	36,521	(179,799)
Developer contributions	594,800	663,514	105,514	(558,000)
Other revenues	176,703	2,494,558	732,762	(1,761,796)
Total revenues	<u>25,793,399</u>	<u>28,378,376</u>	<u>14,860,196</u>	<u>(13,518,180)</u>
Expenditures:				
Current:				
General government	90,096	90,096	81,293	8,803
Capital Outlay	25,864,843	47,734,128	20,795,469	26,938,659
Total expenditures	<u>25,954,939</u>	<u>47,824,224</u>	<u>20,876,762</u>	<u>26,947,462</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(161,540)</u>	<u>(19,445,848)</u>	<u>(6,016,566)</u>	<u>13,429,282</u>
Other financing sources (uses):				
Transfers in	8,817,500	23,526,066	4,741,699	(18,784,367)
Net change in fund balance	<u>\$ 8,655,960</u>	<u>\$ 4,080,218</u>	<u>(1,274,867)</u>	<u>\$ (5,355,085)</u>
Fund balance at beginning of the year			9,005,509	
Fund balance at end of the year			<u>\$ 7,730,642</u>	

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.

Affordable Housing Trust 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.

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.

Non-major Special Revenue Funds (Continued)

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 2008-1 Fund

The fund is used to account for the collection of special taxes and expenditure for police, fire, maintenance and general city services including park maintenance and open space.

La Floresta Community Facilities District 2011-1 Fund

This fund is used to account for the collection of special taxes and expenditure for police, fire, maintenance and general city services.

Taylor Morrison Community Facilities District 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.

Central Park Village Community Facilities District 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.

Non-major Capital Projects 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.

Midbury Assessment Authority Fund

This fund is used to account for the collection and payment of neighborhood street improvements.

CITY OF BREA, CALIFORNIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Gas Tax	Narcotics Enforcement Asset Seizure	Air Quality Improvement	Park Development
Assets:				
Cash and investments	\$ 1,248,965	\$ 158,168	\$ 227,520	\$ 3,222,119
Receivables:				
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	93,711	-	14,556	-
Total assets	\$ 1,342,676	\$ 158,168	\$ 242,076	\$ 3,222,119
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances (deficit):				
Restricted:				
Community development projects	-	-	-	-
Public safety	-	158,168	-	-
Public works	1,342,676	-	242,076	-
Capital projects	-	-	-	3,222,119
Unassigned	-	-	-	-
Total fund balances (deficit)	1,342,676	158,168	242,076	3,222,119
Total liabilities, deferred inflows of resources and fund balances	\$ 1,342,676	\$ 158,168	\$ 242,076	\$ 3,222,119

	Special Revenue Funds			
	Measure M	Affordable Housing Trust	Community Development Block Grant	HOME Program
Assets:				
Cash and investments	\$ 1,925,915	\$ 2,251,202	\$ 35,211	\$ -
Receivables:				
Taxes	-	-	-	-
Notes and loans	-	213,000	1,523,940	35,241
Due from other funds	-	-	-	-
Due from other governments	164,667	-	34,280	-
Total assets	\$ 2,090,582	\$ 2,464,202	\$ 1,593,431	\$ 35,241
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ 50,000	\$ 74,285	\$ -
Due to other governments	-	-	1,523,940	35,241
Advances to other funds	-	-	-	-
Total liabilities	-	50,000	1,598,225	35,241
Fund balances (deficit):				
Restricted:				
Community development projects	-	2,414,202	-	-
Public safety	-	-	-	-
Public works	2,090,582	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	(4,794)	-
Total fund balances (deficit)	2,090,582	2,414,202	(4,794)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 2,090,582	\$ 2,464,202	\$ 1,593,431	\$ 35,241

Continued

CITY OF BREA, CALIFORNIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Blackstone CFD	La Floresta CFD	Taylor - Morrison CFD	Central Park Village CFD
Assets:				
Cash and investments	\$ 2,050,312	\$ 138,280	\$ 92,603	\$ 30,556
Receivables:				
Taxes	18,654	5,523	-	52
Notes and loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 2,068,966	\$ 143,803	\$ 92,603	\$ 30,608
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 953	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Advances to other funds	-	-	-	-
Total liabilities	953	-	-	-
Fund balances (deficit):				
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	2,068,013	143,803	92,603	30,608
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	2,068,013	143,803	92,603	30,608
Total liabilities, deferred inflows of resources and fund balances	\$ 2,068,966	\$ 143,803	\$ 92,603	\$ 30,608

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital and Mitigation Improvement	Storm Drain	Midbury Assessment Authority	
Assets:				
Cash and investments	\$ 203,447	\$ 256,955	\$ 7,206	\$ 11,848,459
Receivables:				
Taxes	-	-	92	24,321
Notes and loans	-	-	-	1,772,181
Due from other funds	3,900,000	-	-	3,900,000
Due from other governments	-	-	-	307,214
Total assets	\$ 4,103,447	\$ 256,955	\$ 7,298	\$ 17,852,175
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 125,238
Due to other governments	-	-	-	1,559,181
Advances to other funds	-	-	12,157	12,157
Total liabilities	-	-	12,157	1,696,576
Fund balances (deficit):				
Restricted:				
Community development projects	-	-	-	2,414,202
Public safety	-	-	-	158,168
Public works	-	-	-	6,010,361
Capital projects	4,103,447	256,955	-	7,582,521
Unassigned	-	-	(4,859)	(9,653)
Total fund balances (deficit)	4,103,447	256,955	(4,859)	16,155,599
Total liabilities, deferred inflows of resources and fund balances	\$ 4,103,447	\$ 256,955	\$ 7,298	\$ 17,852,175

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	Gas Tax	Narcotics Enforcement Asset Seizure	Air Quality Improvement	Park Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,202,030	-	56,625	-
Charges for services	-	-	-	3,663,983
Investment income, net	1,107	478	826	(39,856)
Fines and forfeitures	-	4,444	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,203,137</u>	<u>4,922</u>	<u>57,451</u>	<u>3,624,127</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	35,090	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>35,090</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,203,137</u>	<u>(30,168)</u>	<u>57,451</u>	<u>3,624,127</u>
Other financing sources (uses):				
Transfers out	<u>(1,196,126)</u>	<u>-</u>	<u>(50,000)</u>	<u>(1,316,500)</u>
Net change in fund balances	7,011	(30,168)	7,451	2,307,627
Fund balances (deficit), beginning of year	<u>1,335,665</u>	<u>188,336</u>	<u>234,625</u>	<u>914,492</u>
Fund balances (deficit), end of year	<u>\$ 1,342,676</u>	<u>\$ 158,168</u>	<u>\$ 242,076</u>	<u>\$ 3,222,119</u>

Special Revenue Funds				
	Measure M	Affordable Housing Trust	Community Development Block Grant	HOME Program
Revenues:				
Taxes	\$ 953,211	\$ -	\$ -	\$ -
Intergovernmental	-	-	264,532	-
Charges for services	-	-	-	-
Investment income, net	4,198	4,905	-	-
Fines and forfeitures	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>957,409</u>	<u>4,905</u>	<u>264,532</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	50,000	222,216	-
Public works	21,111	-	-	-
Total expenditures	<u>21,111</u>	<u>50,000</u>	<u>222,216</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>936,298</u>	<u>(45,095)</u>	<u>42,316</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>(979,103)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	<u>(42,805)</u>	<u>(45,095)</u>	<u>2,316</u>	<u>-</u>
Fund balances (deficit), beginning of year	<u>2,133,387</u>	<u>2,459,297</u>	<u>(7,110)</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 2,090,582</u>	<u>\$ 2,414,202</u>	<u>\$ (4,794)</u>	<u>\$ -</u>

Continued

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds			
	Blackstone CFD	La Floresta CFD	Taylor- Morrison CFD	Central Park Village CFD
Revenues:				
Taxes	\$ 775,766	\$ 271,849	\$ 48,111	\$ 30,859
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income, net	8,157	526	331	(251)
Fines and forfeitures	-	-	-	-
Other revenues	-	30	-	-
Total revenues	783,923	272,405	48,442	30,608
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	718,381	274,452	41,891	-
Community development	-	-	-	-
Public works	236,278	1,704	-	-
Total expenditures	954,659	276,156	41,891	-
Excess (deficiency) of revenues over (under) expenditures	(170,736)	(3,751)	6,551	30,608
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balances	(170,736)	(3,751)	6,551	30,608
Fund balances (deficit), beginning of year	2,238,749	147,554	86,052	-
Fund balances (deficit), end of year	\$ 2,068,013	\$ 143,803	\$ 92,603	\$ 30,608

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital and Mitigation Improvement	Storm Drain	Midbury Assessment Authority	
Revenues:				
Taxes	\$ -	\$ -	\$ 7,694	\$ 2,087,490
Intergovernmental	-	-	-	1,523,187
Charges for services	-	-	-	3,663,983
Investment income, net	18,840	555	42	(142)
Fines and forfeitures	-	-	-	4,444
Other revenues	-	-	-	30
Total revenues	18,840	555	7,736	7,278,992
Expenditures:				
Current:				
General government	-	-	433	433
Public safety	-	-	-	1,069,814
Community development	-	-	-	272,216
Public works	-	-	-	259,093
Total expenditures	-	-	433	1,601,556
Excess (deficiency) of revenues over (under) expenditures	18,840	555	7,303	5,677,436
Other financing sources (uses):				
Transfers out	(917,795)	-	-	(4,499,524)
Net change in fund balances	(898,955)	555	7,303	1,177,912
Fund balances (deficit), beginning of year	5,002,402	256,400	(12,162)	14,977,687
Fund balances (deficit), end of year	\$ 4,103,447	\$ 256,955	\$ (4,859)	\$ 16,155,599

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 921,498	\$ 1,168,464	\$ 1,202,030	\$ 33,566
Investment income, net	19,830	19,830	1,107	(18,723)
Total revenues	<u>941,328</u>	<u>1,188,294</u>	<u>1,203,137</u>	<u>14,843</u>
 Excess of revenues over expenditures	 <u>941,328</u>	 <u>1,188,294</u>	 <u>1,203,137</u>	 <u>14,843</u>
 Other financing sources (uses):				
Transfers out	(1,197,500)	(2,147,777)	(1,196,126)	951,651
Net change in fund balance	<u>\$ (256,172)</u>	<u>\$ (959,483)</u>	<u>7,011</u>	<u>\$ 966,494</u>
 Fund balance at beginning of the year			<u>1,335,665</u>	
 Fund balance at end of the year			<u><u>\$ 1,342,676</u></u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NARCOTICS ENFORCEMENT ASSET SEIZURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income, net	\$ 4,340	\$ 4,340	\$ 478	\$ (3,862)
Fines and forfeitures	75,000	75,000	4,444	(70,556)
Total revenues	<u>79,340</u>	<u>79,340</u>	<u>4,922</u>	<u>(74,418)</u>
Expenditures:				
Current:				
Public safety	<u>202,114</u>	<u>46,411</u>	<u>35,090</u>	<u>11,321</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(122,774)</u>	<u>32,929</u>	<u>(30,168)</u>	<u>(63,097)</u>
Net change in fund balance	<u>\$ (122,774)</u>	<u>\$ 32,929</u>	<u>(30,168)</u>	<u>\$ (63,097)</u>
Fund balance at beginning of the year			<u>188,336</u>	
Fund balance at end of the year			<u>\$ 158,168</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 44,000	\$ 44,000	\$ 56,625	\$ 12,625
Investment income, net	2,490	2,490	826	(1,664)
Total revenues	<u>46,490</u>	<u>46,490</u>	<u>57,451</u>	<u>10,961</u>
 Excess of revenues over expenditures	 <u>46,490</u>	 <u>46,490</u>	 <u>57,451</u>	 <u>10,961</u>
 Other financing sources (uses):				
Transfers out	-	(50,000)	(50,000)	-
Net change in fund balance	<u>\$ 46,490</u>	<u>\$ (3,510)</u>	<u>7,451</u>	<u>\$ 10,961</u>
 Fund balance at beginning of the year			<u>234,625</u>	
 Fund balance at end of the year			<u><u>\$ 242,076</u></u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 695,019	\$ 695,019	\$ 3,663,983	\$ 2,968,964
Investment income, net	460	460	(39,856)	(40,316)
Total revenues	<u>695,479</u>	<u>695,479</u>	<u>3,624,127</u>	<u>2,928,648</u>
 Excess of revenues over expenditures	 <u>695,479</u>	 <u>695,479</u>	 <u>3,624,127</u>	 <u>2,928,648</u>
 Other financing sources (uses):				
Transfers out	-	(1,621,473)	(1,316,500)	304,973
Net change in fund balance	<u>\$ 695,479</u>	<u>\$ (925,994)</u>	<u>2,307,627</u>	<u>\$ 3,233,621</u>
 Fund balance at beginning of the year			<u>914,492</u>	
 Fund balance at end of the year			<u>\$ 3,222,119</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE M SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 952,837	\$ 952,837	\$ 953,211	\$ 374
Investment income, net	25,760	25,760	4,198	(21,562)
Total revenues	<u>978,597</u>	<u>978,597</u>	<u>957,409</u>	<u>(21,188)</u>
Expenditures:				
Current:				
Public works	32,907	32,907	21,111	11,796
Excess (deficiency) of revenues				
over(under) expenditures	<u>945,690</u>	<u>945,690</u>	<u>936,298</u>	<u>9,392</u>
Other financing sources (uses):				
Transfers out	(680,000)	(2,281,668)	(979,103)	1,302,565
Net change in fund balance	<u>\$ 265,690</u>	<u>\$ (1,335,978)</u>	<u>(42,805)</u>	<u>\$ 1,311,957</u>
Fund balance at beginning of the year			<u>2,133,387</u>	
Fund balance at end of the year			<u>\$ 2,090,582</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AFFORDABLE HOUSING TRUST SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income, net	\$ 31,470	\$ 31,470	\$ 4,905	\$ (26,565)
Other revenues	100,000	100,000	-	(100,000)
Total revenues	<u>131,470</u>	<u>131,470</u>	<u>4,905</u>	<u>(126,565)</u>
Expenditures:				
Current:				
Community development	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 131,470</u>	<u>\$ 81,470</u>	<u>(45,095)</u>	<u>\$ (126,565)</u>
Fund balance at beginning of the year			<u>2,459,297</u>	
Fund balance at end of the year			<u>\$ 2,414,202</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 380,000	\$ 643,663	\$ 264,532	\$ (379,131)
Expenditures:				
Current:				
Community development	180,000	329,663	222,216	107,447
Excess (deficiency) of revenues over(under) expenditures	<u>200,000</u>	<u>314,000</u>	<u>42,316</u>	<u>(271,684)</u>
Other financing sources (uses):				
Transfers out	<u>(200,000)</u>	<u>(314,000)</u>	<u>(40,000)</u>	<u>274,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,316</u>	<u>\$ 2,316</u>
 Fund balance at beginning of the year			<u>(7,110)</u>	
 Fund balance at end of the year			<u>\$ (4,794)</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BLACKSTONE CFD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 786,000	\$ 786,000	\$ 775,766	\$ (10,234)
Investment income, net	34,460	34,460	8,157	(26,303)
Total revenues	<u>820,460</u>	<u>820,460</u>	<u>783,923</u>	<u>(36,537)</u>
Expenditures:				
Current:				
Public safety	600,185	718,381	718,381	-
Public works	290,970	256,285	236,278	20,007
Total expenditures	<u>891,155</u>	<u>974,666</u>	<u>954,659</u>	<u>20,007</u>
 Excess (deficiency) of revenues over(under) expenditures	 <u>(70,695)</u>	 <u>(154,206)</u>	 <u>(170,736)</u>	 <u>(16,530)</u>
 Net change in fund balance	 <u>\$ (70,695)</u>	 <u>\$ (154,206)</u>	 <u>(170,736)</u>	 <u>\$ (16,530)</u>
 Fund balance at beginning of the year			 <u>2,238,749</u>	
 Fund balance at end of the year			 <u>\$ 2,068,013</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LA FLORESTA CFD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 500,000	\$ 500,000	\$ 271,849	\$ (228,151)
Investment income, net	2,940	2,940	526	(2,414)
Other Revenues	-	-	30	30
Total revenues	<u>502,940</u>	<u>502,940</u>	<u>272,405</u>	<u>(230,535)</u>
Expenditures:				
Current:				
Public safety	204,952	274,452	274,452	-
Public works	7,401	1,704	1,704	-
Total expenditures	<u>212,353</u>	<u>276,156</u>	<u>276,156</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	<u>290,587</u>	<u>226,784</u>	<u>(3,751)</u>	<u>(230,535)</u>
Net change in fund balance	<u>\$ 290,587</u>	<u>\$ 226,784</u>	<u>(3,751)</u>	<u>\$ (230,535)</u>
Fund balance at beginning of the year			<u>147,554</u>	
Fund balance at end of the year			<u>\$ 143,803</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAYLOR-MORRISON CFD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 48,256	\$ 48,256	\$ 48,111	\$ (145)
Investment income, net	1,110	1,110	331	(779)
Total revenues	<u>49,366</u>	<u>49,366</u>	<u>48,442</u>	<u>(924)</u>
Expenditures:				
Current:				
Public safety	34,441	41,891	41,891	-
Total expenditures	<u>34,441</u>	<u>41,891</u>	<u>41,891</u>	<u>-</u>
Excess of revenues over expenditures	<u>49,366</u>	<u>49,366</u>	<u>6,551</u>	<u>42,815</u>
Net change in fund balance	<u>\$ 49,366</u>	<u>\$ 49,366</u>	<u>6,551</u>	<u>\$ 42,815</u>
Fund balance at beginning of the year			<u>86,052</u>	
Fund balance at end of the year			<u>\$ 92,603</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTRAL PARK VILLAGE CFD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 30,859	\$ 30,859
Investment income, net	-	-	(251)	(251)
Total revenues	<u>-</u>	<u>-</u>	<u>30,608</u>	<u>30,608</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>30,608</u>	 <u>\$ (30,608)</u>
 Fund balance at beginning of the year			 <u>-</u>	
Fund balance at end of the year			<u>\$ 30,608</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL AND MITIGATION IMPROVEMENT CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Investment income, net	\$ 75,730	\$ 75,730	\$ 18,840	\$ (56,890)
Excess of revenues over expenditures	<u>75,730</u>	<u>75,730</u>	<u>18,840</u>	<u>(56,890)</u>
Other financing sources (uses):				
Transfers out	-	(917,795)	(917,795)	-
Net change in fund balance	<u>\$ 75,730</u>	<u>\$ (842,065)</u>	<u>(898,955)</u>	<u>\$ (56,890)</u>
Fund balance at beginning of the year			<u>5,002,402</u>	
Fund balance at end of the year			<u>\$ 4,103,447</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM DRAIN CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
Revenues:				
Investment income, net	\$ 3,710	\$ 3,710	\$ 555	\$ (3,155)
Net change in fund balance	<u>\$ 3,710</u>	<u>\$ 3,710</u>	<u>555</u>	<u>\$ (3,155)</u>
 Fund balance at beginning of the year			 <u>256,400</u>	
 Fund balance at end of the year			 <u>\$ 256,955</u>	

CITY OF BREA, CALIFORNIA

**SCHEDULE TO REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MIDBURY ASSESSMENT AUTHORITY CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive/</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 7,718	\$ 7,718	\$ 7,694	\$ (24)
Investment income, net	80	80	42	(38)
Total revenues	<u>7,798</u>	<u>7,798</u>	<u>7,736</u>	<u>(62)</u>
Expenditures:				
Current:				
General government	468	468	433	35
Net change in fund balance	<u>\$ 7,330</u>	<u>\$ 7,330</u>	<u>7,303</u>	<u>\$ 27</u>
 Fund balance at beginning of the year			<u>(12,162)</u>	
 Fund balance at end of the year			<u>\$ (4,859)</u>	

NON-MAJOR PROPRIETARY 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.

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2018**

	Urban Runoff	Sanitation	Information Technology External Support	Total
Assets:				
Current assets:				
Cash and investments	\$ 564,366	\$ -	\$ 713,493	\$ 1,277,859
Accounts receivable	63,098	635,095	304,238	1,002,431
Due from other governments	-	11,371	-	11,371
Total current assets	<u>627,464</u>	<u>646,466</u>	<u>1,017,731</u>	<u>2,291,661</u>
Noncurrent:				
Capital assets - net of accumulated depreciation	1,327	-	-	1,327
Total assets	<u>628,791</u>	<u>646,466</u>	<u>1,017,731</u>	<u>2,292,988</u>
Deferred outflows of resources:				
Deferred pension related items	46,512	207,826	674,805	929,143
Deferred OPEB related items	2,823	11,879	51,748	66,450
Total deferred outflows of resources	<u>49,335</u>	<u>219,705</u>	<u>726,553</u>	<u>995,593</u>
Liabilities:				
Current liabilities:				
Accounts payable	18,637	275,267	2,271	296,175
Due to other funds	-	280,711	-	280,711
Compensated absences, due within one year	-	8,211	74,551	82,762
Total current liabilities	<u>18,637</u>	<u>564,189</u>	<u>76,822</u>	<u>659,648</u>
Noncurrent:				
Compensated absences, due in more than one year	-	2,737	24,850	27,587
Net pension liability	309,651	2,151,949	2,677,179	5,138,779
Total OPEB liability	62,091	261,300	1,138,337	1,461,728
Total noncurrent liabilities	<u>371,742</u>	<u>2,415,986</u>	<u>3,840,366</u>	<u>6,628,094</u>
Total liabilities	<u>390,379</u>	<u>2,980,175</u>	<u>3,917,188</u>	<u>7,287,742</u>
Deferred inflows of resources:				
Deferred pension related items	34,731	375,258	(47,970)	362,019
Deferred OPEB related items	5,009	21,078	91,826	117,913
Total deferred inflows of resources	<u>39,740</u>	<u>396,336</u>	<u>43,856</u>	<u>479,932</u>
Net position (deficit):				
Net investment in capital assets	1,327	-	-	1,327
Unrestricted	246,680	(2,510,340)	(2,216,760)	(4,480,420)
Total net position (deficit)	<u>\$ 248,007</u>	<u>\$ (2,510,340)</u>	<u>\$ (2,216,760)</u>	<u>\$ (4,479,093)</u>

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Urban Runoff	Sanitation	Information Technology External Support	Total
Operating revenues:				
Charges for services	\$ 410,150	\$ 2,815,304	\$ 1,695,050	\$ 4,920,504
Fines and forfeitures	131	-	-	131
Other revenues	8,144	912,646	-	920,790
Total operating revenues	<u>418,425</u>	<u>3,727,950</u>	<u>1,695,050</u>	<u>5,841,425</u>
Operating expenses:				
Personnel services	245,091	778,880	1,643,702	2,667,673
Maintenance and operation	148,343	2,487,311	138,447	2,774,101
Depreciation expense	938	-	-	938
Total operating expenses	<u>394,372</u>	<u>3,266,191</u>	<u>1,782,149</u>	<u>5,442,712</u>
Operating income (loss)	<u>24,053</u>	<u>461,759</u>	<u>(87,099)</u>	<u>398,713</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	11,154	-	11,154
Interest revenues (expense)	647	(2,310)	2,677	1,014
Total nonoperating revenues (expenses)	<u>647</u>	<u>8,844</u>	<u>2,677</u>	<u>12,168</u>
Income (loss) before contributions and transfers	<u>24,700</u>	<u>470,603</u>	<u>(84,422)</u>	<u>410,881</u>
Transfers:				
Transfers out	-	(400,000)	(50,000)	(450,000)
Change in net position	<u>24,700</u>	<u>70,603</u>	<u>(134,422)</u>	<u>(39,119)</u>
Net position (deficit) at beginning of year	286,981	(2,312,975)	(914,951)	(2,940,945)
Restatement of net position	(63,674)	(267,968)	(1,167,387)	(1,499,029)
Net position (deficit) at beginning of year, as restated	<u>223,307</u>	<u>(2,580,943)</u>	<u>(2,082,338)</u>	<u>(4,439,974)</u>
Net position (deficit) at end of year	<u>\$ 248,007</u>	<u>\$ (2,510,340)</u>	<u>\$ (2,216,760)</u>	<u>\$ (4,479,093)</u>

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Urban Runoff	Sanitation	Information Technology External Support	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 420,650	\$ 3,712,076	\$ 1,720,764	\$ 5,853,490
Cash payments to suppliers for goods and services	(136,948)	(2,440,103)	(199,337)	(2,776,388)
Cash payments to employees for services	(231,762)	(880,817)	(1,452,859)	(2,565,438)
Net cash provided by operating activities	51,940	391,156	68,568	511,664
Cash flows from non-capital financing activities:				
Cash transfers out	-	(400,000)	(50,000)	(450,000)
Intergovernmental revenues	-	11,154	-	11,154
Net cash provided by (used for) noncapital financing activities	-	(388,846)	(50,000)	(438,846)
Cash flows from investing activities:				
Interest received	-	(2,310)	-	(2,310)
Interest paid	647	-	2,677	3,324
Net increase in cash and cash equivalents	52,587	-	21,245	73,832
Cash and Cash Equivalents at Beginning of Year	511,779	-	692,248	1,204,027
Cash and Cash Equivalents at End of Year	<u>\$ 564,366</u>	<u>\$ -</u>	<u>\$ 713,493</u>	<u>\$ 1,277,859</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 24,053	\$ 461,759	\$ (87,099)	\$ 398,713
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	938	-	-	938
(Increase) decrease in accounts receivable	2,225	(27,287)	25,714	652
(Increase) decrease in due from other governments	-	11,413	-	11,413
(Decrease) increase in accounts payable	14,982	66,361	(1,315)	80,028
(Decrease) in accrued liabilities	(3,587)	(19,153)	(59,575)	(82,315)
(Decrease) in due to other funds	-	(159,183)	-	(159,183)
Increase in compensated absences	-	(4,607)	(7,458)	(12,065)
Increase in net pension liability	12,726	59,322	187,273	259,321
Increase in net OPEB liability	603	2,531	11,028	14,162
Total adjustments	27,887	(70,603)	155,667	112,951
Net cash provided by (used for) operating activities	\$ 51,940	\$ 391,156	\$ 68,568	\$ 511,664

Non-cash investing, capital and financing activities:

There was no non-cash investing, capital or financing activities during the year.

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. This is a new fund that was established by management.

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, 2018**

	Risk Management	Information Technology	Vehicle Replacement	Building Occupancy	Totals 2018
Assets:					
Current assets:					
Cash and investments	\$ 5,175,175	\$ 98,654	\$ 969,724	\$ 509,686	\$ 6,753,239
Prepaid Expenses	-	-	508,676	-	508,676
Receivables:					
Accounts	-	-	5,913	-	5,913
Total current assets	5,175,175	98,654	1,484,313	509,686	7,267,828
Noncurrent assets:					
Capital assets, net of accumulated depreciation	-	-	3,781,170	1,342,873	5,124,043
Advances to other funds	289,255	-	-	-	289,255
Total noncurrent assets	289,255	-	3,781,170	1,342,873	5,413,298
Total assets	5,464,430	98,654	5,265,483	1,852,559	12,681,126
Deferred outflows of resources:					
Deferred pension related items	111,833	296,221	255,767	323,643	987,464
Deferred OPEB related items	5,645	96,169	16,583	20,464	138,861
Total Deferred outflows of resources	117,478	392,390	272,350	344,107	1,126,325
Total Assets and Deferred Outflows of Resources	5,581,908	491,044	5,537,833	2,196,666	13,807,451
Liabilities:					
Current liabilities:					
Accounts payable	8,776	12,795	115,881	120,893	258,345
Compensated absences, due within one year	-	-	24,179	44,466	68,645
Claims and judgments, due within one year	1,908,119	-	-	-	1,908,119
Total current liabilities	1,916,895	12,795	140,060	165,359	2,235,109
Non-current liabilities:					
Compensated absences, due in more than one year	-	-	8,060	14,822	22,882
Claims and judgments, due in more than one year	3,113,247	-	-	-	3,113,247
Net pension liability	458,061	554,129	1,353,469	1,506,032	3,871,691
Total OPEB liability	124,182	1,145,882	364,785	450,160	2,085,009
Total non-current liabilities	3,695,490	1,700,011	1,726,314	1,971,014	9,092,829
Total liabilities	5,612,385	1,712,806	1,866,374	2,136,373	11,327,938
Deferred inflows of resources:					
Deferred pension related items	16,440	(63,135)	96,798	66,906	117,009
Deferred OPEB related items	10,017	59,067	29,426	36,313	134,823
Total deferred inflows of resources	26,457	(4,068)	126,224	103,219	251,832
Net position:					
Net investment in capital assets	-	-	3,781,170	1,342,873	5,124,043
Unrestricted	(56,934)	(1,217,694)	(235,935)	(1,385,799)	(2,896,362)
Total net position	\$ (56,934)	\$ (1,217,694)	\$ 3,545,235	\$ (42,926)	\$ 2,227,681
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,581,908	\$ 491,044	\$ 5,537,833	\$ 2,196,666	\$ 13,807,451

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Risk Management	Information Technology	Vehicle Maintenance	Building Occupancy	Total
Operating revenues:					
Charge for service	\$ 2,959,908	\$ 2,489,400	\$ 2,043,738	\$ 2,517,852	\$ 10,010,898
Other revenues	400,156	-	101,189	91,154	592,499
Total operating revenues	<u>3,360,064</u>	<u>2,489,400</u>	<u>2,144,927</u>	<u>2,609,006</u>	<u>10,603,397</u>
Operating expenses:					
Personnel services	239,571	2,602,897	633,574	900,452	4,376,494
Maintenance and operation	1,135,532	-	1,021,404	1,594,965	3,751,901
Claims and judgements	2,287,760	-	-	-	2,287,760
Depreciation expense	-	-	675,464	119,607	795,071
Total operating expenses	<u>3,662,863</u>	<u>2,602,897</u>	<u>2,330,442</u>	<u>2,615,024</u>	<u>11,211,226</u>
Operating income (loss)	<u>(302,799)</u>	<u>(113,497)</u>	<u>(185,515)</u>	<u>(6,018)</u>	<u>(607,829)</u>
Nonoperating revenues (expenses):					
Interest revenue (expense)	3,402	(5,793)	5,708	(2,849)	468
Gain (loss) on disposal of capital assets	-	-	5,648	-	5,648
Total nonoperating revenues (expenses)	<u>3,402</u>	<u>(5,793)</u>	<u>11,356</u>	<u>(2,849)</u>	<u>6,116</u>
Income (loss) before transfers	<u>(299,397)</u>	<u>(119,290)</u>	<u>(174,159)</u>	<u>(8,867)</u>	<u>(601,713)</u>
Transfers:					
Transfers in	-	-	61,303	-	61,303
Transfers out	(200,000)	-	-	-	(200,000)
Total transfers	<u>(200,000)</u>	<u>-</u>	<u>61,303</u>	<u>-</u>	<u>(138,697)</u>
Change in net position	<u>(499,397)</u>	<u>(119,290)</u>	<u>(112,856)</u>	<u>(8,867)</u>	<u>(740,410)</u>
Net position at beginning of Year	569,814	-	4,032,184	427,588	5,029,586
Restatement of net position	(127,351)	(1,098,404)	(374,093)	(461,647)	(2,061,495)
Net position at beginning of Year, as restated	<u>442,463</u>	<u>(1,098,404)</u>	<u>3,658,091</u>	<u>(34,059)</u>	<u>2,968,091</u>
Net position at end of year	<u>\$ (56,934)</u>	<u>\$ (1,217,694)</u>	<u>\$ 3,545,235</u>	<u>\$ (42,926)</u>	<u>\$ 2,227,681</u>

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Risk Management	Information Technology	Vehicle Maintenance	Building Occupancy	Total
Cash flows from operating activities:					
Cash received from users and departments	\$ 3,362,953	\$ 2,489,400	\$ 2,143,937	\$ 2,621,135	\$ 10,617,425
Cash payments to suppliers for goods and services	(1,113,378)	566,924	(1,467,509)	(1,478,723)	(3,492,686)
Cash payments to employees for services	(2,013,022)	(2,951,877)	(657,383)	(952,873)	(6,575,155)
Net cash provided by (used for) operating activities	<u>236,553</u>	<u>104,447</u>	<u>19,045</u>	<u>189,539</u>	<u>549,584</u>
Cash flows from non-capital financing activities:					
Cash transfers out	(200,000)	-	-	-	(200,000)
Cash transfers in	-	-	61,303	-	61,303
Advances received from other funds	576,863	-	-	-	576,863
Net cash provided by (used for) noncapital financing activities	<u>376,863</u>	<u>-</u>	<u>61,303</u>	<u>-</u>	<u>438,166</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(375,967)	-	(375,967)
Proceeds from sale of capital assets	-	-	5,648	-	5,648
Principal and interest paid on long-term debt	-	-	-	(173,762)	(173,762)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(370,319)</u>	<u>(173,762)</u>	<u>(544,081)</u>
Cash flows from investing activities:					
Interest received	3,402	(5,793)	5,708	-	3,317
Net cash provided by (used for) investing activities	<u>3,402</u>	<u>(5,793)</u>	<u>5,708</u>	<u>-</u>	<u>3,317</u>
Net increase (decreased) in cash and cash equivalents	616,818	98,654	(284,263)	15,777	446,986
Cash and Cash Equivalents at Beginning of Year	4,558,357	-	1,253,987	493,909	6,306,253
Cash and Cash Equivalents at End of Year	<u>\$ 5,175,175</u>	<u>\$ 98,654</u>	<u>\$ 969,724</u>	<u>\$ 509,686</u>	<u>6,753,239</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	<u>\$ (302,799)</u>	<u>\$ (113,497)</u>	<u>\$ (185,515)</u>	<u>\$ (6,018)</u>	<u>\$ (607,829)</u>
Adjustments to reconcile operating income (loss) net cash provided by (used for) operating activities:					
Depreciation	-	-	675,464	119,607	795,071
Decrease in prepaid expenses	-	-	(508,676)	-	(508,676)
Decrease in accounts receivable	2,889	-	(990)	-	1,899
Increase (decrease) in accounts payable	(22,251)	12,795	(5,187)	8,992	(5,651)
Increase (decrease) in accrued liabilities	(6,847)	-	(19,097)	(29,816)	(55,760)
Increase in claims and judgements	524,175	-	-	-	524,175
Increase in compensated absences	-	-	(4,329)	3,137	(1,192)
(Decrease) in net pension liability	40,183	194,773	63,840	89,274	388,070
(Decrease) in total OPEB liability	1,203	10,376	3,535	4,363	19,477
Total adjustments	<u>539,352</u>	<u>217,944</u>	<u>204,560</u>	<u>195,557</u>	<u>1,157,413</u>
Net cash provided by (used for) operating activities	<u>\$ 236,553</u>	<u>\$ 104,447</u>	<u>\$ 19,045</u>	<u>\$ 189,539</u>	<u>\$ 549,584</u>

Non-cash investing, capital and financing activities:

There was no non-cash investing, capital or financing activities during the year.

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AGENCY FUNDS

Bexley Assessment District 2001-1 Fund

This fund was created to account for collection and payment of neighborhood sewer improvements.

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.

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.

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.

Integrated Law and Justice Agency of Orange County (ILJAOC) Fund

This fund is used to account for the collection and payment related to a joint venture agreement with several other public agencies of Orange County. The City acts as a treasurer for the ILJAOC.

CITY OF BREA, CALIFORNIA

**COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2018**

	<u>Bexley</u>	<u>Hillside Open Space Education Coalition</u>	<u>Downtown</u>	<u>Olinda Heights</u>
Assets:				
Cash and investments	\$ -	\$ 537,995	\$ 256,216	\$ 399,874
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	7,810
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	163,771	446,894
Capital assets:				
Capital assets, net of accumulated depreciation	-	-	-	-
Total assets	\$ -	\$ 537,995	\$ 419,987	\$ 854,578
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,889	\$ 282
Accrued liabilities	-	537,995	-	-
Due to the City of Brea	-	-	-	-
Due to external parties/other agencies	-	-	418,098	854,296
Total liabilities	\$ -	\$ 537,995	\$ 419,987	\$ 854,578

<u>Brea Plaza</u>	<u>ILJAO</u>	<u>Total</u>
\$ 590,551	\$ 3,669,998	\$ 5,454,634
-	17,361	17,361
-	-	7,810
-	19,065	19,065
674,907	-	1,285,572
-	275,324	275,324
<u>\$ 1,265,458</u>	<u>\$ 3,981,748</u>	<u>\$ 7,059,766</u>
\$ 4,309	\$ 231,632	\$ 238,112
-	-	537,995
-	-	-
1,261,149	3,750,116	6,283,659
<u>\$ 1,265,458</u>	<u>\$ 3,981,748</u>	<u>\$ 7,059,766</u>

CITY OF BREA, CALIFORNIA

**COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Bexley</u>				
Assets				
Receivables:				
Accounts	\$ 9,936	\$ 1,006	\$ 10,942	\$ -
Liabilities				
Due to City of Brea	\$ 9,936	\$ 1,006	\$ 10,942	\$ -
<u>Hillside Open Space Education Coalition</u>				
Assets				
Cash and investments	\$ 536,884	\$ 9,498	\$ 8,387	\$ 537,995
Liabilities				
Accrued liabilities	\$ 536,884	\$ 9,498	\$ 8,387	\$ 537,995
<u>Downtown</u>				
Assets				
Cash and investments	\$ 260,732	\$ 261,435	\$ 265,951	\$ 256,216
Restricted assets:				
Cash and investments with fiscal agents	163,319	230,479	230,027	163,771
Total Assets	<u>\$ 424,051</u>	<u>\$ 491,914</u>	<u>\$ 495,978</u>	<u>\$ 419,987</u>
Liabilities				
Accounts payable	\$ 1,245	\$ 20,372	\$ 19,728	\$ 1,889
Accrued liabilities	424	424	848	-
Due to external parties/other agencies	422,382	263,140	267,424	418,098
Total Liabilities	<u>\$ 424,051</u>	<u>\$ 283,936</u>	<u>\$ 288,000</u>	<u>\$ 419,987</u>
<u>Olinda Heights</u>				
Assets				
Cash and investments	\$ 369,750	\$ 504,209	\$ 474,085	\$ 399,874
Receivables:				
Taxes	9,007	7,810	9,007	7,810
Restricted assets:				
Cash and investments with fiscal agents	465,154	432,989	451,249	446,894
Total Assets	<u>\$ 843,911</u>	<u>\$ 945,008</u>	<u>\$ 934,341</u>	<u>\$ 854,578</u>
Liabilities				
Accounts payable	\$ 32	\$ 10,436	\$ 10,186	\$ 282
Accrued liabilities	1,060	1,060	2,120	-
Due to external parties/other agencies	842,819	501,047	489,570	854,296
Total Liabilities	<u>\$ 843,911</u>	<u>\$ 512,543</u>	<u>\$ 501,876</u>	<u>\$ 854,578</u>

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Brea Plaza</u>				
Assets				
Cash and investments	\$ 386,788	\$ 713,597	\$ 509,834	\$ 590,551
Restricted assets:				
Cash and investments with fiscal agents	837,908	9,305,538	9,468,539	674,907
Total Assets	<u>\$ 1,224,696</u>	<u>\$ 10,019,135</u>	<u>\$ 9,978,373</u>	<u>\$ 1,265,458</u>
Liabilities				
Accounts payable	\$ 59	\$ 34,417	\$ 30,167	\$ 4,309
Accrued liabilities	587	587	1,174	-
Due to external parties/other agencies	1,224,050	9,536,547	9,499,448	1,261,149
Total Liabilities	<u>\$ 1,224,696</u>	<u>\$ 9,571,551</u>	<u>\$ 9,530,789</u>	<u>\$ 1,265,458</u>
<u>ILJAOC</u>				
Assets				
Cash and investments	\$ 3,365,333	\$ 1,248,127	\$ 943,462	\$ 3,669,998
Receivables:				
Accounts	7,723	17,361	7,723	17,361
Due from other governments	19,065	860,787	860,787	19,065
Capital assets:				
Capital assets, net of depreciations	468,006	-	192,682	275,324
Total Assets	<u>\$ 3,860,127</u>	<u>\$ 2,126,275</u>	<u>\$ 2,004,654</u>	<u>\$ 3,981,748</u>
Liabilities				
Accounts payable	\$ 276,855	\$ 816,380	\$ 861,603	\$ 231,632
Due to external parties/other agencies	3,583,272	1,201,889	1,035,045	3,750,116
Total Liabilities	<u>\$ 3,860,127</u>	<u>\$ 2,018,269</u>	<u>\$ 1,896,648</u>	<u>\$ 3,981,748</u>
Total Agency Funds				
Assets				
Cash and investments	\$ 4,919,487	\$ 2,736,866	\$ 2,201,719	\$ 5,454,634
Receivables:				
Taxes	9,007	7,810	9,007	7,810
Accounts	17,659	18,367	18,665	17,361
Due from other governments	19,065	860,787	860,787	19,065
Restricted assets:				
Cash and investments with fiscal agents	1,466,381	9,969,006	10,149,815	1,285,572
Capital assets:				
Capital assets, net of depreciations	468,006	-	192,682	275,324
Total Assets	<u>\$ 6,899,605</u>	<u>\$ 13,592,836</u>	<u>\$ 13,432,675</u>	<u>\$ 7,059,766</u>
Liabilities				
Accounts payable	\$ 278,191	\$ 881,605	\$ 921,684	\$ 238,112
Accrued liabilities	538,955	11,569	12,529	537,995
Due to City of Brea	9,936	1,006	10,942	-
Due to external parties/other agencies	6,072,523	11,502,623	11,291,487	6,283,659
Total Liabilities	<u>\$ 6,899,605</u>	<u>\$ 12,396,803</u>	<u>\$ 12,236,642</u>	<u>\$ 7,059,766</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

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

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 comprehensive annual financial reports for the relevant year.*

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CITY OF BREA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Governmental Activities										
Net investment in capital assets	\$ 43,350,936	\$ 49,313,284	\$ 40,774,347	\$ 36,846,317	\$ 165,031,654	\$ 164,750,324	\$ 158,976,819	\$ 165,493,107	\$ 170,548,467	\$ 204,322,724
Restricted	46,271,092	62,325,348	73,800,755	26,596,796	53,379,627	48,418,876	56,883,753	54,629,374	52,867,078	54,134,339
Unrestricted	(21,203,642)	(34,372,602)	(33,277,968)	157,129,179	29,028,179	30,997,188	(64,027,907)	(58,217,717)	(57,154,376)	(78,106,848)
Total governmental activities net position	\$ 68,418,386	\$ 77,266,030	\$ 81,297,134	\$ 220,572,292	\$ 247,439,460	\$ 244,166,388	\$ 151,832,665	\$ 161,904,764	\$ 166,261,169	\$ 180,350,215
Business-type Activities										
Net investment of capital assets	\$ 44,774,355	\$ 45,690,842	\$ 27,869,296	\$ 36,107,809	\$ 36,804,832	\$ 31,396,904	\$ 33,367,826	\$ 33,174,074	\$ 42,091,695	\$ 58,347,144
Restricted	1,885,573	-	7,028,848	5,217,299	7,411,252	5,213,677	6,203,193	6,165,829	5,641,012	5,657,518
Unrestricted	6,368,112	7,101,987	13,592,110	7,695,077	6,023,885	19,603,041	8,603,346	12,637,920	14,392,925	15,322,371
Total business-type activities net position	\$ 53,028,040	\$ 52,792,829	\$ 48,490,254	\$ 49,020,185	\$ 50,239,969	\$ 56,213,622	\$ 48,174,365	\$ 51,977,823	\$ 62,125,632	\$ 79,327,033
Primary Government										
Net investment of capital assets	\$ 88,125,291	\$ 95,004,126	\$ 68,643,643	\$ 72,954,126	\$ 201,836,486	\$ 196,147,228	\$ 192,344,645	\$ 198,667,181	\$ 212,640,162	\$ 262,669,868
Restricted	48,156,665	62,325,348	80,829,603	31,814,095	60,790,879	53,632,553	63,086,946	60,795,203	58,508,090	59,791,857
Unrestricted	(14,835,530)	(27,270,615)	(19,685,858)	164,824,256	35,052,064	50,600,229	(55,424,561)	(45,579,797)	(42,761,451)	(62,784,477)
Total primary government net position	\$ 121,446,426	\$ 130,058,859	\$ 129,787,388	\$ 269,592,477	\$ 297,679,429	\$ 300,380,010	\$ 200,007,030	\$ 213,882,587	\$ 228,386,801	\$ 259,677,248

CITY OF BREA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Expenses:										
Governmental activities:										
General government	\$ 11,501,616	\$ 8,516,391	\$ 7,530,948	\$ 9,747,589	\$ 7,495,185	\$ 7,352,190	\$ 7,569,787	\$ 7,297,652	\$ 7,758,276	\$ 6,679,825
Public safety	36,993,799	35,756,811	36,221,221	39,166,833	35,849,288	31,408,789	32,409,727	31,372,155	33,938,469	40,137,072
Community Development	9,214,020	17,213,948	11,056,047	2,312,830	2,615,088	5,201,569	2,836,727	3,010,978	3,403,082	3,784,020
Community services	6,907,228	6,154,495	6,106,128	6,623,220	6,622,332	7,023,682	7,441,012	7,267,829	7,598,666	8,054,662
Public Works	10,608,001	7,075,398	19,991,034	15,240,604	9,718,841	10,092,864	12,367,078	13,544,061	16,306,542	18,324,571
Interest on long-term debt	8,779,300	9,607,504	9,228,093	2,414,053	501,265	458,021	435,772	435,207	414,974	380,159
Total governmental activities expenses	84,003,964	84,324,547	90,133,471	75,505,129	62,801,999	61,537,115	63,060,103	62,927,882	69,420,009	77,360,309
Business-type activities:										
Urban run-off	226,256	284,692	244,479	269,518	288,517	310,717	388,493	415,328	376,623	396,030
Water utility	11,272,767	14,025,354	14,067,772	15,512,551	14,883,425	16,048,442	15,752,822	14,085,433	14,882,443	17,306,036
Sewer utility	1,307,733	1,073,775	1,080,134	1,227,067	1,353,552	1,525,820	1,575,738	1,590,905	1,630,319	1,896,662
Sanitation	2,444,076	2,486,588	2,565,324	2,706,954	2,789,289	2,849,515	2,910,840	2,937,684	3,045,308	3,283,613
Information Technology External Support	1,329,165	1,958,140	1,230,704	1,269,800	1,271,540	1,228,919	1,240,462	1,312,899	1,724,116	1,790,154
Total business-type activities expenses	16,579,997	19,828,549	19,188,413	20,985,910	20,586,323	21,963,413	21,868,355	20,342,249	21,658,809	24,672,495
Total primary government expenses	\$ 100,583,961	\$ 104,153,096	\$ 109,321,884	\$ 96,491,039	\$ 83,388,322	\$ 83,500,528	\$ 84,928,458	\$ 83,270,131	\$ 91,078,818	\$ 102,032,804
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,013,985	\$ 730,875	\$ 433,932	\$ 2,177,602	\$ 1,890,749	\$ 1,631,098	\$ 1,663,401	\$ 1,765,913	\$ 1,605,816	\$ 1,403,754
Public safety	12,624,891	13,651,052	12,878,402	13,155,339	7,315,925	1,533,213	1,376,553	1,282,646	1,297,025	1,689,176
Community Development	21,926	604,565	567,237	583,339	1,535,351	1,092,041	998,141	1,577,964	2,151,955	4,619,615
Community services	3,074,717	3,304,933	2,248,603	1,737,725	3,638,056	4,672,523	5,640,412	3,021,505	2,818,718	3,023,144
Public Works	490,302	469,533	2,262,329	1,955,188	1,688,142	1,909,409	1,706,630	1,257,168	1,610,889	506,348
Operating contributions and grants	6,362,517	5,111,923	3,542,733	6,364,114	4,955,213	3,502,773	3,238,366	3,399,311	2,632,718	3,964,816
Capital contributions and grants	6,761,134	15,640,554	4,501,863	8,472,778	3,495,573	1,187,623	3,908,617	2,336,984	5,668,485	43,192,575
Total governmental activities program revenues	30,349,472	39,513,435	26,435,099	34,446,085	24,519,009	15,528,680	18,532,120	14,641,491	17,785,606	58,399,428
Business-type activities:										
Charges for services:										
Urban run-off	329,143	333,760	351,123	377,950	361,321	380,256	384,523	402,205	412,086	418,426
Water utility	10,565,259	11,344,697	11,834,601	14,085,133	16,401,415	18,813,373	18,242,242	18,520,362	20,098,490	22,885,107
Sewer utility	1,875,014	1,894,176	2,008,507	1,932,161	2,018,405	2,136,760	2,141,422	2,236,813	2,322,756	2,239,774
Sanitation	2,959,536	3,037,508	3,138,125	3,158,430	3,199,135	3,317,183	3,431,013	3,531,648	3,584,153	3,727,950
Information Technology External Support	1,679,249	1,546,020	1,642,756	1,676,577	1,499,019	1,472,730	1,532,097	1,807,305	1,959,634	1,695,050
Operating contributions and grants	-	-	11,323	11,323	11,323	11,371	-	11,371	525,165	501,959
Capital contributions and grants	214,182	389,905	-	-	-	1,209,000	1,521,000	-	-	14,285,715
Total business-type activities program revenues	17,622,383	18,546,066	18,986,435	21,241,574	23,490,618	27,340,673	27,252,297	24,509,704	28,902,284	45,753,981
Primary government program revenues	\$ 47,971,855	\$ 58,059,501	\$ 45,421,534	\$ 55,687,659	\$ 48,009,627	\$ 42,869,353	\$ 45,784,417	\$ 39,151,195	\$ 46,687,890	\$ 104,153,409
Net (Expense)/Revenue:										
Governmental activities	\$ (53,654,492)	\$ (44,811,112)	\$ (63,698,372)	\$ (41,059,044)	\$ (36,282,990)	\$ (46,008,435)	\$ (44,527,983)	\$ (48,286,391)	\$ (51,634,403)	\$ (18,960,881)
Business-type activities	1,042,386	(1,282,483)	(201,978)	255,664	2,904,295	5,377,260	5,383,942	4,167,455	7,243,475	21,081,486
Total primary government net expense	\$ (52,612,106)	\$ (46,093,595)	\$ (63,900,350)	\$ (40,803,380)	\$ (35,378,695)	\$ (40,631,175)	\$ (39,144,041)	\$ (44,118,936)	\$ (44,390,928)	\$ 2,120,605

General Revenues and Other Changes in Net Position:

Governmental activities:

Taxes

Property taxes	\$ 34,580,106	\$ 31,765,514	\$ 35,480,231	\$ 31,974,080	\$ 12,320,889	\$ 13,314,758	\$ 14,627,073	\$ 16,656,050	\$ 17,887,984	\$ 19,357,620
Transient occupancy taxes	1,213,362	1,176,279	1,227,168	1,280,631	1,401,140	1,513,160	1,591,839	1,605,590	1,716,180	1,786,589
Sales taxes	16,492,269	15,065,207	16,918,523	19,248,771	19,315,104	20,657,918	20,572,655	21,611,873	21,200,598	19,235,559
Franchise taxes	1,513,468	1,480,286	1,707,497	1,706,631	1,693,964	1,682,274	1,625,872	1,589,950	1,680,293	1,594,432
Business licenses taxes	1,079,260	1,035,032	948,184	975,742	985,391	1,054,054	1,035,220	1,101,915	1,078,509	1,107,537
Other taxes	371,063	396,676	379,639	555,291	690,840	860,520	977,074	797,475	392,075	579,840
Motor vehicle in lieu	183,026	163,475	184,311	70,227	71,847	68,846	69,978	72,551	75,398	79,899
Use of money and property	1,425,966	2,012,565	4,054,982	1,242,184	603,010	802,974	686,757	1,602,076	1,110,886	1,482,370
Gain on sale of assets	-	-	-	-	6,923	76,461	31,396	83,139	(1,731)	23,639
Contributions to permanent funds	-	-	-	1,322,891	-	-	-	-	-	-
Other	1,687,278	567,310	1,675,428	1,177,781	2,820,335	1,812,159	1,713,163	3,891,552	9,725,201	3,686,032
Extraordinary gain on dissolution of Redevelopment Agency ¹	-	-	-	119,686,954	21,522,303	-	(944,392)	-	-	-
Transfers	920,557	(3,588)	5,153,514	1,093,019	3,258,862	892,239	1,525,979	1,590,527	1,125,415	450,000
Total governmental activities	59,466,295	53,658,756	67,729,477	180,334,202	64,688,608	42,735,363	43,512,614	50,602,698	55,990,808	49,383,517

Business-type activities:

Use of money and property	392,553	972,854	1,052,916	415,256	54,871	125,999	151,348	303,514	(23,077)	(25,014)
Other	-	70,830	-	952,030	1,362,639	580,062	401,566	250,269	44,024	44,024
Transfers	(920,557)	3,588	(5,153,514)	(1,093,019)	(3,256,862)	(892,239)	(1,525,979)	(1,590,527)	(1,125,415)	(450,000)
Total business-type activities	(528,004)	1,047,272	(4,100,598)	274,267	(1,881,292)	596,393	(794,569)	(885,447)	(898,223)	(430,990)
Total primary government	\$ 58,938,291	\$ 54,706,028	\$ 63,628,879	\$ 180,608,469	\$ 62,807,316	\$ 43,331,756	\$ 42,718,045	\$ 49,717,251	\$ 55,092,585	\$ 48,952,527

Change in Net Position:

Governmental activities	\$ 5,811,803	\$ 8,847,644	\$ 4,031,105	\$ 139,275,158	\$ 26,405,618	\$ (3,273,072)	\$ (1,015,369)	\$ 2,316,307	\$ 4,356,405	\$ 30,422,636
Business-type activities	514,382	(235,211)	(4,302,576)	529,931	1,023,003	5,973,653	4,589,373	3,282,008	6,345,252	20,650,496
Total primary government	\$ 6,326,185	\$ 8,612,433	\$ (271,471)	\$ 139,805,089	\$ 27,428,621	\$ 2,700,581	\$ 3,574,004	\$ 5,598,315	\$ 10,701,657	\$ 51,073,132

¹During 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 Redevelopment Agencies in California.

CITY OF BREA

FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11 ¹	Fiscal Year 2011-12 ²	Fiscal Year 2012-13 ³	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
General Fund										
Reserved	\$ 1,380,677	\$ 785,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,855,888	21,339,180	-	-	-	-	-	-	-	-
Nonspendable	-	-	362,049	1,580,778	1,675,150	1,096,665	856,591	615,605	412,659	139,562
Restricted	-	-	870,294	926,483	1,191,585	1,161,494	1,392,800	7,448,016	8,201,746	8,112,011
Committed	-	-	7,048,285	6,546,809	7,496,895	8,649,210	8,616,218	9,091,623	-	867,841
Assigned	-	-	798,915	590,613	667,696	800,857	573,064	590,815	11,316,072	12,270,563
Unassigned	-	-	16,998,367	21,075,761	21,224,287	21,046,657	23,586,834	19,154,869	14,077,609	14,703,360
Total general fund	\$ 22,236,565	\$ 22,124,725	\$ 26,077,910	\$ 30,720,444	\$ 32,255,613	\$ 32,754,883	\$ 35,025,507	\$ 36,900,928	\$ 34,008,086	\$ 36,093,337
All Other Governmental Funds										
Reserved	\$ 28,011,213	\$ 47,477,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	10,753,310	9,623,245	-	-	-	-	-	-	-	-
Capital projects funds	32,341,656	22,796,432	-	-	-	-	-	-	-	-
Debt service funds	17,927,243	12,049,980	-	-	-	-	-	-	-	-
Nonspendable	-	-	21,711,076	-	-	18,212,052	18,067,123	-	-	-
Restricted	-	-	70,255,597	25,670,313	52,188,042	29,045,330	28,721,740	47,181,358	44,665,332	44,617,410
Assigned	-	-	9,915,996	1,705,413	-	-	-	-	-	-
Unassigned	-	-	(335,374)	(54,141)	(144,652)	(89,971)	(78,497)	(79,171)	(19,272)	(9,653)
Total all other governmental funds	\$ 89,033,422	\$ 91,946,732	\$ 101,547,295	\$ 27,321,585	\$ 52,043,390	\$ 47,167,411	\$ 46,710,366	\$ 47,102,187	\$ 44,646,060	\$ 44,607,757

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

² During the fiscal year ended June 30, 2012, the assets, liabilities (current and long-term debt obligations) and fund balances of the former Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of the dissolution of redevelopment agencies in California.

³ During the fiscal year ended June 30, 2013, the Successor Agency transferred to the City of Brea the housing assets of the former Brea Redevelopment Agency.

CITY OF BREA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Revenues:										
Taxes	\$ 56,253,190	\$ 55,174,409	\$ 53,658,443	\$ 52,965,161	\$ 33,464,585	\$ 35,621,119	\$ 37,453,770	\$ 40,526,309	\$ 40,215,974	\$ 41,074,462
Licenses and permits	496,386	488,491	502,449	468,154	485,113	608,664	645,054	782,250	870,940	584,841
Intergovernmental	6,208,976	3,678,295	9,065,309	9,057,154	7,391,599	5,921,198	7,992,057	10,535,171	9,506,268	24,323,998
Contributions	-	13,400,000	-	6,012,024	2,299,568	199,811	497,304	2,080	535	105,514
Charges for services	15,041,718	14,754,248	17,578,136	16,383,685	12,386,985	7,416,279	8,125,141	5,451,452	6,188,947	8,008,055
Use of money and property ¹	5,219,651	3,833,071	3,625,103	3,212,863	1,797,849	2,580,210	2,379,065	2,778,480	2,542,341	1,914,998
Fines and forfeitures	1,834,868	2,160,058	1,823,981	1,811,929	1,500,354	1,067,593	842,001	790,247	597,476	824,358
Miscellaneous	2,612,448	2,566,836	3,431,088	5,032,030	5,377,484	2,907,555	3,025,893	2,852,006	5,462,816	3,660,707
Total revenues	87,667,237	96,035,408	89,684,509	94,943,000	64,703,537	56,322,429	60,960,275	63,717,995	65,385,297	80,496,933
Expenditures:										
General Government	7,125,057	6,302,472	6,199,044	6,889,583	5,569,582	5,479,851	5,635,476	5,751,038	5,645,218	5,365,030
Public Safety	36,548,783	35,669,855	34,916,663	36,925,686	35,270,155	31,461,089	31,340,804	33,095,380	34,377,568	35,511,682
Development Services ²	9,177,580	5,177,066	-	-	-	-	-	-	-	-
Community Development ²	-	-	6,581,513	2,213,502	2,669,989	5,206,914	2,853,942	3,191,325	3,470,595	3,469,989
Community Services	6,470,313	6,108,153	5,808,160	5,930,685	6,141,746	6,450,201	6,750,909	7,048,955	7,395,363	7,284,303
Maintenance Services ²	6,935,005	4,201,954	-	-	-	-	-	-	-	-
Public Works ²	-	-	4,550,487	4,715,759	4,769,385	4,925,155	5,200,858	5,456,277	5,778,004	5,390,103
Capital Outlay	7,601,076	13,152,533	26,027,011	12,901,819	6,896,432	7,350,289	8,129,441	9,372,430	14,808,389	21,198,635
Debt service:										
Principal retirement	7,268,934	8,476,465	8,402,943	9,021,235	368,460	350,000	370,000	618,132	410,411	435,389
Interest and fiscal charges	7,900,652	8,899,460	8,980,763	4,246,122	460,878	439,402	416,792	420,772	397,243	383,551
Debt issuance costs	720,002	145,961	649,830	-	-	-	-	-	-	-
Pass-through agreement payments	2,564,792	3,437,854	2,537,558	457,812	-	-	-	-	-	-
SERAF payment	-	8,983,766	1,849,599	-	-	-	-	-	-	-
Total expenditures	92,312,194	100,555,539	106,503,571	83,302,203	62,146,627	61,662,901	60,698,222	64,954,309	72,282,791	79,038,682
Excess (deficiency) of revenues over (under) expenditures	(4,644,957)	(4,520,131)	(16,819,062)	11,640,797	2,556,910	(5,340,472)	262,053	(1,236,314)	(6,897,494)	1,458,251
Other Financing Sources (Uses):										
Transfers in	27,097,193	23,268,409	33,603,347	11,074,821	6,904,709	5,890,552	6,507,993	4,378,333	10,082,394	5,791,699
Transfers out	(25,761,520)	(23,361,808)	(28,816,796)	(10,207,113)	(4,733,798)	(4,934,249)	(4,956,467)	(2,826,881)	(8,533,869)	(5,203,002)
Sale of capital assets	-	-	-	-	6,850	7,460	-	-	-	-
Capital leases	327,376	-	-	-	-	-	-	1,952,104	-	-
Long-term debt issued	20,925,000	7,415,000	38,594,323	-	-	-	-	-	-	-
Refunded debt redeemed	(12,060,000)	-	(13,185,000)	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-	-	-
Bond discount	-	-	(174,757)	-	-	-	-	-	-	-
Total other financing sources (uses)	10,528,049	7,321,601	30,372,811	867,708	2,177,761	963,763	1,551,526	3,503,556	1,548,525	588,697
Extraordinary gain on dissolution of Redevelopment Agency ^{3,4}	-	-	-	(82,091,681)	21,522,303	-	-	-	-	-
Net change in fund balances	\$ 5,883,092	\$ 2,801,470	\$ 13,553,749	\$ (69,583,176)	\$ 26,256,974	\$ (4,376,709)	\$ 1,813,579	\$ 2,267,242	\$ (5,348,969)	\$ 2,046,948
Debt service as a percentage of noncapital expenditures	18.76%	20.05%	20.10%	17.30%	1.52%	1.43%	1.41%	1.87%	1.41%	1.42%

¹ Beginning fiscal year ended June 30, 2010, the amount reported is a combination of investment and rental income.² Effective July 1, 2010, the Development and Maintenance Services Departments were eliminated and the Community Development and Public Works Departments were created due to the City of Brea's reorganization plan.³ During the fiscal year ended June 30, 2012, the assets, liabilities (current and long-term debt obligations) 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 redevelopment agencies in California.⁴ During the fiscal year ended June 30, 2013, the Successor Agency transferred to the City of Brea the housing assets of the former Brea Redevelopment Agency.

CITY OF BREA

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
2009	3,420,432,796	1,535,537,061	1,161,803,074	917,687,313	7,035,460,244	0.17402
2010	3,319,962,213	1,554,892,370	1,199,008,537	905,419,292	6,979,282,412	0.17402
2011	3,579,683,419	1,548,534,540	1,135,559,625	753,830,318	7,017,607,902	0.17402
2012	3,637,044,394	1,543,677,299	1,077,624,463	723,537,802	6,981,883,958	0.17402
2013	3,805,741,803	1,544,954,532	1,145,495,173	682,982,424	7,179,173,932	0.17402
2014	3,927,143,843	1,569,625,782	1,112,039,475	839,411,616	7,448,220,716	0.17402
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	0.01740

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

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
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	0.02270	0.02285	0.02426	0.02367	0.02365	0.02470	0.02528	0.02292	0.02298	0.02325
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	0.01493	0.01662	0.01758	0.01742	0.01902	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	0.01880	0.01880	0.01880	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	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct Rate	\$ 1.08699	\$ 1.08875	\$ 1.09052	\$ 1.08977	\$ 1.09123	\$ 1.09030	\$ 1.09088	\$ 1.08852	\$ 1.08858	\$ 1.08885

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

NOTES:

In 1978, California voters passed Proposition 13 which sets the property 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.

Source: HdL Coren & Cone, Orange County Assessor Combined Tax Rolls

CITY OF BREA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Fiscal Year 2017-18			Fiscal Year 2008-09		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Retail Property Trust	\$ 233,165,890	1	2.37%	\$ 198,048,218	1	2.76%
Olen Pointe Brea LLC	140,085,892	2	1.43%	97,800,045	5	1.36%
CRE Brea Valencia LLC	113,911,049	3	1.16%			
ABS CA-O DC2 LLC	110,379,888	4	1.12%	135,282,962	2	1.89%
Kraemer Acquisitions Ptrs Own	105,213,600	5	1.07%			
FW CA-Brea Marketplace LLC	105,135,930	6	1.07%	52,478,919	9	0.73%
Brea Union Plaza II LLC	87,864,546	7	0.89%			
ICE Holdings LLC	55,130,196	8	0.56%			
2727 Imperial	54,998,897	9	0.56%			
Evangelical Christian Credit Union	53,349,473	10	0.54%			
Acquiport Brea LP				121,557,130	3	1.69%
Beckman Coulter Inc.				100,021,179	4	1.39%
La Floresta				88,433,996	6	1.23%
Brea-Olinda School				71,849,073	7	1.00%
Abbey-III Brea				62,399,257	8	0.87%
Guardian Capital Management				52,391,727	10	0.73%
	<u>\$ 1,059,235,361</u>		<u>10.77%</u>	<u>\$ 980,262,506</u>		<u>13.65%</u>

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

**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
2009	34,655,751	34,504,139	99.56	354,837	34,858,976	100.59
2010	33,304,101	32,620,080	97.95	252,721	32,872,801	98.70
2011	34,970,273	35,335,027	101.04	145,204	35,480,231	101.46
2012	32,242,292	31,678,555	98.25	295,525	31,974,080	99.17
2013 ¹	12,449,282	12,125,387	97.40	195,502	12,320,889	98.97
2014	13,412,523	13,173,993	98.22	140,765	13,314,758	99.27
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

¹ Beginning February 1, 2012, the property tax revenues of the former Brea Redevelopment Agency are now accounted for in the Successor Agency to the Brea Redevelopment Agency.

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

TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Department Stores	\$ 2,759,775	\$ 2,950,535	\$ 3,037,419	\$ 3,158,876	\$ 3,060,495	\$ 3,000,876	\$ 3,020,454	\$ 2,959,079	\$ 2,827,804	\$ 2,576,479
Restaurant	1,595,896	1,556,835	1,679,527	1,902,210	2,004,400	2,082,644	2,159,263	2,258,542	2,305,596	2,512,626
Light Industry	1,485,575	1,497,016	1,854,804	1,713,504	1,759,297	2,142,298	2,049,527	2,171,917	2,158,761	2,000,878
Building Materials-Wholesale	1,105,874	1,061,908	1,348,297	1,346,742	1,622,498	1,676,631	1,799,592	2,051,748	2,116,119	2,071,993
Apparel Stores	1,525,844	1,443,568	1,581,487	1,661,679	1,755,021	1,697,734	1,732,123	1,696,435	1,676,921	1,589,063
Miscellaneous Retail	1,440,366	1,287,074	1,372,512	1,560,446	1,600,599	1,707,983	1,779,009	1,652,697	1,558,413	1,575,008
Furniture/Appliance	534,043	558,615	683,424	764,254	708,157	686,308	801,114	763,158	810,168	976,083
Service Stations	734,678	649,050	917,704	998,449	991,760	1,001,724	844,593	712,761	674,913	705,984
Food Markets	261,529	269,150	283,462	271,680	284,288	358,917	358,917	469,420	488,165	437,616
Building Materials-Retail	326,520	328,472	366,253	345,832	450,631	450,013	446,278	470,340	472,178	500,971
Heavy Industry	382,130	309,395	391,235	369,982	498,859	346,253	356,465	408,035	359,099	674,914
Auto Sales-New	1,908	769	160	247	262	330,614	315,306	288,732	441,956	534,567
Other	2,289,386	1,925,965	2,135,394	2,084,482	1,798,200	1,774,919	1,805,690	1,922,933	1,927,869	1,680,294
Total	\$ 14,443,524	\$ 13,838,352	\$ 15,631,678	\$ 16,178,383	\$ 16,534,467	\$ 17,256,914	\$ 17,468,331	\$ 17,825,797	\$ 17,817,962	\$ 17,836,476

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

Source: MuniServices

CITY OF BREa

RATIO OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities				Business-Type Activities			Debt Per Capita ⁸
	Tax Allocation Bonds ^{4, 5}	Lease Revenue Bonds ⁵	Capital Leases ^{2, 7}	Total Governmental Activities	Water Revenue Bonds ^{1, 3, 6}		Percentage of Personal Income ⁸	
					Total Primary Government			
2009	188,442,073	14,495,000	2,993,624	205,930,697	25,800,000	231,730,697	11.43%	5,768
2010	178,909,196	16,485,000	6,716,146	202,110,342	38,095,000	240,205,342	11.46%	5,949
2011	197,967,628	15,360,000	6,106,031	219,433,659	37,760,000	257,193,659	13.10%	6,419
2012	-	2,760,000	5,161,902	7,921,902	37,265,000	45,186,902	2.21%	1,104
2013	-	2,760,000	4,659,564	7,419,564	36,325,000	43,744,564	2.10%	1,057
2014	-	2,760,000	4,169,409	6,929,409	35,350,000	42,279,409	1.83%	997
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	2.26%	1,293
2018	-	2,760,000	3,658,172	6,418,172	49,110,000	55,528,172	2.20%	1,237

¹ For the fiscal year ended June 30, 2009, the Brea Public Financing Authority issued \$12,855,000 in water revenue refunding bonds and \$12,945,000 in new money bonds.

² For the fiscal year ended June 30, 2010, the City of Brea entered into a lease-purchase agreement for \$4,580,000.

³ For the fiscal year ended June 30, 2010, the Brea Public Financing Authority issued over \$12 million of water revenue bonds.

⁴ For the fiscal year ended June 30, 2011, the Brea Redevelopment Agency issued over \$29 million of tax allocation bonds.

⁵ For the fiscal year ended June 30, 2012, outstanding long term debts of the Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of redevelopment agencies in California.

⁶ For the fiscal year ended June 30, 2015, the Brea Community Benefit Financing Authority issued over \$18 million of water revenue bonds.

⁷ For the fiscal year ended June 30, 2016, the City of Brea entered into a lease purchase agreement for \$1,952,104.

⁸ 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

RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Bonded Debt Outstanding			Restricted for Debt Service ²	Net Bonded Debt	Percentage of Assessed Value of Property ³	Per Capita ⁴
	Tax Allocation Bonds ^{1, 2}	Lease Revenue Bonds ²	Total				
2009	185,442,073	14,495,000	199,937,073	3,713,382	196,223,691	2.79%	4,592
2010	178,909,196	16,485,000	195,394,196	3,758,776	191,635,420	2.75%	4,629
2011	197,967,628	15,360,000	213,327,628	6,647,628	206,680,000	2.95%	5,247
2012	-	2,760,000	2,760,000	301,972	2,458,028	0.04%	60
2013	-	2,760,000	2,760,000	291,130	2,468,870	0.03%	60
2014	-	2,760,000	2,760,000	293,713	2,466,287	0.03%	58
2015	-	2,760,000	2,760,000	264,636	2,495,364	0.03%	58
2016	-	2,760,000	2,760,000	269,453	2,490,547	0.03%	57
2017	-	2,760,000	2,760,000	265,707	2,494,293	0.03%	57
2018	-	2,760,000	2,760,000	265,506	2,494,494	0.03%	56

¹ For the fiscal year ended June 30, 2011, the Redevelopment Agency issued over \$29 million of tax allocation bonds in June, 2011, which included over \$22 million in new bonds resulting in the increase

² For the fiscal year ended June 30, 2012, outstanding long term debts of the Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of Redevelopment Agencies in California.

³ See schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

⁴ 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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

City Assessed Valuation:

	Estimated Percentage Applicable ¹	Debt Outstanding	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.352	\$60,600,000	\$ 213,312
North Orange County Joint Community College District	7.769	206,054,001	16,008,335
Brea-Olinda Unified School District	94.539	13,049,029	12,336,422
Placentia-Yorba Linda Unified School District	1.273	236,974,879	3,016,690
Rowland Unified School District	0.146	237,527,595	346,790
Fullerton Joint Union High School District	1.938	169,665,000	3,288,108
Fullerton School District	0.008	27,120,458	2,170
La Habra City School District	11.072	20,931,272	2,317,510
City of Brea Community Facilities Districts	100	13,300,000	13,300,000
Brea-Olinda Unified School District Community Facilities District No. 95-1	100	6,040,000	6,040,000
Total overlapping debt repaid with property taxes		<u>991,262,234</u>	<u>56,869,337</u>
Overlapping Other Debt:			
Orange County General Fund Obligation	1.732	\$210,347,000	\$ 3,643,210
Orange County Pension Obligations Bonds	1.732	383,564,389	6,643,335
Orange County Board of Education Certificates of Participation	1.732	13,990,000	242,307
North Orange Regional Occupation Program Certificates of Participation	7.983	9,610,000	767,166
Brea-Olinda Unified School District Certificates of Participation	94.539	16,680,000	15,769,105
Placentia-Yorba Linda Unified School District Certificates of Participation	1.273	94,175,355	1,198,852
Rowland Unified School District Certificates of Participation	0.146	5,000,000	7,300
Fullerton Joint Union High School District Certificates of Participation	1.938	19,295,000	373,937
Fullerton School District Certificates of Participation	0.008	4,810,000	385
Total overlapping general fund debt			<u>28,645,597 ²</u>
Total overlapping debt			\$ 85,514,934
City of Brea Direct Debt:			
Lease Revenue Bonds			\$ 2,760,000
Capital Leases			<u>3,658,172</u>
Total City of Brea Direct Debt			\$ 6,418,172
Combined total direct and overlapping debt			\$ 91,933,106 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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year 2009-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Assessed value	\$ 7,035,460,244	\$ 6,979,282,412	\$ 6,979,282,412	\$ 7,328,303,022	\$ 7,556,214,577	\$ 7,815,157,069	\$ 8,026,908,085	\$ 8,532,576,967	\$ 9,116,002,399	\$ 9,660,027,845
Debt limit: 3.75% of assessed value	263,829,759	261,723,090	261,723,090	274,811,363	283,358,047	293,068,390	301,009,053	319,971,636	341,850,090	362,251,044
Total net debt applicable to limit										
Total general obligation bonded debt										-
Less net assets in debt service fund										-
Total amount of debt applicable to debt limit										\$ -
Legal debt margin										\$ 362,251,044

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

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Tax Allocation Bonds					Water Revenue Bonds					
	Increment ^{5, 6}	Tax	Debt Service		Coverage ⁶	Gross Revenues ¹	Less: Operating Expenses ²	Net			
			Principal ⁶	Interest ⁶				Available Revenue	Debt Service		
									Principal ³	Interest ⁴	
2009	23,500,000		5,795,000	7,132,481	1.82	10,344,771	9,123,214	1,221,557	790,000	552,885	0.91
2010	20,062,146		6,950,000	8,182,916	1.33	11,563,325	10,471,557	1,091,768	-	1,359,105	0.80
2011	19,854,155		6,960,000	7,895,704	1.34	11,874,613	10,510,821	1,363,792	335,000	1,291,835	0.84
2012	-		-	-	-	13,659,142	11,196,371	2,462,771	495,000	1,536,324	1.21
2013	-		-	-	-	15,639,630	10,700,731	4,938,899	940,000	1,548,591	1.98
2014	-		-	-	-	18,204,836	11,873,994	6,330,842	975,000	1,540,597	2.52
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

¹ Gross revenues exclude connection fees.

² Operating expenses do not include interest or depreciation.

³ In May 2009, the Brea Public Financing Authority issued over \$12.9 million of water revenue refunding bonds, which refunded the 1998 Water Revenue Refunding Bonds resulting in no principal payment due in July 1, 2009.

⁴ Interest expense is net of the Build America Bonds interest refund credits.

⁵ Beginning fiscal year ended June 30, 2010, tax increment is net of tax increment revenue sharing payments.

⁶ For the fiscal year ended June 30, 2012, outstanding long term debts of the Brea Redevelopment Agency were transferred to the Successor Agency on February 1, 2012, as a result of dissolution of redevelopment agencies in California.

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

CITY OF BREA

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
2009	40,176	2,027,401	50,463	7.2%
2010	40,377	2,095,324	51,894	6.2%
2011	40,065	1,963,986	49,020	6.6%
2012	40,932	2,040,992	49,863	6.0%
2013	41,394	2,087,913	50,440	5.2%
2014	42,397	2,311,442	54,519	4.2%
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%

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

PRINCIPAL EMPLOYERS CURRENT FISCAL YEAR AND TEN YEARS AGO

Employer	Fiscal Year 2017-18			Fiscal Year 2008-09		
	Employees	Rank	Percent of Total City Employment ¹	Employees	Rank	Percent of Total City Employment
Mercury Insurance Group	1,675	1	7.28%	3,000	1	14.15%
Bank of America ²	1,500	2	6.52%	1,500	3	7.08%
Albertson's, Inc.	1,335	3	5.80%	1,200	4	5.66%
Beckman Coulter, Inc.	1,000	4	4.35%	3,000	2	14.15%
Kirkhill - TA Company	779	5	3.39%	700	5	2.36%
Brea Olinda Unified School District	709	6	3.08%	500	6	3.30%
Bristol Industries	413	7	1.80%			
Nationwide formerly Veterinary Pet Ins.	400	8	1.74%			
Nordstrom	352	9	1.53%			
Zodiac Inflight Innovations	285	10	1.24%			
Harte-Hanks Communications			0.00%	500	7	2.36%
ITT Hartford Insurance Group			0.00%	450	8	2.12%
Avery Dennison Administrative			0.00%	450	9	2.12%
Capital Group			0.00%	400	10	1.89%
Total	6,773		29.45%	11,700		55.19%

¹ Based upon the Employment Development Department's Labor Force estimate of 23,000 residents in 2018 out of a total population of 44,890.

² Unable to confirm, used last year number.

Source: City of Brea Business License Division and calls to businesses.

CITY OF BREa

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	69	56	57	57	59	58	59	60	59	54
Public Safety	226	211	213	213	212	167	158	158	159	157
Development Services	33	29	-	-	-	-	-	-	-	-
Community Development ¹	-	-	20	20	20	21	21	21	23	22
Community Services	52	48	39	48	52	52	52	55	56	54
Maintenance Services	42	32	-	-	-	-	-	-	-	-
Public Works ²	-	-	37	39	42	41	42	45	47	49
Water Utility	14	16	16	14	15	17	17	17	15	16
Sewer Utility	4	6	6	6	6	6	6	6	6	6
Sanitation	2	2	2	2	2	2	2	2	4	3
Mobile Data System	1	-	-	-	-	-	-	-	-	-
External Information Technology ³	-	9	9	9	9	10	10	10	12	11
Total	443	409	399	408	417	373	367	374	381	372

¹ Prior to FY2011, Community Development was reported under Development Services function.

² Prior to FY2011, Public Works was reported under Maintenance Services function.

³ Prior to FY2010, External Information Technology Services was reported under General Government function.

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

CITY OF BREA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Police										
Calls dispatched	22,232	22,231	23,071	24,650	22,810	22,412	23,026	24,359	26,027	25,185
Crime reports	7,076	5,475	4,726	4,491	4,450	4,207	4,490	4,798	4,881	4,888
Moving citations	7,123	9,192	9,024	8,215	5,573	3,272	3,426	2,483	2,409	2,799
Parking citations	14,118	20,639	15,469	16,034	10,651	11,178	10,057	10,528	10,467	10,591
Water										
Number of customer accounts	11,863	11,953	11,878	12,095	12,258	12,637	12,951	13,153	13,224	13,338
Average daily consumption (millions of gallons)	9.26	8.83	8.53	9.39	9.77	10.30	9.54	7.86	7.71	8.78
Water samples taken	624	624	627	672	840	624	686	732	780	824
Development Services ¹										
Permits issued	1,218	979	-	-	-	-	-	-	-	-
Inspections conducted	4,850	4,628	-	-	-	-	-	-	-	-
Traffic signals maintained ²	51	51	-	-	-	-	-	-	-	-
Infrastructure improv. projects administered	12	13	-	-	-	-	-	-	-	-
Community Development										
Permits issued	-	-	1,097	1,180	1,404	1,418	1,561	2,072	2,170	2,045
Inspections conducted	-	-	4,316	5,030	5,604	7,955	7,997	6,903	6,833	7,611
Maintenance Services ¹										
Square feet of graffiti removal	12,755	15,048	-	-	-	-	-	-	-	-
Streetsweeping miles	22,943	20,777	-	-	-	-	-	-	-	-
Trees pruned per year	2,706	2,906	-	-	-	-	-	-	-	-
Public Works										
Square feet of graffiti removal	-	-	12,528	9,576	10,944	7,713	4,545	3,609	6,950	7,074
Streetsweeping miles	-	-	20,609	18,398	19,365	19,494	20,128	20,333	21,060	21,476
Trees pruned per year	-	-	2,702	2,806	3,136	2,069	3,408	3,275	2,830	2,158
Traffic signals maintained ²	-	-	51	52	52	52	52	53	56	56
Infrastructure improv. projects administered	-	-	9	17	6	9	10	8	8	6
Culture and Recreation										
Gallery promotions and mailings	43,962	21,647	26,903	22,934	18,500	18,500	18,500	14,800	14,800	14,800
Gallery attendance	7,495	6,934	7,081	11,693	9,596	10,674	10,042	12,807	10,175	7,700
Theatre annual program brochures mailed	24,532	35,053	37,848	37,843	32,359	44,517	26,258	34,670	31,853	10,200
Theatre attendance	17,742	13,964	11,983	12,829	12,516	12,889	12,926	50,476	47,832	41,499
General government										
Accounts payable warrants issued	7,772	6,233	6,043	8,182	7,872	7,829	8,599	7,569	7,154	6,980

¹ Beginning in fiscal year 2010-11, function classified as Public Works or Community Development.

² Doesn't include five flashing beacons the City maintains

Source: City of Brea

CITY OF BREA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Miles of streets	119	119	119	119	119	120	120	121	121	121
Street lights	3,388	3,388	3,388	3,388	3,388	3,401	3,401	3,452	3,452	3,452
Water										
Number of water wells	1	1	1	1	1	1	1	1	1	1
Number of reservoirs	6	6	6	6	6	7	7	7	7	7
Miles of lines & mains	167	167	167	167	167	167	197	197	212	212
Sewer										
Miles of sanitary sewers	110	110	110	110	110	111	111	112	112	112
Miles of storm drains	25	25	25	25	25	26	26	27	27	27
Culture and Recreation										
Number of parks	11	11	11	11	12	13	13	13	13	14
Number of other facilities	7	7	7	7	7	7	7	7	7	7

Source: City of Brea



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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To the Members of the City Council
City of Brea, California

We have audited the 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, (City) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 11, 2018. We also met with the City's Finance Committee on October 9, 2018. We are currently performing the audit of the City's federal award programs (Single Audit) and anticipate issuing our reports thereon prior to March 31, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and No. 85, *Omnibus 2017*, as of July 1, 2017. Accordingly, the cumulative effect of the accounting as of the beginning of year is reported in Note 13. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the:

- The measurement of fair value of investments is based on observable market inputs and information from the City's safekeeping custodian banks,
- Amounts related to the net pension liability and total other postemployment benefit (OPEB) liability, related deferred outflows of resources and deferred inflows of resources, pension and OPEB expense, and the disclosures, are based on actuarial valuations.
- Developer contributions are based on estimates developed by the City's engineering department to approximately acquisition value of the infrastructure contributed to the City.

We evaluated the key factors and assumptions used to develop these estimates in determining that they appeared reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 3 to the financial statements discloses authorized investments, interest rate and credit risks, and fair value measurements.

Note 4 to the financial statements discloses the City's activities with California Domestic Water Company (CDWC) including water rights and equity in CDWC.

Notes 9 and 10 to the financial statements discloses the City's pension and OPEB liabilities, respectively, and are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate or return, discount rate, and healthcare trend rate, as applicable. As disclosed in Notes 9 and 10, a 1% increase or decrease in the discount rate has a significant effect on the City's net pension liability and total OPEB liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed to allow for management to respond to certain audit inquiries, and the time for us to review and conclude on such information.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We report that there were no such disagreements.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 8, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedule of changes in the net pension liability and related ratios for the Miscellaneous and Safety Plans, schedule of plan contributions for the Miscellaneous and Safety Plans, schedule of changes in total OPEB liability and related ratios, and schedules of revenues, expenditures and changes in fund balance – budget and actual for the General fund and each major special revenue fund and related note, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Vaurinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019

CITY OF BREA, CALIFORNIA
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2018



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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To the Members of the City Council
City of Brea, California

We have audited the basic financial statements of the City of Brea, California (City) for the year ended June 30, 2018 and have issued our report thereon dated March 8, 2019. In planning and performing our audit of the basic financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

CURRENT YEAR MANAGEMENT LETTER COMMENTS

FINANCIAL REPORTING AND CLOSING

OBSERVATION:

To ensure timely financial reporting, an entity should have procedures to work through a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements. The year-end closing process generally includes the review and/or reconciliation of all balances within the City's general ledger. Accounts must be reviewed for proper cutoff, classification, presentation, and appropriate disclosure in the financial statements.

While the City has revised their closing process to incorporate many of the elements described above, including checklists for various accounting processes that are performed on a weekly, monthly, quarterly, and annual basis, we have identified areas where the process should be strengthened to improve the overall timeliness of the closing process.

RECOMMENDATION:

The City's financial reporting and closing process could be strengthened, resulting in more timely audited financial statements, through the following:

- Standardized year-end lead-sheets, schedules, and reconciliations to facilitate the review of key accounts.
- Additional review of lead-sheets, reconciliations and schedules related to the audit,
- Prioritizing financial reporting areas before the close of the fiscal year, to allow for additional time and attention by staff (such as new GASB implementation, other nonrecurring events, debt refundings, significant developer contributions, etc).
- Analytical review/fluctuation analysis performed by management during the closing process to identify potential anomalies or adjustments during the closing process.

MANAGEMENT RESPONSE:

Based on the auditor's observations, City staff will be evaluating the year- end closing documents to identify areas where additional detailed documentation as support for lead sheets, schedules and reconciliations would facilitate the auditor's review of the City's financial Information. Additionally, staff will work towards addressing new GASBs, non-recurring events and complex items as they occur, as well as providing additional analytical review during the closing process as recommended.

DEVELOPER CONTRIBUTIONS**OBSERVATION:**

In accordance with generally accepted accounting principles, contributed assets are recognized at acquisition value. In July 2018, the City updated its Capital Asset Policy to formalize that donated capital assets are recorded at acquisition value at the time received, including infrastructure for residential and commercial developments. During our testwork over developer contributions received during the year, we noted that while the July 2018 Capital Asset Policy states the basis to record developer contributions, the City does not have a documented formal policy or process for recognizing the acquisition value of the contributed assets.

RECOMMENDATION:

Due to the significance of the contributions, and non-routine nature of such items, the City should formalize policies and procedures, and update their Capital Asset Policy as needed, to ensure the timely and accurate valuation and reporting of such contributions.

MANAGEMENT RESPONSE:

The City procedures for determining the value of infrastructure contributed by a developer include the construction bond for such improvements and/or the cost of the improvement as stated by the developer and recording those assets at the time of acceptance. Land is typically valued based on in-lieu fees and/or similar property. The City will document these procedures in its Capital Asset Policy.

STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS

CAPITAL ASSET POLICIES**OBSERVATION:**

During our procedures over capital assets, we noted the City's capital asset policies do not address intangible assets. The capital asset listing maintained by the City did not include water rights or other intangible assets, and thus did not reconcile to the capital asset balance reported within the financial statements.

CURRENT YEAR STATUS:

Implemented

IT DISASTER RECOVERY POLICY

OBSERVATION:

During our testwork over IT policies and procedures, we noted the City has a Business Continuity Plan. The City's IT department have not tested the restoration of the City's financial system to ensure proper functioning of the plan.

CURRENT YEAR STATUS:

Implemented

Our audit procedures are designed primarily to enable us to form our opinions on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the City Council, the City's management and others within the organization and should not be used by anyone other than these specified parties.

Yaurinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019

CITY OF BREA, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

CITY OF BREA, CALIFORNIA
FOR THE YEAR ENDED JUNE 30, 2018

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the City Council
City of Brea, California

We have audited, in accordance with the 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, the 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 (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2019. Our report included an emphasis of matter regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statements No. 75, *Financial Reporting for Postemployment Benefits Other Than Pensions* and No. 85, *Omnibus 2017*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council
City of Brea, California

Report on Compliance for Each Major Federal Program

We have audited the City of Brea, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Highway Planning and Construction Cluster

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient and appropriate audit evidence supporting the compliance of the Highway Planning and Construction Cluster as described in finding numbers 2018-002 for Procurement, Suspension and Debarment and 2018-003 for Special Tests and Provisions. Consequently we were unable to determine whether the City complied with those requirements applicable to that program.

Qualified Opinion on Highway Planning and Construction Cluster

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph for Procurement, Suspension, and Debarment and Special Tests and Provisions, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-004 to be significant deficiencies.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The City's response were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 8, 2019, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statements No. 75, *Financial Reporting for Postemployment Benefits Other Than Pensions*, and No. 85 *Omnibus 2017*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vaurinek, Trine, Day & Co., LLP

Laguna Hills, California
March 28, 2019

CITY OF BREA, CALIFORNIA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Program / Project Identification Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the California Office of Emergency Services - Fire and Rescue Division			
Cooperative Forestry Assistance	10.664	CA-SRF-000741	\$ 35,581
Cooperative Forestry Assistance	10.664	CA-KNF-006081	19,925
Subtotal - CFDA 10.664			<u>55,506</u>
Total U.S. Department of Agriculture			<u>55,506</u>
U.S. Department of Housing and Urban Development			
Passed through the County of Orange:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	15-22-0006-PFI	40,000
Community Development Block Grants/Entitlement Grants	14.218	16-23-0002-HR	147,707
Community Development Block Grants/Entitlement Grants	14.218	17-23-0002-HR	74,508
Subtotal - CDBG - Entitlement Grants Cluster			<u>262,215</u>
Total U.S. Department of Housing and Urban Development			<u>262,215</u>
U.S. Department of the Interior			
Direct Assistance:			
Outdoor Recreation Acquisition, Development and Planning	15.916	06-01765	<u>200,846</u>
Total U.S. Department of the Interior			<u>200,846</u>
U.S. Department of Justice			
Direct Assistance:			
Bulletproof Vest Partnership Program	16.607	2009BUBX08041006	<u>5,978</u>
Equitable Sharing Program	16.922	N/A	<u>38,754</u>
Total U.S. Department of Justice			<u>44,732</u>
U.S. Department of Transportation			
Passed through the State of California - Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	ATPCML-5237(035)	228,768
Highway Planning and Construction	20.205	ATPCML-5237(028)	255,546
Highway Planning and Construction	20.205	ATPL-5237(027)	971,359
Highway Planning and Construction	20.205	ATPCML-5237(028)	198,226
Highway Planning and Construction	20.205	ATPCML-5237(035)	2,481,477
Highway Planning and Construction	20.205	STPL-5237 (036)	818,739
Subtotal - CFDA 20.205			<u>4,954,115</u>
Passed through the State of California - Department of Parks and Recreation:			
Recreational Trails Program	20.219	RT-30-026	<u>1,235,464</u>
Subtotal - Highway Planning and Construction Cluster			<u>6,189,579</u>
Direct Assistance:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PT1709	4,586
State and Community Highway Safety	20.600	PT18012	<u>45,240</u>
Subtotal - Highway Safety Cluster			49,826
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1709	11,075
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18012	<u>24,831</u>
Subtotal - CFDA 20.608			<u>35,906</u>
Total U.S. Department of Transportation			<u>6,275,311</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BREA, CALIFORNIA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Program / Project Identification Number	Federal Expenditures
U.S. Department of Treasury			
Direct Assistance:			
Equitable Sharing	21.016	N/A	\$ 35,089
Equitable Sharing	21.016	N/A	14,417
Subtotal - CFDA 21.016			<u>49,506</u>
Total U.S. Department of Treasury			<u>49,506</u>
U.S. Environmental Protection Agency			
Direct Assistance:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-99T02801	125,299
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-99T36801	320,206
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-99T61401	99,690
Subtotal - CFDA 66.818			<u>545,195</u>
Total U.S. Environmental Protection Agency			<u>545,195</u>
U.S. Department of Health and Human Services			
Direct Assistance:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	C-1-2469	<u>33,481</u>
Total U.S. Department of Health and Human Services			<u>33,481</u>
Total Federal Awards			<u>\$ 7,466,792</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BREA, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Under the modified accrual basis, expenditures are incurred when the City becomes obligated for payment as a result of the receipts of the related goods and services. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF BREA, CALIFORNIA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

I. Summary of Auditors' Results

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

Yes

Significant deficiency(ies) identified?

Yes

Type of auditors' report issued on compliance for major federal programs:

Unmodified for the major program, except for the Department of Transportation - Highway Planning and Construction Cluster, which was qualified for Procurement, Suspension, and Debarment, and Special Tests and Provisions

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)

Yes

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205 and 20.219</u>	<u>Highway Planning and Construction Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

No

CITY OF BREA, CALIFORNIA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

II. Financial Statement Findings

None noted.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs

Finding Number 2018-001

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: ATPCML-5237 (035); ATPCML-5237(028); ATPL-5237(027); STPL-5237 (036); RT-30-026

Compliance Requirements: Allowable Costs/Cost Principles, Cash Management

Criteria:

Title 2 CFR Section 200.302(b)(6) and (7) of the Uniform Guidance requires all non-Federal entities to establish written procedures to implement the requirements of 2 CFR section 200.305 (Cash Management) and for determining the allowability of costs in accordance with *Subpart E – Cost Principles* and the conditions of the Federal award. In accordance with the *Uniform Guidance*, the City may elect the grace period for the implementation of Procurement requirements to be effective July 1, 2018.

Condition:

Significant Deficiency, Instance of noncompliance - For the fiscal year ending June 30, 2018, the City had not established written procedures to implement the cash management requirements of 2 *CFR Section 200.305*, including written procedures that minimize the time elapsing between the transfer of funds and disbursement by the City. Further, the City had not established written procedures for determining allowability of costs in accordance with *Subpart E – Cost Principles* or the conditions of the Federal award.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures related to cash management and allowable costs/cost principles for the Highway Planning and Construction cluster, which is subject to the *Uniform Guidance*.

Effect:

The City had not complied with the specific requirements for written procedures over cash management and allowable costs/cost principles as described in the *Uniform Guidance*.

Cause:

The City did not ensure that required written procedures were developed and implemented in accordance with the *Uniform Guidance* during the fiscal year.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs (Continued)

Recommendation:

This is a repeat finding from the FY 2016-2017 audit – Finding 2017-006. The City implemented written policies effective November 20, 2018. These new policies address the items identified in the condition above, including the City's election of the procurement grace period effective July 1, 2018. We recommend the City incorporate the new policies and procedures into their grant management processes.

Views of Responsible Officials and Planned Corrective Actions:

See separate Corrective Action Plan.

Finding Number 2018-002

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: ATPCML-5237 (035); ATPL-5237(027); RT-30-026

Compliance Requirements: Procurement, Suspension, and Debarment

Criteria:

States and governmental subrecipients of States, are required to use the same State policies and procedures used for procurement from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Local governments will use procurement procedures that conform to applicable Federal law and regulations and standards identified in the *A-102 Common Rule* or *OMB Circular A-110 (2 CFR part 215)*, as applicable.

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Non-Federal entities receiving contracts from the Federal Governmental are required to comply with the contract clause at FAR 52.209-6 before entering into a subcontract that will exceed \$30,000, other than a subcontract for a commercially available off-the-shelf item.

The grant agreements require project records to be available for three years from the final expenditure report.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs (Continued)

Condition:

Material Weakness, Material Instance of Noncompliance - For one of three procurement files tested, the City was unable to provide the procurement files supporting the contract's competitive procurement, or documentation for allowable exceptions, under the City's procurement policy, in accordance with the criteria above. Further, one of three procurement files tested did not have evidence of verification at the time of procurement of whether the entity was suspended or debarred as described under the criteria above.

Questioned Costs:

\$424,738 (total federal expenditures for year ended June 30, 2018 related to the vendor) – total award amount related to the vendor for the project was \$1,034,777.

Context:

The condition noted above was identified during our procedures related to procurement, suspension, and debarment requirements for the program.

Effect:

The City has not complied with the specific requirements for the procurement of federally funded contracts as described under the criteria above.

Cause:

The City was unable to provide evidence that the procurement guidelines were followed as described above. The City originally procured the vendor in August 2012 for a one-year term, and had not retained the bidding and other procurement files for this contractor. Subsequent to August 2012, the contract was amended six times without a new competitive procurement process, extending the term through May 2015, and the contract price from \$24,500 to \$1,034,777.

The City was unable to provide evidence that the City complied with the Suspensions and Debarment requirements at the time the contract was entered into, although the vendor is currently not suspended or debarred.

Recommendation:

We recommend the City review its policies and internal control procedures, and retain appropriate procurement documentation with respect to all Federal procurements for three years from the final expenditure report. Due to the nature of the Federal requirements, evidence to support the City's compliance with the terms and conditions of the award should be retained.

Views of Responsible Officials and Planned Corrective Actions:

See separate Corrective Action Plan.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs (Continued)

Finding Number 2018-003

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: CML-5237 (035); ATPL-5237(027); ATPL-5237(035); RT-30-026

Compliance Requirements: Special Tests and Provisions – Administration of Engineering and Design Related Service Contracts

Criteria:

The *Part 4 – April 2018 Compliance Supplement* states that Local Public Agencies (LPAs) must use qualifications based selection procedures when acting as contracting agencies to procure engineering and design-related services from consultants and sub-consultants for projects using Federal-aid highway funds (23 USC 112(b)(2); 23 CFR part 172). In addition, Contracting Agencies (LPAs) must meet the following requirements:

1. Have written policies and procedures for each method of procurement used to procure engineering and design services. These policies and procedures must be approved by the Federal Highway Administration (FHWA). LPAs that are subrecipients may adopt written policies and procedures prescribed by the awarding State DOT or prepare and maintain their own written policies and procedures approved by the State DOT (23 CFR section 72.5(c)).
2. LPAs are required to accept the indirect cost rates for consultants and sub-consultants that have been established by a cognizant agency in accordance with Federal Acquisition Regulation (48 CFR part 31) for 1-year applicable accounting periods.

According to 23 CFR Part 172, engineering and design related services means:

1. Program management, construction management, feasibility studies, preliminary engineering, design engineering, surveying, mapping, or architectural related services with respect to a highway construction project subject to 23 U.S.C. 112(a) as defined in 23 U.S.C. 112(b)(2)(A); and
2. Professional services of an architectural or engineering nature, as defined by State law, which are required to or may logically or justifiably be performed or approved by a person licensed, registered, or certified to provide the services with respect to a highway construction project subject to 23 U.S.C. 112(a) and as defined in 40 U.S.C. 1102(2).

The grant agreements require project records to be available for three years from the final expenditure report.

Condition:

Material Weakness, Material Instance of Noncompliance – For the City’s procurement of engineering and design related services, for one of one contracts tested, the City was unable to provide supporting documentation of the contract’s competitive procurement process, or evidence of allowable exceptions, as described in finding number 2018-002.

Further, the City’s procurement policy did not specifically include written procedures over each method of procurement used to procure engineering and design services. The City’s policies for professional service contracts were not specific to engineering and design services, nor was there evidence of approval by the State of California Department of Transportation. The City was able to provide the indirect cost self-certifications from the vendor for 2012 through 2016, but not the 2017 calendar year.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs (Continued)

Questioned Costs:

\$424,738 (total federal expenditures for year ended June 30, 2018 related to the vendor) – total award amount related to the vendor for the project was \$1,034,777.

Context:

The condition noted above was identified during our procedures related to special tests and provisions, which is subject to the *Uniform Guidance*. We identified one contract related to engineering and design services.

Effect:

The City has not complied with the specific requirements when procuring engineering and design-relate services from consultants and sub-consultants for projects using Federal-aid highway funds as described in the *Part 4 – April 2018 Compliance Supplement* of the *Uniform Guidance*.

Cause:

The City did not ensure that required procedures were followed in accordance with *Part 4 – April 2018 Compliance Supplement* of the *Uniform Guidance*.

Recommendation:

We recommend the City establish written policies and internal control procedures when the City procures engineering and design-relate services from consultants and sub-consultants for projects using Federal-aid highway funds in accordance with the *Part 4 – April 2018 Compliance Supplement* of the *Uniform Guidance* and 23 CFR Part 172.

Views of Responsible Officials and Planned Corrective Actions:

See separate Corrective Action Plan.

Finding Number 2018-004

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation

Award No. and Year: ATPL-5237(027); ATPCML-5237(035)

Compliance Requirements: Reporting

Criteria:

Per the 2 CFR 200.303(a), *Internal Controls*, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

CITY OF BREA, CALIFORNIA

Schedule of Findings and Questioned Costs, Continued For the Year Ended June 30, 2018

III. Federal Award Findings and Questioned Costs (Continued)

Condition:

Significant Deficiency – The City’s process requires the City Engineer to review and approve the reports prior to submission. However, there was no evidence retained of the review and approval of the City Engineer prior to submission of the Active Transportation Program (ATP) Project Progress Report, which is required to be submitted on a semi-annual basis.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures related to reporting testwork. For three of three reports tested, the City was unable to provide evidence of the City’s review and approval process prior to submission of the semi-annual reports, including the Active Transportation Program (ATP) Project Progress Report.

Effect:

The City has not established a procedure documenting the review and approval of the ATP report prior to submission. The City’s lack of controls over the report could cause errors or omissions to go undetected.

Cause:

The City does not have a formal documented process to review and approve the reports prior to submission.

Recommendation:

We recommend the City formalize procedures and retain evidence of City Engineer’s review and approval of the semi-annual reports required by the Highway, Planning and Construction federal program.

Views of Responsible Officials and Planned Corrective Actions:

See separate Corrective Action Plan.

CITY OF BREA, CALIFORNIA

Schedule of Prior Year Audit Findings For the Year Ended June 30, 2018

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Financial Statement Findings

Finding No.	Description	Status of Corrective Action
2017-001	Financial Reporting and Closing	Implemented
2017-002	Bank Reconciliations	Implemented
2017-003	Vendor Creation, Procurement and Disbursement	Implemented
2017-004	Journal Entries	Implemented
2017-005	Debt Filings	Implemented

Federal Award Findings

Finding No.	CFDA #	Program Name	Compliance Requirement	Status of Corrective Action
2017-006	20.205, 20.219	Highway Planning and Construction Cluster	Allowable Costs/Cost Provisions, Cash Management, Procurement, Suspension, and Debarment	The Procurement, Suspension and Debarment component has been implemented. For the Allowable Costs/Cost Provisions and Cash Management provisions, refer to Finding 2018-001 and City's Separate Corrective Action Plan and Separate Summary Schedule of Prior Audit Findings



CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

Compiled by: Cindy Russell, Administrative Services Director

City Council

Christine Marick
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

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CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

I. FINANCIAL STATEMENT FINDINGS

None Reported.

CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number 2018-001

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: ATPCML-5237 (035); ATPCML-5237(028); ATPL-5237(027); STPL-5237 (036); RT-30-026

Compliance Requirements: Allowable Costs/Cost Principles, Cash Management

Management's or Department's Response:

We concur that this condition existed as of June 30, 2018.

Views of Responsible Officials and Corrective Action:

As stated in the finding, the City implemented a written Grant Management Policies and Procedures (GMPP) document dated November 20, 2018 which documents a number of procedures that were already in place, including procedures for determining the allowability of costs; cash management and procurement. Additionally, new policies and procedures related to best practices were included in the GMPP. Staff provided this document to all City staff and has conducted meetings with City departments to review and ensure that staff is aware of the policies and procedures as written.

Name of Responsible Person: Lee Squire, Fiscal Services Manager

Implementation Date: November 20, 2018

CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

Finding Number 2018-002

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: ATPCML-5237 (035); ATPL-5237(027); RT-30-026

Compliance Requirements: Procurement, Suspension, and Debarment

Management's or Department's Response:

We concur that the City did not meet certain record keeping compliance in support of procurement, suspension and debarment; however, do not concur that this is a questioned cost.

Views of Responsible Officials and Corrective Action:

For the procurement file referenced, the City conducted a competitive procurement process to procure the contract in 2012. The evidence of the competitive process provided by the City included a copy of the Request for Proposal (RFP) that was prepared indicating proposals were due by July 13, 2012; the list of parties to which the RFP was originally sent; the proposal submitted by the successful proposer dated July 12, 2012 and a description in several City Council staff reports beginning in May 2013 of the process used to procure the contract. The process described in those City Council staff reports included the receipt of nine (9) proposals to provide the services requested; an evaluation that included interviews, reference checks and a cost analysis of the proposals. The staff reports document the methodology and analysis used to make the recommendation to award the subsequent amendments to the contract when the project expanded from one segment to over six segments as additional project funding became available.

City staff recognizes the requirement to maintain project records for three years from the final expenditure report and the importance of maintaining proper procurement documentation for Federally-funded projects as evidenced by the two other files that were tested to the satisfaction of the auditor. Unfortunately, the City is unable to locate the original procurement file on this contract from July 2012. Therefore, the City could not produce additional evidence to the auditor's satisfaction such as the eight (8) unsuccessful proposals from the competitive process; any documents such as rating sheets, cost analysis information or notes regarding the methodology used and reasons for the original recommendation to City Council of the entity.

Additionally, the City provided a copy of its policies and procedures regarding Debarment and Suspension dated March 22, 2011 as it relates to procurement. However, due to the missing file, it is not known whether or not City staff checked to verify whether or not the vendor was suspended or debarred at the time of procurement. Therefore, staff obtained and provided documentation from information maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> that the entity has not been suspended or debarred since October 31, 2012 as well as confirming that they are currently not suspended or disbarred.

The City will update its Grant Management Policies and Procedures to ensure that these requirements are sufficiently documented. Additionally, the City will be considering maintaining a copy of the pertinent records for documentation along with the contract on file in the Purchasing Division office.

Name of Responsible Person: Neil Groom, Procurement and Contracts Administrator

Implementation Date: June 30, 2019

CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

Finding Number 2018-003

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation and Department of Parks and Recreation

Award No. and Year: CML-5237 (035); ATPL-5237(027); ATPL-5237(035); RT-30-026

Compliance Requirements: Special Tests and Provisions – Administration of Engineering and Design Related Service Contracts

Management's or Department's Response:

We concur that the City did not have evidence available to support certain special tests and provisions; however, do not concur that this is a questioned cost

Views of Responsible Officials and Corrective Action:

As described in the response to Finding Number 2018-002, the City did provide certain evidence that the contract was competitively procured; however, was unable to provide all the evidence requested related to the procurement process due to a missing procurement file. The City of Brea practiced qualifications-based procurements in the past as evidenced by the RFP/RFQ procedures provided in its purchasing procedures document dated March 2005. This process was officially clarified and memorialized in Chapter 3.24 of the Brea City Code which was updated on November 21, 2017 (effective December 21, 2017) to include professional services and its Grants Management Policies and Procedures effective November 20, 2018. These procedures are for professional services; however, not specific to engineering and design only.

Additionally, due to the City's inability to locate the original procurement file from 2012, evidence regarding whether or not the City accepted an approved indirect cost rate (ICR) was unavailable. As indicated in the finding, the City has provided the indirect cost self-certifications from the vendor for 2012 through 2016. City staff is currently in contact with the vendor to obtain the 2017 indirect cost self-certification.

The City will be updating the Grants Management Policies and Procedures (GMPP) to include detailed information regarding specific procedures over methods of procurement used for engineering and design services. Additionally, the requirements to maintain documentation regarding the ICRs throughout the term of a contract will be documented in the GMPP

Name of Responsible Person: Neil Groom, Procurement and Contracts Administrator

Implementation Date: June 30, 2019

CITY OF BREA, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

Finding Number 2018-004

Program: Highway Planning and Construction Cluster

CFDA No.: 20.205, 20.219

Federal Grantor: U.S. Department of Transportation

Passed-through: State of California: Department of Transportation

Award No. and Year: ATPL-5237(027); ATPCML-5237(035)

Compliance Requirements: Reporting

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

As stated in the finding, the City's procedures include a review of the Active Transportation Program (ATP) Project Progress Reports by the City Engineer. The City's Grants Management Policies and Procedures will be updated to indicate that documentation of such review and approvals be maintained in the project files.

Name of Responsible Person: Lee Squire, Fiscal Services Manager

Implementation Date: June 30, 2019

CITY OF BREA, CALIFORNIA

Independent Accountants' Report on
Applying Agreed-Upon Procedures Related To
The Article XIII-B Appropriations Limit Calculation

For the Fiscal Year Ended June 30, 2018



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES RELATED TO
THE ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION**

To the Members of the City Council
City of Brea, California

We have performed the procedures enumerated below, which were agreed to by the City of Brea, California (City) (the specified party), on the Appropriations Limit Calculation of the City prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2018. The City's management is responsible for the Appropriations Limit Calculation. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been required or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council. We recalculated the appropriation limit provided by the City.

Findings: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount, and compared the resulting amount to the 2017-2018 appropriations limit.

Findings: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in Procedure 1 above.

Findings: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

Findings: No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's Appropriation Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

Yavrinek, Trine, Day & Co., LLP

Laguna Hills, California

March 8, 2019

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members
DATE: 04/16/2019
SUBJECT: April 2, 2019 City Council Regular Meeting Minutes

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager
Prepared by: Victoria Popescu, Deputy City Clerk
Concurrence: Lillian Harris-Neal, City Clerk

Attachments

Draft Minutes

DRAFT

BREA CITY COUNCIL SUCCESSOR AGENCY TO THE BREA REDEVELOPMENT AGENCY MEETING

MINUTES April 2, 2019

CLOSED SESSION 5:30 p.m. - Executive Conference Room Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

Mayor Marick called the Closed Session to order at 5:30 p.m., all members were present.

Present: Marick, Simonoff, Hupp, Parker, Vargas

1. **Public Comment**
None.

Closed Session may convene to consider matters of purchase / sale of real property (G. C. §54956.8), pending litigation [G.C. §54956.9(d)(1)], potential litigation [G.C. §54956.9(d)(2)(3) or (4)], liability claims (G. C. §54961) or personnel items (G.C. §54957.6). Records not available for public inspection.

2. **Conference with City's Labor Negotiator Pursuant to Government Code §54957.6** - Regarding the Brea Management Association (BMA); Brea City Employees' Association (BCEA); Administrative and Professional Employees' Association (APEA); Brea Fire Association (BFA); Brea Fire Management Association (BFMA); Brea Police Association (BPA); and the Brea Police Management Association (BPMA); Executive and Part-Time Employees - Chris Emeterio, Negotiator, Cindy Russell, Negotiator, and Mario E. Maldonado, Negotiator.
3. **Conference with Legal Counsel Pursuant to Government Code Section 54956.9(d)(1)** - Existing Litigation
Name of Case: City of Brea vs. Olen Pointe Brea Corporation, et al
Case No.: 30-2018-01021477-CU-EI-CJC

Senior Counsel Markman asked the Council to add the following item of business to the closed session agenda pursuant to Government Code section 54954.2 (b) (2):

A discussion of threatened litigation from Brea Creek concerning the rates charged for water used on the golf course.

He explained that negotiations on the matter were at a point where Council direction was required without waiting two weeks to receive that guidance and this need was not known prior to the posting of the agenda for this meeting. The Council then approved adding the item to the closed session agenda unanimously.

Mayor Marick adjourned the Closed Session at 5:46 p.m.

STUDY SESSION
5:45 p.m. - Executive Conference Room
Level Three

CALL TO ORDER / ROLL CALL - COUNCIL

Mayor Marick called the Study Session to order at 5:50 p.m., all members were present.

4. Public Comment

Professor Emeritus Dr. Sherryl Garza discussed cannabis research with regards to regulated use.

Greg Sigmond spoke about his Military background and spoke in support of safe access to cannabis.

Erik S. Chan spoke in support of updating the cannabis policy in the City.

Dwight Manley spoke in opposition of the adoption of the CRISP program.

Senior Counsel Markman introduced cannabis expert, Attorney Maricela Marroquin.

5. Clarify Regular Meeting Topics

Councilmember Hupp clarified the amount of the SB2 document recording fee as mentioned in Item No. 22, Memorandum of Understanding for the North Orange County Service Planning Area Homelessness Outreach Efforts.

Councilmember Parker, in reference to Item No. 22, Memorandum of Understanding for the North Orange County Service Planning Area Homelessness Outreach Efforts, inquired as to the potential for neighborhood impacts to the areas surrounding the proposed shelter locations.

City Manager Gallardo spoke about the process once the MOU is adopted and outlined elements of the "Good Neighbor Policy."

Deputy Public Works Director/City Engineer Ho indicated that a member of the public inquired about a proposal submitted by Psomas in response to the contract being awarded under Item No. 18, Professional Services Agreement with Kabbara Engineering for the Design of Water and Sewer Projects at Various Locations, and noted that the proposal submitted by Kabbara was significantly lower in price than that submitted by Psomas.

Councilmember Parker requested that staff include justification for their selection of contractors in the body of the staff reports. He also inquired if Country Lane would be an appropriate project for next year's project list in accordance with Item No. 19, Resolution to Adopt a List of Projects Funded by SB:1.

Deputy Public Works Director/City Engineer Ho indicated that Country Lane is in the preliminary plan for inclusion in to next year's resolution.

DISCUSSION ITEM

6. Cannabis Regulation Impact Study Program

City Manager Gallardo introduced staff and provided a brief background on the item.

Attorney Marroquin spoke about federal laws regarding cannabis, the history of California state laws regarding cannabis, current state regulations, non-store front versus store front operations, purchasing limits, and manufacturing regulations. She also spoke about the means for collecting sales tax revenue by way of ballot measure with regards to the sale of cannabis.

Management Analyst Davis presented the details of the report including an overview of the CRISP proposal, revenue, components of CRISP, considerations of CRISP, policy questions and next steps.

Brad Rowe expressed support for the CRISP program and suggested gradual implementation to observe data.

Mayor Pro Tem Simonoff spoke about manufacturing, extraction process, and the production of product.

Mayor Marick inquired as to the legality of delivery.

Attorney Marroquin indicated that delivery is allowed throughout the state, but is the issue of contention and is currently in the process of being litigated.

Senior Counsel Markman noted that delivery is not a land use.

Mayor Marick inquired as to measurement of doses and the regulations of dosages of medical marijuana.

Mayor Pro Tem Simonoff inquired about certificates proving product testing.

Attorney Marroquin indicated that prior to distribution, the product has to be tested and marked with the content on the label for consumers to understand.

Councilmember Vargas inquired as to the differences between industrial hemp and cannabis with regards to regulation.

Attorney Marroquin indicated that the City's ordinance does not address industrial hemp, and that the state's definition does not include provisions for industrial hemp. She also clarified that industrial hemp is not included as part of this discussion.

Mayor Marick spoke about timeline for voter approval; expressed concerns for public safety; and indicated that she did not feel that the City should get in between federal and state issues. She added that she is not in support of the adoption of the CRISP program.

Councilmember Hupp indicated that she feels that Brea is not ready for this proposal.

Councilmember Vargas clarified the intent of the CRISP study.

Councilmember Parker spoke about concerns with regards to regulating the use of cannabis and indicated that he is not in support of allocating any expenditures for the exploration of the CRISP program.

Mayor Pro Tem Simonoff spoke about securing revenue for pension, public safety and the general fund; inquired as to what the City of La Habra is currently permitting; and noted potentially supporting the issue with regards to manufacturing uses only.

City Manager Gallardo spoke about the warehousing and distribution operation in La Habra and their anticipated revenue from said operation.

Councilmember Vargas thanked Council and staff for having the discussion.

REPORT

7. Council Member Report/Requests

Councilmember Hupp, with Mayor Pro Tem Simonoff's concurrence, requested a discussion on the Cashew Avenue diverter.

Mayor Marick adjourned the Study Session at 6:54 p.m.

GENERAL SESSION
7:00 p.m. - Council Chamber
Plaza Level

CALL TO ORDER/ ROLL CALL - COUNCIL

Mayor Marick called the General Session to order at 7:06 p.m., all members were present.

8. Pledge of Allegiance

Boy Scout Troop 801 led the Pledge of Allegiance.

9. Invocation

Weston Day, The Church of Jesus Christ of Latter-Day Saints, delivered the Invocation.

10. Presentation: SCE Wildfire Mitigation, Safety & Grid Resiliency

Kelly Lee, Southern California Edison Local Public Affairs Representative, provided a presentation to Council and spoke about California's Wildfire Risk, SCE's wildfire mitigation strategy, system hardening elements, fire and severe weather monitoring, Public Safety Power Shutoff (PSPS), PSPS decision points and community resilience and preparedness.

Councilmember Parker inquired as to SCE's vegetation management in wildlife areas and requested that fire personnel be involved in discussions between SCE and Public Works.

11. Presentation: Cal Domestic Annual Update

Lynda Noriega, President, Cal Domestic Water Company, provided the annual review presentation to the City Council and discussed Cal Domestic's Mission Statement, operations, groundwater production wells, groundwater treatment facilities, transmission conveyance, water infrastructure capital improvement projects, City of Brea 2017/2018 water consumption, cost of water deliveries, projected impacts to cost of water deliveries, main San Gabriel Basin groundwater supply and groundwater hydrologic conditions.

Mayor Marick thanked Lynda Noriega for her presentation and Board Member/City representative Thomas Prenovost for his attendance at the meeting.

Councilmember Parker inquired as to the consequences associated with low water supply.

Lynda Noriega indicated that it would not increase production costs to Cal Domestic, and noted recent stability of water quality.

Mayor Marick inquired about future projections with regards to returning to normal supply levels following drought conditions.

Lynda Noriega indicated that it would take three (3) consecutive years of sufficient rainfall to maintain normal conditions and stay clear of critical lows.

Councilmember Vargas inquired on assessment for the City and if they are based on water rights or water shares.

Lynda Noriega indicated that the City is assessed on water delivered. She also spoke about the differences between water rights and water shares.

12. Report - Prior Study Session

City Manager Gallardo provided the Study Session report.

13. Community Announcements

Councilmember Hupp announced that projects are wanted for the annual Love Brea serve day on April 27. She noted that in the past three years, over a thousand volunteers have completed dozens of city-wide service projects around the community. Visit LoveBrea.org to suggest or volunteer for a project.

Councilmember Parker announced the second annual Pet Expo is happening Saturday, April 6 from 9 a.m. – 5 p.m. at the Brea Community Center. He noted that there will be over 80 vendors plus pet adoptions and learning opportunities and encouraged the community to call 714-990-7771 for more information.

Mayor Pro Tem Simonoff announced the return of the Chipper Experience to the Curtis Theatre April 6 and 7. Visit CurtisTheatre.com for tickets.

Councilmember Vargas announced that the City of Brea and Republic Services will be giving away compost for free on Saturday, April 20, from 8 a.m. - 10:30 a.m. at Tri City Park in Placentia. He informed the community to bring their own containers to fill (no bags) and that there is a limit of 60 gallons per household, while supplies last. He indicated that in order to receive free compost, residents must provide proof of residency (California driver's license or utility bill). Contact Republic Services at 714-238-2444 for details.

Mayor Marick announced that Orange County residents who hold a library card membership with an OC Public Library can take advantage of free online continuing education classes known as Universal Classes. She noted that, offered by the OC Public Library, Universal Class provides over 500 free online classes in a variety of subjects for job training, professional skills, computer skills, personal enrichment, academics, and hobbies. Visit the OC Public Library's website at ocpl.org for more details.

14. Matters from the Audience

McKenna Branam, volunteer advocate for Alzheimer's Orange County, spoke about the organization and invited the community to their event, "Policy, Strategy, Funding & Planning for Vibrant Aging in Orange County" on Thursday, April 25th. She also provided a handout for the record.

Dwight Manley spoke about Cal Domestic and implored Council to explore deeper into the presentation provided by Cal Domestic.

Thomas Prenovost spoke about compensation for serving on the Cal Domestic Board.

Keith Fullington spoke about the paving on Palm Street.

15. Response to Public Inquiries - Mayor / City Manager

Senior Counsel Markman and Administrative Services Director Russell responded to public inquiries with regards to Cal Domestic purchases.

CONSENT CALENDAR - *The City Council/Successor Agency approves all Consent Calendar matters with one motion unless Council/Agency or Staff requests further discussion of a particular item. Items of concern regarding Consent Calendar matters should be presented during "Matters from the Audience."*

CITY COUNCIL - CONSENT

16. March 15, 2019 City Council Special Meeting Minutes

The City Council approved the March 15, 2019 City Council Special Meeting Minutes as submitted.

17. March 19, 2019 City Council Regular Meeting Minutes

The City Council approved the March 19, 2019 City Council Regular Meeting Minutes as submitted.

18. **Professional Services Agreement with Kabbara Engineering for the Design of Water and Sewer Projects at Various Locations, CIP Project Numbers 7454, 7458, 7466, and 7626**
The City Council approved the Professional Services Agreement (PSA) with Kabbara Engineering in the amount of \$231,846 plus 10% contingency for the Design of Water and Sewer Projects at Various Locations.
19. **Resolution to Adopt a List of Projects Funded by SB:1 – The Road Repair & Accountability Act**
The City Council adopted Resolution No. 2019-015, a Resolution of the City Council of the City of Brea to adopt a list of projects to be funded by the SB1:Road Repair and Accountability Act of 2017 within Fiscal Year 2019-20.
20. **Contract with Sully Miller Contracting Company for the Water Main Replacement and Alley Rehabilitation Projects, CIP Project No.'s 7315, 7316, 7317, and 7461 in the amount of \$2,694,000**
The City Council adopted Resolution No. 2018-016 to appropriate an additional \$1,350,000 from the Water Fund (Fund 420) and \$200,000 from the Measure M Fund (Fund 260) for project construction, contingency, and administration; awarded the contract to Sully Miller Contracting Company in the amount of \$2,694,000; and authorized the Public Works Director or his designee to issue contract change orders up to a "not to exceed" amount of 10% of the contract price.
21. **City Council Agenda Item Requests During General Session**
The City Council approved the proposed revisions to the City Council Code of Conduct regarding future agenda item requests.
22. **Memorandum of Understanding for the North Orange County Service Planning Area Homelessness Outreach Efforts**
The City Council approved the Memorandum of Understanding for the North Orange County Service Planning and authorized the Mayor and the City Clerk to execute the agreement on behalf of the City; and authorized the City Manager to approve non-substantive changes to the Memorandum of Understanding as needed.
23. **March 22 and 29, 2019 City Check Registers**
The City Council received and filed the March 22 and 29, 2019 City Check Registers.

Motion was made by Council Member Parker, seconded by Mayor Pro Tem Simonoff to approve City Council Consent Items 16 - 23.

AYES: Mayor Marick, Mayor Pro Tem Simonoff, Council Member Hupp, Council Member Parker, Council Member Vargas

Passed

CITY/ SUCCESSOR AGENCY - CONSENT

24. **March 29, 2019 Successor Agency Check Register**
The City Council received and filed the March 29, 2019 Successor Agency Check Registers.

Motion was made by Council Member Parker, seconded by Mayor Pro Tem Simonoff to approve City/Successor Agency Consent Item No. 24.

AYES: Mayor Marick, Mayor Pro Tem Simonoff, Council Member Hupp, Council Member Parker, Council Member Vargas

Passed

ADMINISTRATIVE ANNOUNCEMENTS

25. **City Manager**
None.

26. City Attorney
None.

COUNCIL ANNOUNCEMENTS
None.

ADJOURNMENT

Mayor Marick adjourned the General Session at 7:53 p.m. in memory of former City of Brea Maintenance Services Director, Pat McCarron.

Respectfully submitted,

The foregoing minutes are hereby
approved this 16th day of April, 2019.

Lillian Harris-Neal, City Clerk

Christine Marick, Mayor

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: Replacement of Copper Wire Phone Circuit Lines with a Virtual Connection with Redundant Internet Access Capabilities for Improved Disaster Recovery

RECOMMENDATION

Authorize the City's Procurement and Contracts Administrator to sign the agreement and any subsequent renewals for AT&T to replace our current Primary Rate Interface (PRI) physical line with Session Initiation Protocol (SIP) telephone trunk lines.

BACKGROUND/DISCUSSION

The installation of SIP trunks will provide more flexibility with our new phone system and our Internet connectivity. Because our new phone system uses voice over Internet protocol (VoIP) to communicate, installing SIP trunks here at the Brea Civic & Cultural Center and at the City Maintenance Yard (our offsite disaster recovery location) would allow us to leverage the SIP line at the Maintenance Yard as a secondary internet connection which will serve as a backup for business continuity and disaster recovery (DR) purposes.

In the event of a phone system failure or the loss of our primary SIP trunk, calls can be routed through the second SIP trunk, reducing downtime and allowing us to maintain phone system communication. In addition, the SIP trunks would also provide redundancy for the City's Internet service. In the event of a network outage due to loss of connectivity, Internet traffic can be routed through the secondary connection allowing us to maintain online access.

COMMISSION/COMMITTEE RECOMMENDATION

This item was recommended for approval at the April 9, 2019 Finance Committee meeting.

FISCAL IMPACT/SUMMARY

This three year agreement with AT&T is using CALNET 3 pricing which is a competitively bid contract that provides a comprehensive array of telecommunications and network services to public entities throughout the state.

SIP trunking will cost \$19,824 per year. The current annual AT&T phone circuit rate is \$13,200. SIP trunks will replace the existing phone lines, eliminating this expense from the IT operating budget.

The difference between the annual SIP trunk expense and this offset represents a net cost of \$6,624 per year as follows:

	SIP COST	OFFSET	NET COST
Year 1	\$19,824	(\$13,200)	\$6,624
Year 2	\$19,824	(\$13,200)	\$6,624
Year 3	\$19,824	(\$13,200)	\$6,624
TOTAL	\$59,472	(\$39,600)	\$19,872

As a result of the upgrade to our new phone system, the budgeted annual maintenance costs have been reduced from \$40,000 to \$15,000 per year. This ongoing savings will offset the additional \$6,624 per year while further reducing annual IT budget expenditures by \$18,376.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Anthony Godoy, Management Analyst II

Concurrence: Randy Hornsby, IT Manager

Cindy Russell, Administrative Services Director

Attachments

Proposal

AT&T Dedicated Internet & Voice Bundle Proposal for City of Brea



Presented by

SEAN SIMPSON

ss6862@us.att.com

714-651-9665

Contract Term:	36
Total Non-Recurring Charges:	\$0.00
Total Monthly Recurring Charges:	\$1,652.00
Total Number of Sites:	2

Site Level Monthly Recurring Charges

Address	AT&T Dedicated Internet Access Port Speed	AT&T IP Flexible Reach Concurrent Calls	AT&T IP Toll- Free Add-On	Enhanced Features	Total Monthly Recurring Charge
Value Unit	Mbps	Concurrent Calls	US\$	Yes or No	US\$
Maintenance Yard 545 N BERRY, BREA, CA. 92821-3107	50Mbps	10 Concurrent Calls	\$0.00	Yes	\$765.00
City Hall 1 CIVIC CENTER CIR, BREA, CA. 92821-5792	10Mbps	46 Concurrent Calls	\$0.00	Yes	\$887.00

*Disclaimer: This quote/proposal is not a firm offer to purchase, and is for budgetary purposes only.
Only the contract for this solution is a firm offer to purchase.*

The information and pricing contained herein is valid for a period of 60 days from the written date of this document unless rescinded or extended in writing by AT&T. This proposal is conditioned upon negotiation and execution of a written agreement containing mutually acceptable terms and conditions. Pricing proposed herein is based upon the specific product/service mix and locations outlined herein and as discussed by the parties, and is subject to standard terms and conditions of AT&T unless otherwise stated herein. The contents of this document are proprietary and confidential and may not be copied, disclosed, or used, in whole or in part, without the express written permission of AT&T.

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Disclaimer: This quote/proposal is not a firm offer to purchase, and is for budgetary purposes only. Only the contract for this solution is a firm offer to purchase.

City of Brea

COUNCIL COMMUNICATION**TO:** Honorable Mayor and City Council Members**FROM:** Bill Gallardo, City Manager**DATE:** 04/16/2019**SUBJECT:** Annual Engineer's Report for Maintenance Districts Nos. 1, 2, 3, 4, 5, 6 and 7**RECOMMENDATION**

Approval and Receipt of the Annual Engineer's Report for Landscape and Lighting Maintenance Districts Nos. 1, 2, 3, 4, 5, 6 and 7 and adopt the Resolutions of Intent to set a Public Hearing for each District on June 4, 2019, at 7:00 p.m.

BACKGROUND/DISCUSSION

As called for in the Landscape and Lighting Act of 1972, a yearly assessment is to be made for each Maintenance District. For Council reference, the Districts are located on the attached map (Exhibit A). The estimated assessments for the 2019-20 fiscal year as detailed in the Engineer's Report are as follows:

Maintenance District	2018-2019 Assessment Per Lot Per Year	2019-2020 Assessment Per Lot Per Year	Change in Assessment Per Lot Per Year	% Change
M.D. #1	\$543.00	\$543.00	0	0%
M.D. #2	\$18.50	\$18.50	0	0%
M.D. #3	\$472.71	\$487.84	\$15.13	3.2%
M.D. #4	\$12.00	\$12.00	0	0%
M.D. #5	\$886.26	\$914.62	\$28.36	3.2%
M.D. #6	\$1399.95	\$1450.35	\$50.39	3.6%
M.D. #7	\$296.09	\$305.56	\$9.47	3.2%

Maintenance District #1 (American National - 103 Parcels) - On February 26, 2019 staff held a general meeting with the homeowners of this District. Residents representing seven parcels chose to attend. The total estimated costs for FY 2019-20 are \$54,169. The total annual assessment amount for this District is currently \$55,929. No change is recommended for FY 2019-20. The annual assessment will remain at \$543 per parcel per year. Current fund reserves are \$2,598 which are 4.7% of the operational budget.

Maintenance District #2 (Baldwin - 297 Parcels) - The assessment for this District is for theme street lighting maintenance only. The Homeowners' Association maintains the common landscaped areas. Staff held a general meeting on February 23, 2019, to discuss the coming

year's budget. No homeowners attended. The total estimated costs for FY 2019-20 will be \$6,369. The total annual assessment for this District is currently \$5,495. No change is recommended in the annual assessment for this District during FY 2019-20. This will require the expenditure of \$874.00 from the District's reserve fund. The annual assessment will remain at \$18.50 per parcel per year. Current fund reserves are \$37,991, which are 596% of the operational budget.

Maintenance District #3 (Eagle Development - 188 Parcels) - Staff held a general meeting for the homeowners on February 23, 2019. Residents representing eight parcels chose to attend. Staff updated residents on future landscape improvements and uplighting for the eagle statue. The total estimated costs for FY 2019-20 are \$137,325. The total annual assessment for this District is \$88,869, or \$472.71 per parcel per year, the maximum allowable assessment for FY 2017-2018. Residents in attendance directed staff to increase the assessment by the CPI for the prior 12-month calendar year, per parcel per year increase to help build reserves to pay for needed improvements. The recommended assessment would increase by 3.2% to \$91,713 or \$487.84 per parcel per year, an increase of \$15.13 per parcel per year. Current fund reserves are \$72,595, which are 53% of the operational budget.

Maintenance District #4 (Ponderosa - 230 parcels) - The assessment for this District is for theme street lighting maintenance only. The Homeowners' Association maintains the common landscaped areas. Staff held a general meeting on February 23, 2019, to discuss the coming year's budget. No homeowners attended. The total estimated costs for FY 2019-20 are \$2,399. No change is recommended in the annual assessment for this District during FY 2019-20. The annual assessment will remain at \$12 per parcel per year. Current fund reserves are \$18,385 which is over 130% of the operational budget.

Maintenance District #5 (Konweiser - 113 Parcels) - On February 27, 2019, staff held a general meeting for the homeowners to discuss the coming year's budget and any concerns regarding maintenance of the common areas. Residents representing four parcels chose to attend. The residents in attendance were interested in building reserves for future capital improvement needs, including landscape improvements in the District. The total estimated costs for FY 2019-20 are \$130,362. The total annual assessment for this District is \$100,147 or \$886.26 per parcel per year, which is just under the maximum allowable assessment for FY 2013-2014. Residents in attendance directed staff to increase the assessment by last year's CPI, 3.2% to continue help build reserves to pay for improvements. The recommended assessment would increase by 3.2% to \$103,352 or \$914.62 per parcel per year, an increase of \$28.36 per parcel per year. Current fund reserves are \$66,040, which are 51% of the operational budget.

Maintenance District #6 (Schmid Development - 135 Parcels) - This District is the largest of the seven Districts. It consists of 16 acres of common landscaped areas. Staff held a general meeting on March 13, 2019 to discuss the coming year's budget and assessment. Homeowners representing five parcels chose to attend. Residents and staff discussed an assessment increase to keep pace with increasing maintenance costs which had been shared with all residents in their annual meeting notification this year. The total estimated costs for FY 2019-20 are \$206,560. The total annual assessment for this District is \$188,990 or \$1,399.95 per parcel per year. Residents were in agreement an assessment increase was needed to keep pace with increased costs and directed staff to increase the assessment by a percentage in the \$50 per parcel per year range. The recommended assessment would increase by 3.6% to \$195,797 or \$1,450.35 per parcel per year, an increase of \$50.39 per parcel per year. Current fund reserves are \$35,168, which are 17% of the operational budget.

Maintenance District #7 (Baywood Development - 96 Parcels) - Staff held a general meeting on February 27, 2019 to discuss the coming year's budget and assessment. No homeowners attended. The meeting was held to solicit input into the assessment process. The total estimated costs for FY 2019-20 are \$30,442. The current annual assessment for this District is \$28,425 or \$296.09 per parcel per year, which was the maximum allowable assessment for FY 2017-2018. Due to declining reserves, an increase is recommended for the FY 2019-20 equal to the CPI increase for the previous calendar year period of 3.2%. The recommended annual assessment would be \$29,334, or \$305.56 per parcel per year, an increase of \$9.47 per parcel per year. Current fund reserves are \$5,998, which is 19% of the operational budget.

COMMISSION/COMMITTEE RECOMMENDATION

The Finance Committee reviewed Staff's recommendation at their meeting on April 9, 2019 and recommended to proceed.

FISCAL IMPACT/SUMMARY

There will be no impact to the General Fund by this action. All funding for the maintenance of the Districts is provided for by separate assessments. In addition, the Districts' reimburse the General Fund for staff time.

As called for in the Landscape and Lighting Act of 1972, a yearly assessment is to be made for each Maintenance District. Staff held general meetings with the homeowners during the week and on a Saturday this year to discuss the coming year's budget and improvement projects. It is recommended that the Engineer's Report be accepted for the Landscape and Lighting Districts Nos. 1, 2, 3, 4, 5, 6 and 7 and that a Resolution of Intent be adopted setting a Public Hearing for each District on June 4, 2019, at 7:00 p.m.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Bill Bowlus, Public Works Superintendent

Concurrence: Tony Olmos, P.E., Director of Public Works

Attachments

Exhibit A

Resolution LLMD 1

Resolution LLMD 2

Resolution LLMD 3

Resolution LLMD 4

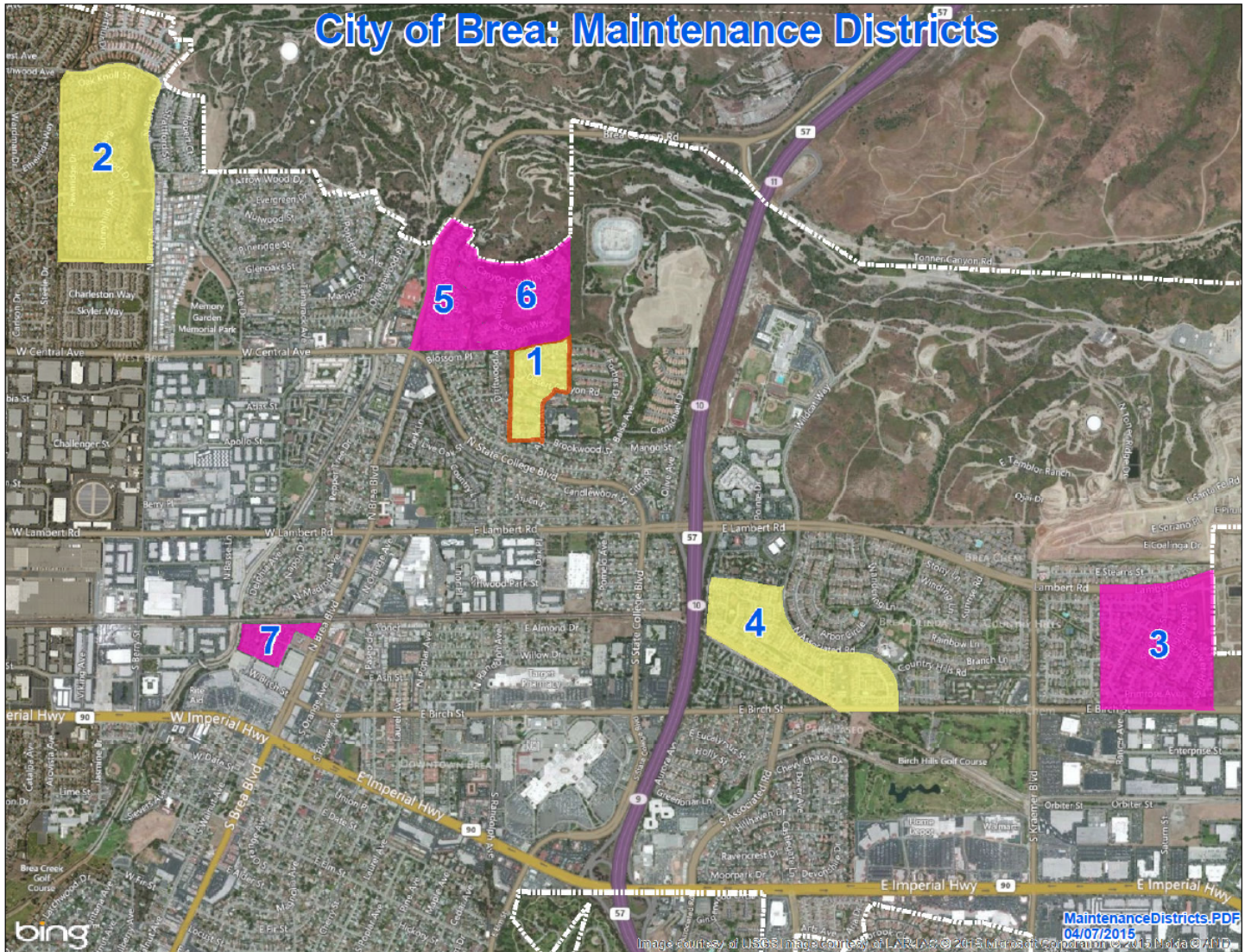
Resolution LLMD 5

Resolution LLMD 6

Resolution LLMD 7

Engineer's Reports LLMD 1-7

Exhibit A



RESOLUTION NO. 2019-017

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA
APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF
THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF
BREA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1
AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A
PUBLIC HEARING ON THE LEVY OF AN ASSESSMENT ON SAID
DISTRICT FOR FISCAL YEAR 2019-2020**

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Landscape and Lighting Assessment District No. 1 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Landscape and Lighting Assessment District No. 1 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of

the State of California, known as the "Landscape and Lighting Act of 1972," on that area designated "City of Brea Landscape and Lighting Assessment District No. 1," an area encompassed by Final Tract Nos. 9121, 9341 and 9342 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, landscaping and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract Nos. 9121, 9341 and 9342. Said landscaping and related facilities shall be in the lettered lots, common parking bays and related planters within Final Tract Nos. 9121, 9341 and 9342.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Landscape and Lighting District No. 1 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$543.00.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council

Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the proposed assessments on City of Brea Landscape and Lighting Assessment District No. 1 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

a. Certify to the adoption of this Resolution;

b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1 INCLUDES ALL OF THE PROPERTIES IN THE CITY OF BREA LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 9121 RECORDED IN BOOK 378, PAGES 49 AND 50; TRACT NO. 9341 RECORDED IN BOOK 395, PAGES 28, 29 AND 30; AND OF TRACT NO. 9342 RECORDED IN BOOK 386, PAGES 41, 42 AND 43, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF BREA LIGHTING ASSESSMENT DISTRICT NO. 2 AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A PUBLIC HEARING OF THE LEVY OF AN ASSESSMENT ON SAID DISTRICT FOR FISCAL YEAR 2019-2020

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Lighting Assessment District No. 2 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Lighting Assessment District No. 2 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of the State of California, known as the "Landscaping and Lighting Act of 1972," on that area

designated "City of Brea Lighting Assessment District No. 2," an area encompassed by Final Tracts Nos. 9227, 9228 and 8857 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract No. 9227, 9228 and 8857.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Lighting Assessment District No. 2 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$18.50.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the proposed assessments on City of Brea Lighting Assessment District No. 2 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

a. Certify to the adoption of this Resolution;

b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LIGHTING ASSESSMENT DISTRICT NO. 2

THE BOUNDARIES OF LIGHTING ASSESSMENT DISTRICT NO. 2 IS DESCRIBED AS "BEING THE BOUNDARY OF ANNEXATION NO. 8-74 TO THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA," ALSO BEING ALL THE PROPERTIES LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 9227 RECORDED IN BOOK 392, PAGES 5 THROUGH 12; TRACT NO. 9228 RECORDED IN BOOK 428, PAGES 32 THROUGH 38; AND TRACT NO. 8857 RECORDED IN BOOK 464, PAGES 38 THROUGH 44, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-019

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF BREA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 3 AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF AN ASSESSMENT ON SAID DISTRICT FOR FISCAL YEAR 2019-2020

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Landscape and Lighting Assessment District No. 3 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Landscape and Lighting Assessment District No. 3 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of

the State of California, known as the "Landscape and Lighting Act of 1972," on that area designated "City of Brea Landscape and Lighting District Assessment No. 3," an area encompassed by Final Tract No. 8242 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, landscaping and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract No. 8242. Said landscaping and related facilities shall be in the lettered lots, common parking bays and related planters within Final Tract No. 8242.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Landscape and Lighting Assessment District No. 3 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$487.84.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the

time and place for a hearing before this Council on the question of the levy of the proposed assessments on City of Brea Landscape and Lighting Assessment District No. 3 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

a. Certify to the adoption of this Resolution;

b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST:_____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 3

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 3 INCLUDES ALL OF THE PROPERTIES IN THE CITY OF BREA LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 8242 RECORDED IN BOOK 428, PAGES 19 THROUGH 24 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF BREA LIGHTING ASSESSMENT DISTRICT NO. 4 AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A PUBLIC HEARING OF THE LEVY OF AN ASSESSMENT ON SAID DISTRICT FOR FISCAL YEAR 2019-2020

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Lighting Assessment District No. 4 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Lighting Assessment District No. 4 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of

the State of California, known as the "Landscaping and Lighting Act of 1972," on that area designated "City of Brea Lighting District No. 4," an area encompassed by Final Tract Nos. 10224, 10324, 10325, 10327 and 9298 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract Nos. 10224, 10324, 10325, 10326, 10327, and 9298.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Lighting District No. 4 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$12.00.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the

proposed assessments on City of Brea Lighting Assessment District No. 4 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

a. Certify to the adoption of this Resolution;

b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

RESO NO. 2019-020
April 16, 2019

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LIGHTING ASSESSMENT DISTRICT NO. 4

LIGHTING ASSESSMENT DISTRICT NO. 4 INCLUDES ALL THE PROPERTIES LOCATED IN THE CITY OF BREA WITHIN TRACT NO. 10224 AS SHOWN ON A MAP RECORDED IN BOOK 436, PAGES 13 THROUGH 16 INCLUSIVE, TRACT NO. 10324 AS SHOWN ON A MAP RECORDED IN BOOK 447, PAGES 3 THROUGH 5 INCLUSIVE, TRACT NO. 10325 AS SHOWN ON A MAP RECORDED IN BOOK 461, PAGES 9 THROUGH 12 INCLUSIVE, TRACT NO. 10326 AS SHOWN ON A MAP RECORDED IN BOOK 461, PAGES 13 THROUGH 16 INCLUSIVE, TRACT NO. 10327 AS SHOWN ON A MAP RECORDED IN BOOK 461, PAGES 17 THROUGH 20 INCLUSIVE, AND TRACT NO. 9298 AS SHOWN ON A MAP RECORDED IN BOOK 476, PAGES 5 THROUGH 7 INCLUSIVE, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF BREA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 5 AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF AN ASSESSMENT ON SAID DISTRICT FOR FISCAL YEAR 2019-2020

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Landscape and Lighting Assessment District No. 5 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Landscape and Lighting Assessment District No. 5 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of the State of California, known as the "Landscape and Lighting Act of 1972," on that area designated "City of Brea Landscape and Lighting Assessment District No. 5," an area

RESO NO. 2019-021

April 16, 2019

encompassed by Final Tract Nos. 9111, 9414, & 9473 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, landscaping and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract Nos. 9111, 9414 and 9473. Said landscaping and related facilities shall be in the lettered lots, common parking bays and related planters within Final Tract Nos. 9111, 9414, and 9473.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Landscape and Lighting Assessment District No. 5 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$914.62, as detailed in said report of the Director of Public Works.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the proposed assessments on City of Brea Landscape and Lighting Assessment District No. 5 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:
 - a. Certify to the adoption of this Resolution;
 - b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

RESO NO. 2019-021
April 16, 2019

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 5

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 5 INCLUDES ALL THE PROPERTIES IN THE CITY OF BREA LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 9111 RECORDED IN BOOK 374, PAGES 24, 25 AND 26 OF TRACT NO. 9414 RECORDED IN BOOK 409, PAGES 8 AND 9, AND OF TRACT NO. 9473 RECORDED IN BOOK 291, PAGES 26, 27 AND 28, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-022

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA
APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF
THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF
BREA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 6
AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A
PUBLIC HEARING ON THE LEVY OF AN ASSESSMENT ON SAID
DISTRICT FOR FISCAL YEAR 2019-2020**

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Landscape and Lighting Assessment District No. 6 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Landscape and Lighting Assessment District No. 6 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of

the State of California, known as the "Landscape and Lighting Act of 1972," on that area designated "City of Brea Landscape and Lighting Assessment District No. 6," an area encompassed by Final Tract Nos. 8820, 9531, and 9532, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, landscaping and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract Nos. 8820, 9531, and 9532. Said landscaping and related facilities shall be in the lettered lots, common parking bays and related planters within Final Tract Nos. 8820, 9531, and 9532.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Landscape and Lighting Assessment District No. 6 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$1450.35, as detailed in said report of the Director of Public Works.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council

Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the proposed assessments on City of Brea Landscape and Lighting Assessment District No. 6 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

- a. Certify to the adoption of this Resolution;
- b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 6

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 6 INCLUDES ALL THE PROPERTIES IN THE CITY OF BREA LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 8820, RECORDED IN BOOK 454, PAGES 19 THROUGH 24 INCLUSIVE, TRACT NO. 9531, RECORDED IN BOOK 423, PAGES 24 THROUGH 28 INCLUSIVE, AND TRACT NO. 9532 RECORDED IN BOOK 454, PAGES 25 THROUGH 28, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

RESOLUTION NO. 2019-023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA APPROVING THE REPORT FILED PURSUANT TO SECTION 22623 OF THE STREETS AND HIGHWAYS CODE WITH RESPECT TO CITY OF BREA LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 7 AND FIXING AND GIVING NOTICE OF A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF AN ASSESSMENT ON SAID DISTRICT FOR FISCAL YEAR 2019-2020

A. RECITALS:

(i) This Council heretofore adopted a resolution creating City of Brea Landscape and Lighting Assessment District No. 7 pursuant to Division 15 of the California Streets and Highways Code.

(ii) The Director of Public Works has prepared, filed with the City Clerk and presented to this Council a report relating to said assessment pursuant to the provisions of Section 22623 of the California Streets and Highways Code.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea as follows:

1. In all respects as set forth in the Recitals, Part A, of this Resolution.
2. The above-described report submitted by the Director of Public Works relating to City of Brea Landscape and Lighting Assessment District No. 7 is hereby approved as filed.
3. This Council hereby declares its intention to levy and collect assessments during fiscal year 2019-2020 pursuant to Division 15 of the Streets and Highways Code of the State of California, known as the "Landscape and Lighting Act of 1972," on that area

designated "City of Brea Landscape and Lighting Assessment District No. 7," an area encompassed by Final Tract Nos. 14658, 14657, 15070 and 14656, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

4. A general description of the improvements proposed for the aforementioned district is as follows:

The maintenance and possible future replacement of lighting, landscaping and any facilities which are appurtenant thereto or which are necessary or convenient for the maintenance and servicing thereof, including grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks or paving, or water, irrigation, drainage, or electrical facilities. Said maintenance and servicing of said lighting shall be in the area of Tract Nos. 14658, 14657, 15070 and 14656. Said landscaping and related facilities shall be in the lettered lots, common parking bays and related planters within Final Tract Nos. 14658, 14657, 15670 and 14656.

5. Reference hereby is made to the report of the Director of Public Works relating to the said assessment district herein above approved. Said report is on file with the City Clerk of the City of Brea and contains a full and detailed description of the improvements, the boundaries of the assessment district and contains the proposed assessments upon assessable lots and parcels of land within City of Brea Landscape and Lighting Assessment District No. 7 for fiscal year 2019-2020. Said proposed assessment per lot is in the amount of \$305.56, as detailed in said report of the Director of Public Works.

6. This Council hereby fixes 7:00 p.m. on June 4, 2019, in the Council Chambers, Brea Civic and Cultural Center, 1 Civic Center Circle, Brea, California, as the time and place for a hearing before this Council on the question of the levy of the

proposed assessments on City of Brea Landscape and Lighting Assessment District No. 7 for fiscal year 2019-2020 and hereby gives notice of said hearing.

7. The City Clerk shall do the following:

a. Certify to the adoption of this Resolution;

b. Cause a true and correct copy of this Resolution to be published once in a newspaper of general circulation located within the City of Brea at least ten days prior to June 4, 2019.

APPROVED AND ADOPTED this 16th day of April, 2019

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April, 2019, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAINED: COUNCIL MEMBERS:

DATED: _____

Lillian Harris-Neal, City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 7

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 7 INCLUDES ALL THE PROPERTIES IN THE CITY OF BREA LOCATED WITHIN THE TRACT BOUNDARY OF TRACT NO. 14656, RECORDED IN BOOK 746, PAGES 47 THROUGH 49 INCLUSIVE, TRACT NO. 14658, RECORDED IN BOOK 724, PAGES 9 THROUGH 11 INCLUSIVE, TRACT NO. 14657 RECORDED IN BOOK 733, PAGES 15 THROUGH 17 INCLUSIVE, TRACT NO. 15070, RECORDED IN BOOK 738, PAGES 27 THROUGH 30 INCLUSIVE, ALL OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

**Landscape and Lighting
Maintenance District
No. 1
City of Brea**

Prepared under the authority of the
Landscape and Lighting Act of 1972
Streets and Highways Code
State of California

Fiscal Year 2019-20

Submitted by:

Tony Olmos
Director of Public Works

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Landscape & Lighting Maintenance District No. 1

Transmitted herewith for your review and consideration is a report entitled, "Landscape and Lighting Maintenance District No. 1, City of Brea."

This report has been prepared in accordance with the Landscape and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscape and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, P.E., Director
Public Works Department

s:\maintenance\maint districts\assessment 19-20\lmd1 1920.doc
City Council **Christine Marick**
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

Background:

The City Council of the City of Brea adopted and approved Resolution Nos. 82-57 and 82-58 detaching certain territory from Landscape and Lighting Maintenance District No. 1 adopted by Resolution No. 76-74 and adopted Resolution No. 82-59 creating amended Maintenance District No. 1 in the City of Brea.

The creating of Lighting and Maintenance District No. 1 in the City of Brea was a requirement of the City of Brea for the development of Tentative Tract No. 8820, known as the "Canyon Country" development project. The amended Landscape and Lighting Maintenance District No. 1 was subsequently formed June 1, 1982 by Resolution No. 82-59.

The formation of the amended district and the levy of the first annual assessment was completed in accordance with the requirements of the Landscaping and Lighting Act of 1972 on June 1, 1982.

The purpose of this report is to be utilized by the City Staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California and Highways Code, Section 22620 to 22631).

PART A PLANS AND SPECIFICATIONS

The facilities, which consist of greenbelt areas and theme lighting, will be operated, serviced and maintained as generally described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in Public Street and sidewalk rights-of-way, including medians, parkways and dedicated easements within the boundaries of the Assessment District.

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 1 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$13,100
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$180
	Fixed Costs Totals	\$13,380
2. ROUTINE COSTS		
4211	Postage	\$100
4249	Professional Svcs/Other	\$3,500
4261	Svc & Repair Equipment	\$300
4266	Contract Services/Grounds Maintenance	\$14,500
4282	Electric	\$1,800
4285	Water	\$18,850
4337	Electrical Supplies & Parts	250
4441	Miscellaneous Expense	\$0
5800	Insurance and Other Expenses	\$1,489
	Routine Costs Totals	\$40,789
	Total Costs (Fixed & Routine)	\$54,169
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$55,929
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$0
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$2,598
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$4,358

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

ASSESSMENT METHODOLOGY

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\$55,929 / 103 \text{ SFR's} = \$543.00 / \text{SFR}$$

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
1	31920129	1	9121	\$543.00	36	31921217	8	9342	\$543.00	71	31921328	39	9341	\$543.00
2	31920128	2	9121	\$543.00	37	31921216	9	9342	\$543.00	72	31921329	40	9341	\$543.00
3	31920127	3	9121	\$543.00	38	31921201	10	9342	\$543.00	73	31921330	41	9341	\$543.00
4	31920126	4	9121	\$543.00	39	31921202	11	9342	\$543.00	74	31921331	42	9341	\$543.00
5	31920125	5	9121	\$543.00	40	31921203	12	9342	\$543.00	75	31921327	1	9341	\$543.00
6	31920124	6	9121	\$543.00	41	31921204	13	9342	\$543.00	76	31921328	2	9341	\$543.00
7	31920123	7	9121	\$543.00	42	31921205	14	9342	\$543.00	77	31921329	3	9341	\$543.00
8	31920122	8	9121	\$543.00	43	31921206	15	9342	\$543.00	78	31921330	4	9341	\$543.00
9	31920121	9	9121	\$543.00	44	31921207	16	9342	\$543.00	79	31921331	5	9341	\$543.00
10	31920120	10	9121	\$543.00	45	31921208	17	9342	\$543.00	80	31921332	6	9341	\$543.00
11	31920119	11	9121	\$543.00	46	31921209	18	9342	\$543.00	81	31921333	7	9341	\$543.00
12	31920118	12	9121	\$543.00	47	31921210	19	9342	\$543.00	82	31921334	8	9341	\$543.00
13	31920117	13	9121	\$543.00	48	31921212	20	9342	\$543.00	83	31921335	9	9341	\$543.00
14	31920116	14	9121	\$543.00	49	31921211	21	9342	\$543.00	84	31921336	10	9341	\$543.00
15	31920115	15	9121	\$543.00	50	31921213	22	9342	\$543.00	85	31921337	11	9341	\$543.00
16	31920114	16	9121	\$543.00	51	31921214	23	9342	\$543.00	86	31921338	12	9341	\$543.00
17	31920113	17	9121	\$543.00	52	31921215	24	9342	\$543.00	87	31921339	13	9341	\$543.00
18	31920112	18	9121	\$543.00	53	31921101	25	9342	\$543.00	88	31921306	14	9341	\$543.00
19	31920111	19	9121	\$543.00	54	31921102	26	9342	\$543.00	89	31921305	15	9341	\$543.00
20	31920110	20	9121	\$543.00	55	31921103	27	9342	\$543.00	90	31921304	16	9341	\$543.00
21	31920109	21	9121	\$543.00	56	31921104	28	9342	\$543.00	91	31921303	17	9341	\$543.00
22	31920108	22	9121	\$543.00	57	31921105	29	9342	\$543.00	92	31921302	18	9341	\$543.00
23	31920107	23	9121	\$543.00	58	31921106	30	9342	\$543.00	93	31921301	19	9341	\$543.00
24	31920106	24	9121	\$543.00	59	31921107	31	9342	\$543.00	94	31921317	20	9341	\$543.00
25	31920105	25	9121	\$543.00	60	31921108	32	9342	\$543.00	95	31921316	21	9341	\$543.00
26	31920104	26	9121	\$543.00	61	31921109	33	9342	\$543.00	96	31921315	22	9341	\$543.00
27	31920103	27	9121	\$543.00	62	31921319	30	9341	\$543.00	97	31921314	23	9341	\$543.00
28	31920102	28	9121	\$543.00	63	31921320	31	9341	\$543.00	98	31921313	24	9341	\$543.00
29	31921224	1	9342	\$543.00	64	31921321	32	9341	\$543.00	99	31921312	25	9341	\$543.00
30	31921223	2	9342	\$543.00	65	31921322	33	9341	\$543.00	100	31921311	26	9341	\$543.00
31	31921222	3	9342	\$543.00	66	31921323	34	9341	\$543.00	101	31921310	27	9341	\$543.00
32	31921221	4	9342	\$543.00	67	31921324	35	9341	\$543.00	102	31921308	28	9341	\$543.00
33	31921220	5	9342	\$543.00	68	31921325	36	9341	\$543.00	103	31921309	29	9341	\$543.00
34	31921219	6	9342	\$543.00	69	31921326	37	9341	\$543.00					
35	31921218	7	9342	\$543.00	70	31921327	38	9341	\$543.00					

PART E

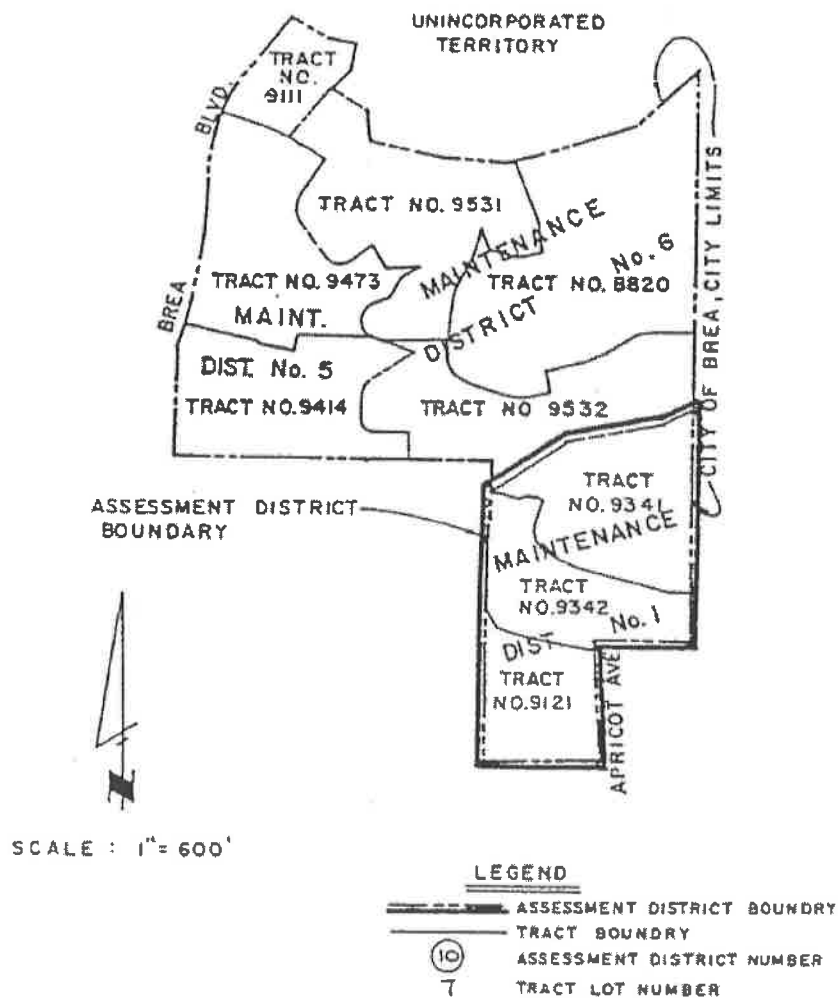
ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Landscape and Lighting Maintenance District No. 1 is included herein.

District No. 1 is generally located east, north of State College Boulevard, adjacent to Fanning School, and includes Tract Nos. 9121, 9341 and 9342.

District No. 1 includes all of the properties in the City of Brea located within the tract boundary of Tract No. 9121 recorded in Book 378, Pages 49 and 50; Tract No. 9341 recorded in Book 395, Pages 28, 29 and 30; and of Tract No. 9342 recorded in Book 386, Pages 41, 42 and 43, all of Miscellaneous Maps, records of Orange County, California.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.



103 PARCELS

SHEET 1 OF

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 1

IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

NO. 10781 20 (unrecorded) LOTS
1 & 2 OF 10

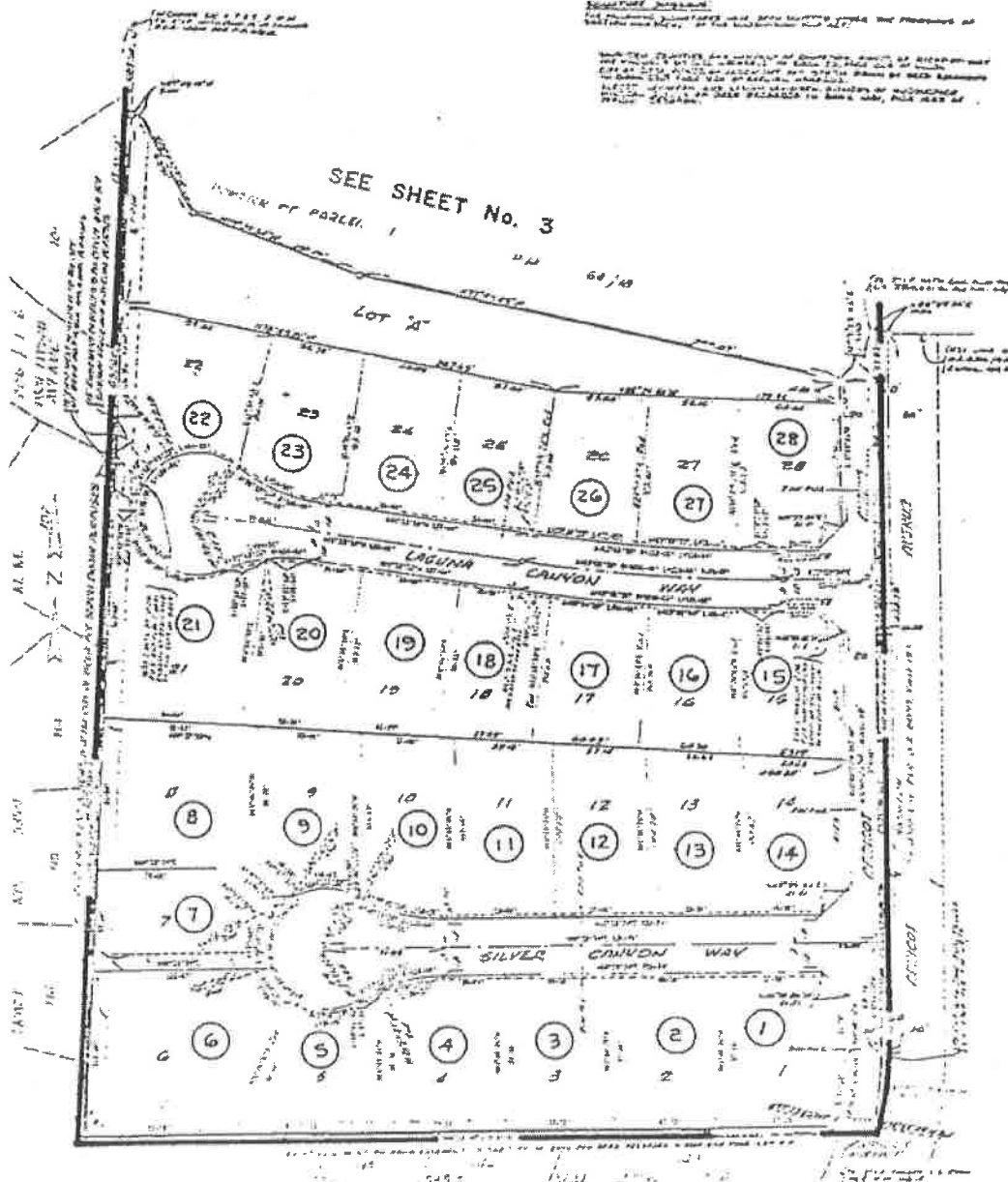
TRACT NO. 9121
COUNTY OF ORANGE, STATE OF CALIFORNIA.



STANLEY C. MORSE, L.S. 3540

NOVEMBER, 1978

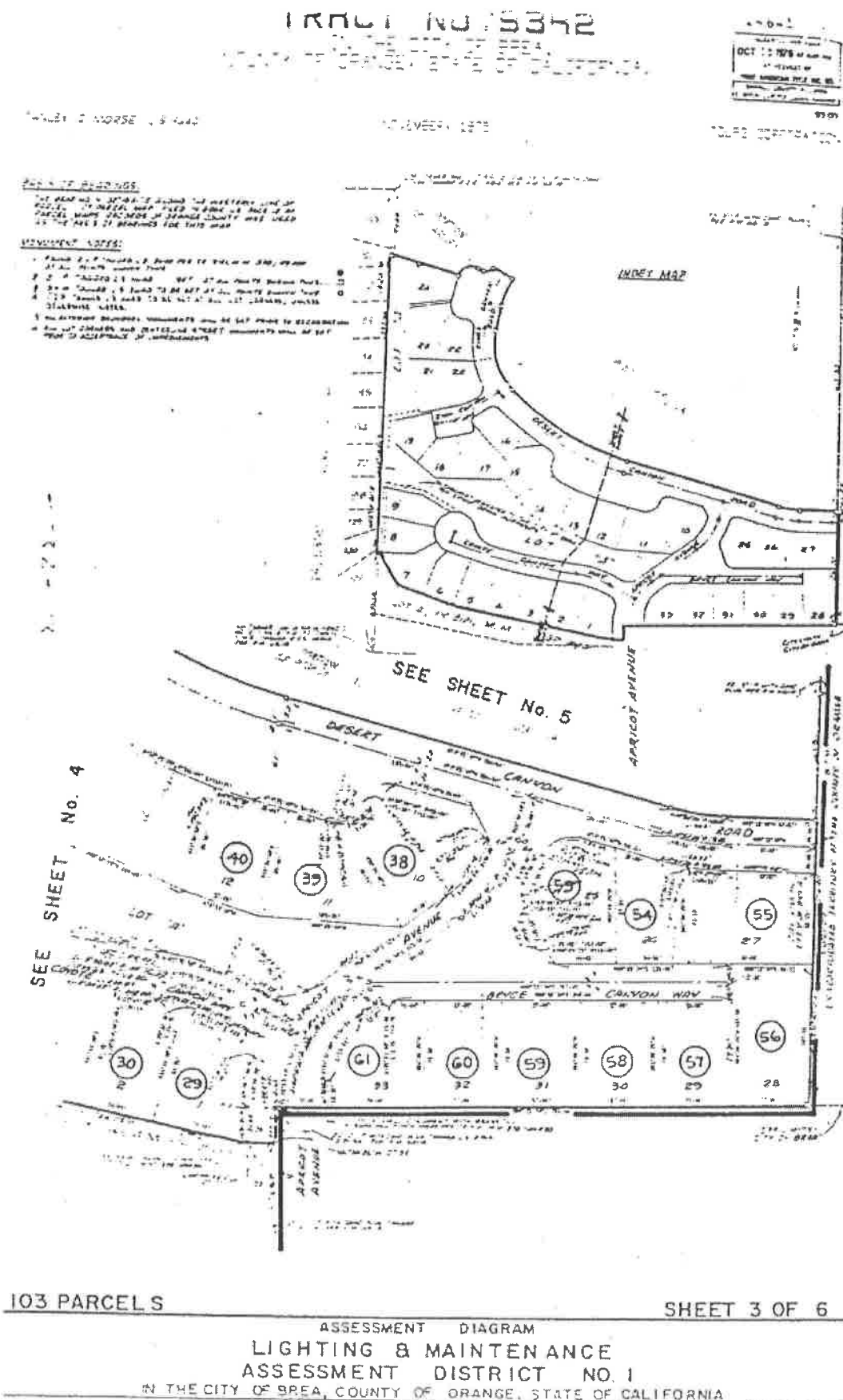
TRIPS CORPORATION



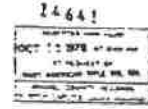
103 PARCELS

SHEET 2 OF 6

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 1
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA



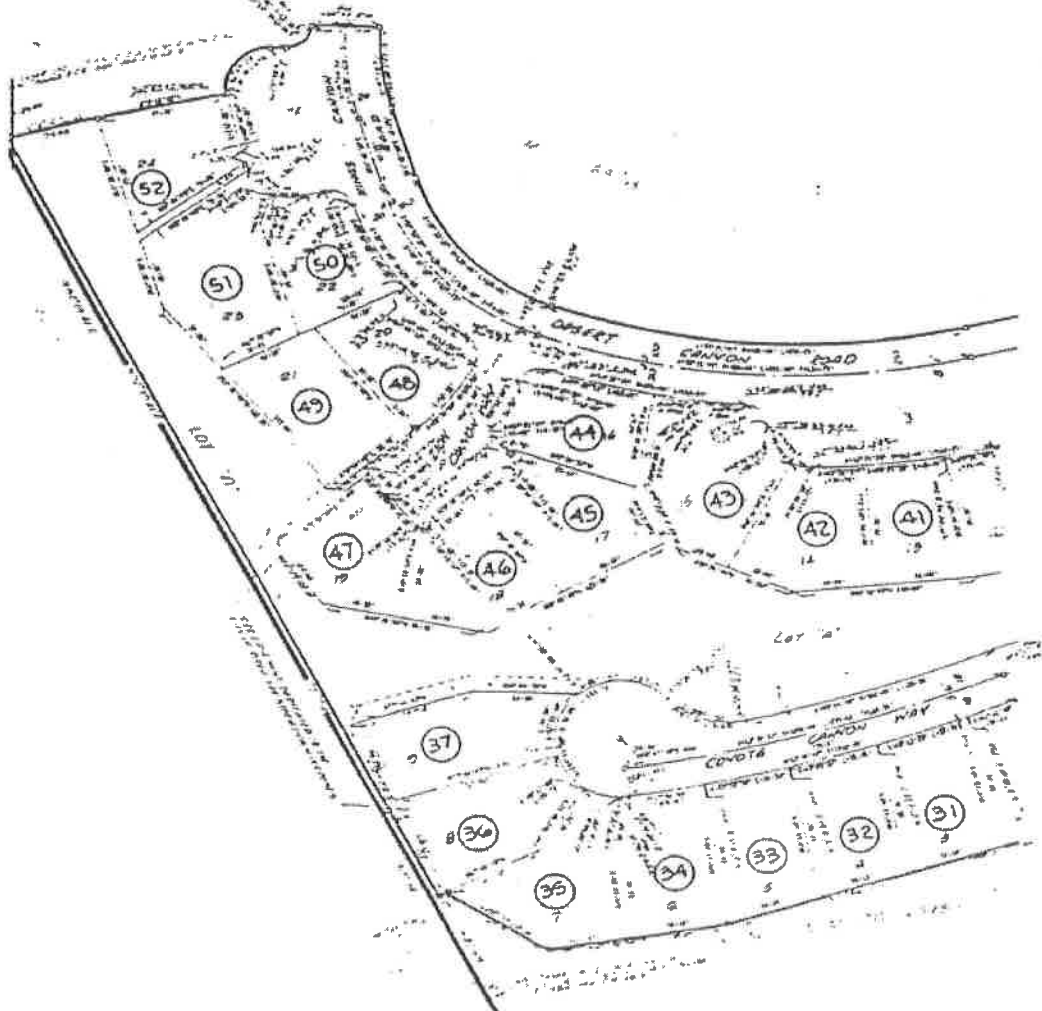
TRACT NO. 9342



NO. 1000000000

NO. 1000000000

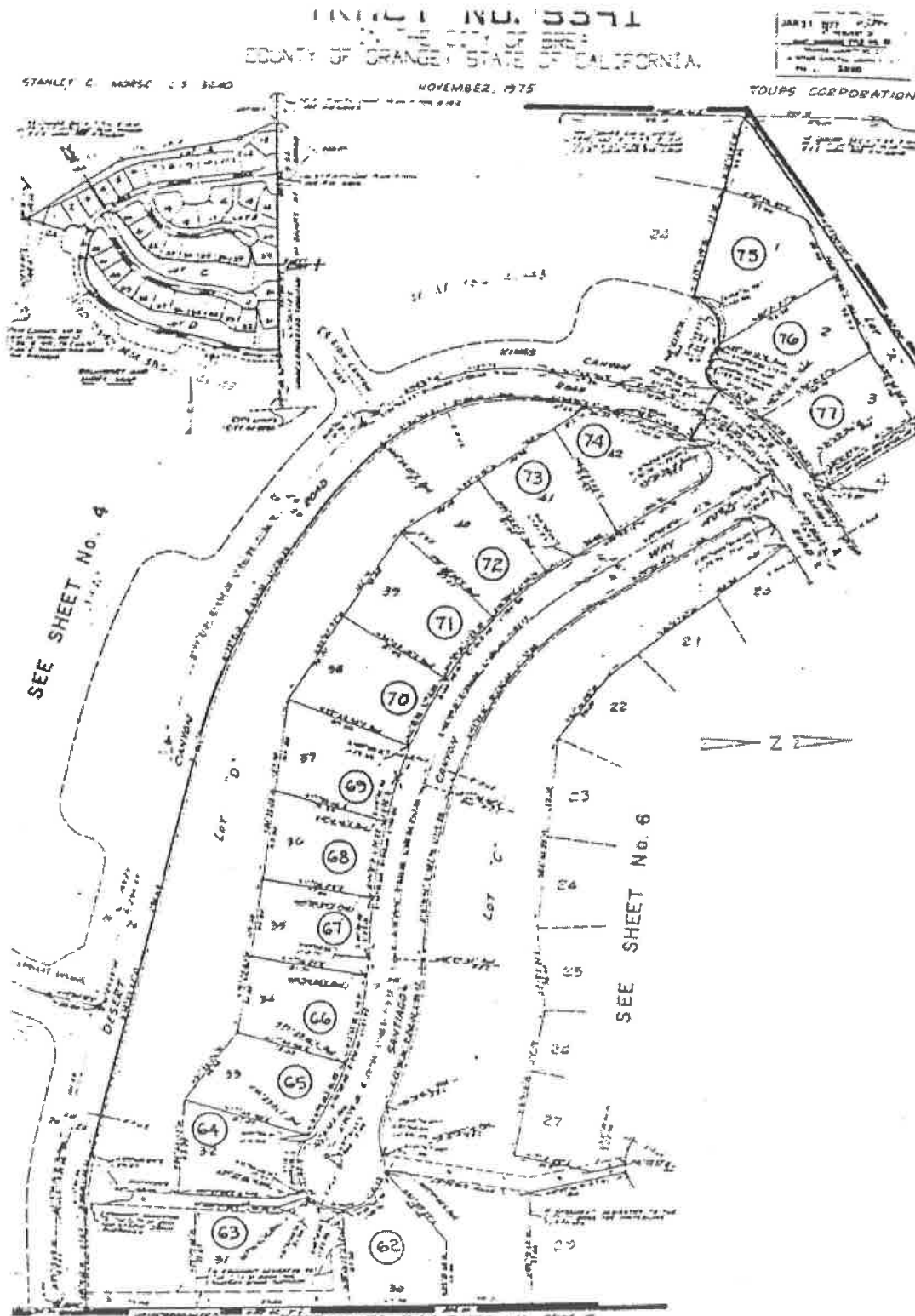
SEE SHEET No. 5



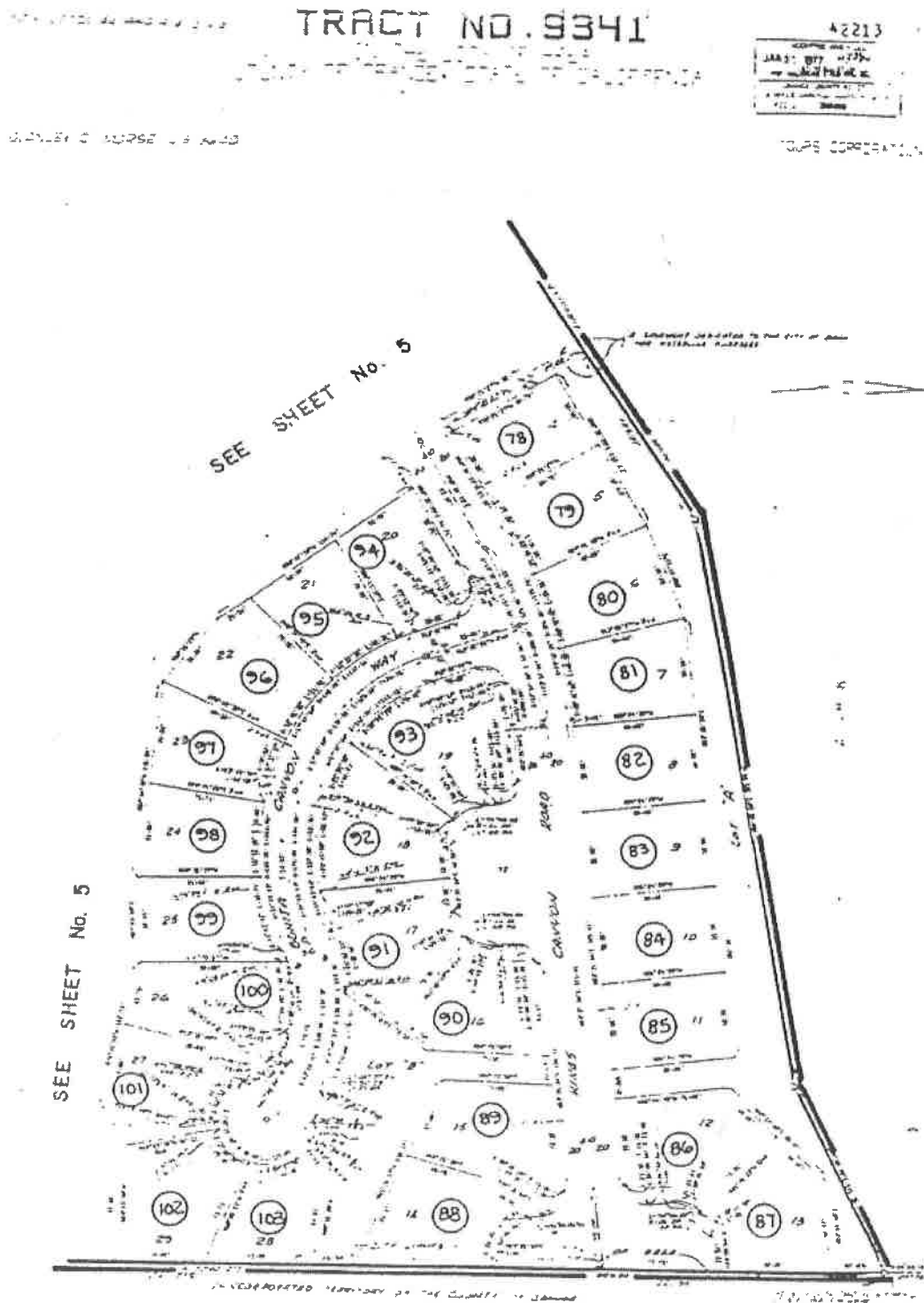
103 PARCELS

SHEET 4 OF 6

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 1
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA



ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 1
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA



103 PARCELS

SHEET 6 OF 6

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 1
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

**Lighting
Maintenance District
No. 2
City of Brea**

**Prepared under the authority of the
Landscaping and Lighting Act of 1972
Streets and Highways Code
State of California**

Fiscal Year 2019-20

Submitted by:

**Tony Olmos
Director of Public Works**

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Lighting Maintenance District No. 2

Transmitted herewith for your review and consideration is a report entitled, "Lighting Maintenance District No. 2, City of Brea."

This report has been prepared in accordance with the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscaping and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, Director
Public Works Department

s:\maintenance\maint districts\assessment 19-20\lmd2 1920.doc
City Council **Christine Marick**
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

Background:

The City Council of the City of Brea adopted and approved Resolution No. 78-76, creating Lighting and Maintenance District No. 2 in the City of Brea.

The creation of Lighting and Maintenance District No. 2 in the City of Brea was a requirement of the City of Brea for the development of Tentative Tract No. 8857, known as "North Hills" development project.

No landscape maintenance is included in this district as the slopes are to be maintained by the homeowner or the homeowners' association, as required by the Conditions of Approval for Tentative Tract No. 8857.

The formation of the district and the levy of the first annual assessment was completed in accordance with the requirements of the Landscaping and Lighting Act of 1972 on July 5, 1978, by City Council Resolution No. 78-76.

The purpose of this report is to be utilized by the staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California Streets and Highways Code, Section 22620 to 22631).

PART A PLANS AND SPECIFICATIONS

The facilities, which consist of street lighting, will be operated, serviced and maintained as generally described as follows:

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the public lighting facilities or appurtenant facilities; providing for the cleaning, sandblasting, and painting of poles and other improvements for general upkeep and to remove or cover graffiti.

Servicing means the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 2 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$4,335
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$20
	Fixed Costs Totals	\$4,455
2. ROUTINE COSTS		
4211	Postage	\$135
4261	Svc & Repair Equipment	\$1,400
4337	Electrical Supplies & Parts	\$0
4441	Miscellaneous Expense	\$0
5800	Insurance and Other Expenses	\$379
	Routine Costs Totals	\$1,914
	Total Costs (Fixed & Routine)	\$6,369
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$5,495
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$3,184
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$34,807
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$37,117

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the

current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

ASSESSMENT METHODOLOGY

The North Hills Development project (Tract Nos. 9227, 9228 and 8857 in the City of Brea) was developed under conditions of development required by the City Council of the City of Brea.

The parcels of land in the District are single-family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\$5,495 / 297 \text{ SFR's} = \$18.50 / \text{SFR}$$

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for fiscal year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
1	30424201	13	9227	\$18.50	41	30425224	53	9227	\$18.50	81	30424108	93	9227	\$18.50
2	30424202	14	9227	\$18.50	42	30425225	54	9227	\$18.50	82	30424107	94	9227	\$18.50
3	30424203	15	9227	\$18.50	43	30425226	55	9227	\$18.50	83	30424106	95	9227	\$18.50
4	30424204	16	9227	\$18.50	44	30425227	56	9227	\$18.50	84	30424105	96	9227	\$18.50
5	30424205	17	9227	\$18.50	45	30425228	57	9227	\$18.50	85	30424104	97	9227	\$18.50
6	30424206	18	9227	\$18.50	46	30425229	58	9227	\$18.50	86	30424103	98	9227	\$18.50
7	30424207	19	9227	\$18.50	47	30425230	59	9227	\$18.50	87	30424102	99	9227	\$18.50
8	30424208	21	9227	\$18.50	48	30425231	60	9227	\$18.50	88	30424101	100	9227	\$18.50
9	30424209	21	9227	\$18.50	49	30425232	61	9227	\$18.50	89	30425112	101	9227	\$18.50
10	30424210	22	9227	\$18.50	50	30425233	62	9227	\$18.50	90	30425111	102	9227	\$18.50
11	30424211	23	9227	\$18.50	51	30425234	63	9227	\$18.50	91	30425110	103	9227	\$18.50
12	30424212	24	9227	\$18.50	52	30425235	64	9227	\$18.50	92	30425109	104	9227	\$18.50
13	30424213	25	9227	\$18.50	53	30425236	65	9227	\$18.50	93	30425108	105	9227	\$18.50
14	30424214	26	9227	\$18.50	54	30425237	66	9227	\$18.50	94	30425107	106	9227	\$18.50
15	30424215	27	9227	\$18.50	55	30425238	67	9227	\$18.50	95	30425106	107	9227	\$18.50
16	30424216	28	9227	\$18.50	56	30425239	68	9227	\$18.50	96	30425105	108	9227	\$18.50
17	30424217	29	9227	\$18.50	57	30425240	69	9227	\$18.50	97	30425104	109	9227	\$18.50
18	30424218	30	9227	\$18.50	58	30425241	70	9227	\$18.50	98	30425103	110	9227	\$18.50
19	30424219	31	9227	\$18.50	59	30425242	71	9227	\$18.50	99	30425102	111	9227	\$18.50
20	30424220	32	9227	\$18.50	60	30425243	72	9227	\$18.50	100	30425101	112	9227	\$18.50
21	30424221	33	9227	\$18.50	61	30425244	73	9227	\$18.50	101	30425111	113	9227	\$18.50
22	30424222	34	9227	\$18.50	62	30425245	74	9227	\$18.50	102	30425110	114	9227	\$18.50
23	30424223	35	9227	\$18.50	63	30425246	75	9227	\$18.50	103	30425109	115	9227	\$18.50
24	30424224	36	9227	\$18.50	64	30425247	76	9227	\$18.50	104	30425108	116	9227	\$18.50
25	30424225	37	9227	\$18.50	65	30425248	77	9227	\$18.50	105	30425107	117	9227	\$18.50
26	30424226	38	9227	\$18.50	66	30425249	78	9227	\$18.50	106	30425106	118	9227	\$18.50
27	30424227	39	9227	\$18.50	67	30424122	79	9227	\$18.50	107	30425105	119	9227	\$18.50
28	30424228	40	9227	\$18.50	68	30424121	80	9227	\$18.50	108	30425104	120	9227	\$18.50
29	30424229	41	9227	\$18.50	69	30424120	81	9227	\$18.50	109	30425103	121	9227	\$18.50
30	30425213	42	9227	\$18.50	70	30424119	82	9227	\$18.50	110	30425102	122	9227	\$18.50
31	30425214	43	9227	\$18.50	71	30424118	83	9227	\$18.50	111	30425101	123	9227	\$18.50
32	30425215	44	9227	\$18.50	72	30424117	84	9227	\$18.50	112	30423501	1	9228	\$18.50
33	30425216	45	9227	\$18.50	73	30424116	85	9227	\$18.50	113	30423502	2	9228	\$18.50
34	30425217	46	9227	\$18.50	74	30424115	86	9221	\$18.50	114	30423503	3	9228	\$18.50
35	30425218	47	9227	\$18.50	75	30424114	87	9227	\$18.50	115	30426221	4	9228	\$18.50
36	30425219	48	9227	\$18.50	76	30424113	88	9227	\$18.50	116	30426222	5	9228	\$18.50
37	30425220	49	9227	\$18.50	77	30424112	89	9227	\$18.50	117	30426223	6	9228	\$18.50
38	30425221	50	9227	\$18.50	78	30424111	90	9227	\$18.50	118	30426224	7	9228	\$18.50
39	30425222	51	9227	\$18.50	79	30424110	91	9227	\$18.50	119	30426225	8	9228	\$18.50
40	30425223	52	9227	\$18.50	80	30424109	92	9227	\$18.50	120	30426226	9	9228	\$18.50

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
121	30423411	10	9228	\$18.50	180	30426105	69	9228	\$18.50	239	30427210	80	8857	\$18.50
122	30423410	11	9228	\$18.50	181	30426104	70	9228	\$18.50	240	30427211	81	8857	\$18.50
123	30423409	12	9228	\$18.50	182	30426103	71	9228	\$18.50	241	30427212	82	8857	\$18.50
124	30423408	13	9228	\$18.50	183	30426102	72	9228	\$18.50	242	30427213	83	8857	\$18.50
125	30423407	14	9228	\$18.50	184	30426101	73	9228	\$18.50	243	30427229	55	8857	\$18.50
126	30423406	15	9228	\$18.50	185	30423307	74	9228	\$18.50	244	30427228	56	8857	\$18.50
127	30423405	16	9228	\$18.50	186	30423308	75	9228	\$18.50	245	30427227	57	8857	\$18.50
128	30423404	17	9228	\$18.50	187	30423309	76	9228	\$18.50	246	30427226	58	8857	\$18.50
129	30423403	18	9228	\$18.50	188	30423301	77	9228	\$18.50	247	30427225	59	8857	\$18.50
130	30423402	19	9228	\$18.50	189	30423302	78	9228	\$18.50	248	30427224	60	8857	\$18.50
131	30423401	20	9228	\$18.50	190	30423303	79	9228	\$18.50	249	30427223	61	8857	\$18.50
132	30426201	21	9228	\$18.50	191	30423304	80	9228	\$18.50	250	30427222	62	8857	\$18.50
133	30426202	22	9228	\$18.50	192	30423201	81	9228	\$18.50	251	30427221	63	8857	\$18.50
134	30426203	23	9228	\$18.50	193	30423202	82	9228	\$18.50	252	30427220	64	8857	\$18.50
135	30426204	24	9228	\$18.50	194	30423115	83	9228	\$18.50	253	30427219	65	8857	\$18.50
136	30426205	25	9228	\$18.50	195	30423116	84	9228	\$18.50	254	30427218	66	8857	\$18.50
137	30426206	26	9228	\$18.50	196	30423117	85	9228	\$18.50	255	30427217	67	8857	\$18.50
138	30426207	27	9228	\$18.50	197	30423118	86	9228	\$18.50	256	30427216	68	8857	\$18.50
139	30426208	28	9228	\$18.50	198	30423119	87	9228	\$18.50	257	30427215	69	8857	\$18.50
140	30426209	29	9228	\$18.50	199	30423120	88	9228	\$18.50	258	30427214	70	8857	\$18.50
141	30426210	30	9228	\$18.50	200	30423121	89	9228	\$18.50	259	30427201	71	8857	\$18.50
142	30426211	31	9228	\$18.50	201	30423122	90	9228	\$18.50	260	30427202	72	8857	\$18.50
143	30426212	32	9228	\$18.50	202	30423123	91	9228	\$18.50	261	30427203	73	8857	\$18.50
144	30426213	33	9228	\$18.50	203	30423101	12	9227	\$18.50	262	30427204	74	8857	\$18.50
145	30426214	34	9228	\$18.50	204	30423102	11	9227	\$18.50	263	30427205	75	8857	\$18.50
146	30426215	35	9228	\$18.50	205	30423103	10	9227	\$18.50	264	30427206	76	8857	\$18.50
147	30426216	36	9228	\$18.50	206	30423104	9	9227	\$18.50	265	30427207	77	8857	\$18.50
148	30426217	37	9228	\$18.50	207	30423105	8	9227	\$18.50	266	30427320	23	8857	\$18.50
149	30426218	38	9228	\$18.50	208	30423106	7	9227	\$18.50	267	30427319	24	8857	\$18.50
150	30426219	39	9228	\$18.50	209	30423107	6	9227	\$18.50	268	30427318	25	8857	\$18.50
151	30426220	40	9228	\$18.50	210	30423108	5	9227	\$18.50	269	30427317	26	8857	\$18.50
152	30426133	41	9228	\$18.50	211	30423109	4	9227	\$18.50	270	30427316	27	8857	\$18.50
153	30426132	42	9228	\$18.50	212	30423110	3	9227	\$18.50	271	30427315	28	8857	\$18.50
154	30426131	43	9228	\$18.50	213	30423111	2	9227	\$18.50	272	30427314	29	8857	\$18.50
155	30426130	44	9228	\$18.50	214	30423112	1	9227	\$18.50	273	30427313	30	8857	\$18.50
156	30426129	45	9228	\$18.50	215	30423124	1	8857	\$18.50	274	30427312	31	8857	\$18.50
157	30426128	46	9228	\$18.50	216	30423125	2	8857	\$18.50	275	30427311	32	8857	\$18.50
158	30426127	47	9228	\$18.50	217	30427339	3	8857	\$18.50	276	30427310	33	8857	\$18.50
159	30426126	48	9228	\$18.50	218	30427338	4	8857	\$18.50	277	30427309	34	8857	\$18.50
160	30426125	49	9228	\$18.50	219	30427337	5	8857	\$18.50	278	30427308	35	8857	\$18.50
161	30426124	50	9228	\$18.50	220	30427336	6	8857	\$18.50	279	30427307	36	8857	\$18.50
162	30426123	51	9228	\$18.50	221	30427335	7	8857	\$18.50	280	30427306	37	8857	\$18.50
163	30426122	52	9228	\$18.50	222	30427334	8	8857	\$18.50	281	30427305	38	8857	\$18.50
164	30426121	53	9228	\$18.50	223	30427333	9	8857	\$18.50	282	30427304	39	8857	\$18.50
165	30426120	54	9228	\$18.50	224	30427332	10	8857	\$18.50	283	30427303	40	8857	\$18.50
166	30426119	55	9228	\$18.50	225	30427331	11	8857	\$18.50	284	30427302	41	8857	\$18.50
167	30426118	56	9228	\$18.50	226	30427330	12	8857	\$18.50	285	30427301	42	8857	\$18.50
168	30426117	57	9228	\$18.50	227	30427329	13	8857	\$18.50	286	30427101	43	8857	\$18.50
169	30426116	58	9228	\$18.50	228	30427328	14	8857	\$18.50	287	30427102	44	8857	\$18.50
170	30426115	59	9228	\$18.50	229	30423203	15	8857	\$18.50	288	30427103	45	8857	\$18.50
171	30426114	60	9228	\$18.50	230	30427327	16	8857	\$18.50	289	30427104	46	8857	\$18.50
172	30426113	61	9228	\$18.50	231	30427326	17	8857	\$18.50	290	30427105	47	8857	\$18.50
173	30426112	62	9228	\$18.50	232	30427325	18	8857	\$18.50	291	30427106	48	8857	\$18.50
174	30426111	63	9228	\$18.50	233	30427324	19	8857	\$18.50	292	30427107	49	8857	\$18.50
175	30426110	64	9228	\$18.50	234	30427323	20	8857	\$18.50	293	30427108	50	8857	\$18.50
176	30426109	65	9228	\$18.50	235	30427322	21	8857	\$18.50	294	30427109	51	8857	\$18.50
177	30426108	66	9228	\$18.50	236	30427321	22	8857	\$18.50	295	30427110	52	8857	\$18.50
178	30426107	67	9228	\$18.50	237	30427208	78	8857	\$18.50	296	30427111	53	8857	\$18.50
179	30426106	68	9228	\$18.50	238	30427209	79	8857	\$18.50	297	30427112	54	8857	\$18.50

PART E

ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Lighting Maintenance District No. 2 is included herein.

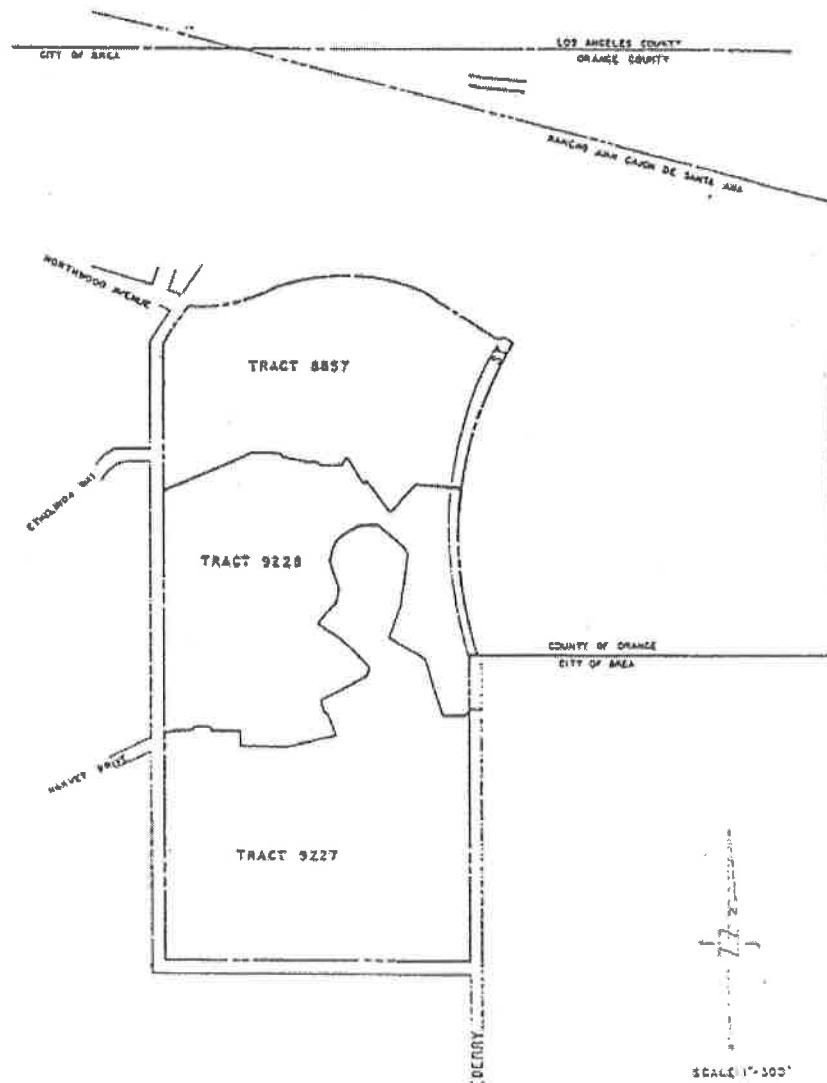
District No. 2 is generally located west of Berry Street, north of Central Avenue, and south of Northwood Avenue.

The boundaries of District No. 2 are described as "being the boundary of Annexation No. 8-74 to the City of Brea, County of Orange, State of California."

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for fiscal year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.

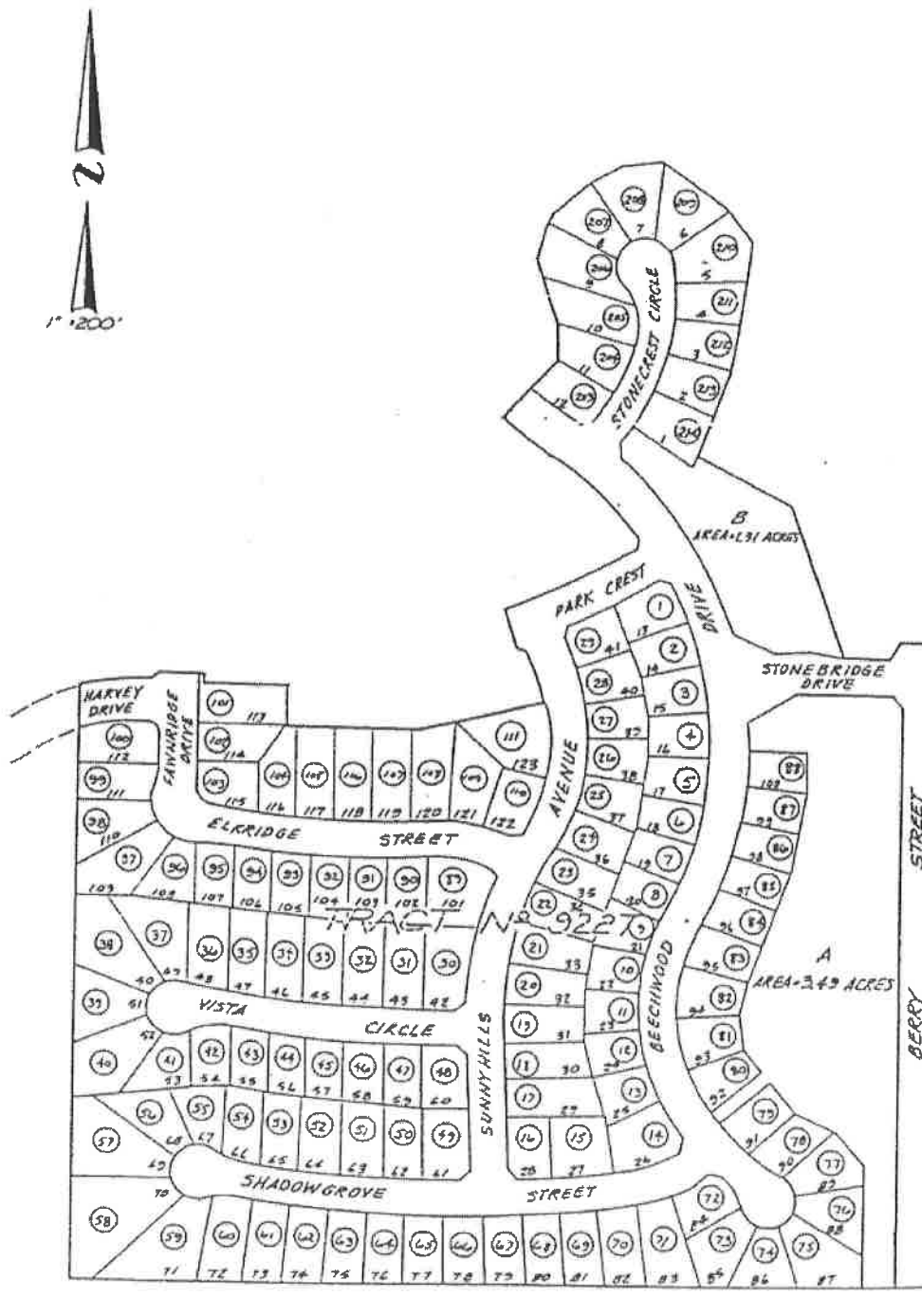
LEGEND

- STREET LIGHTING DISTRICT BOUNDARY
- COUNTY BOUNDARY
- RANCHO BOUNDARY



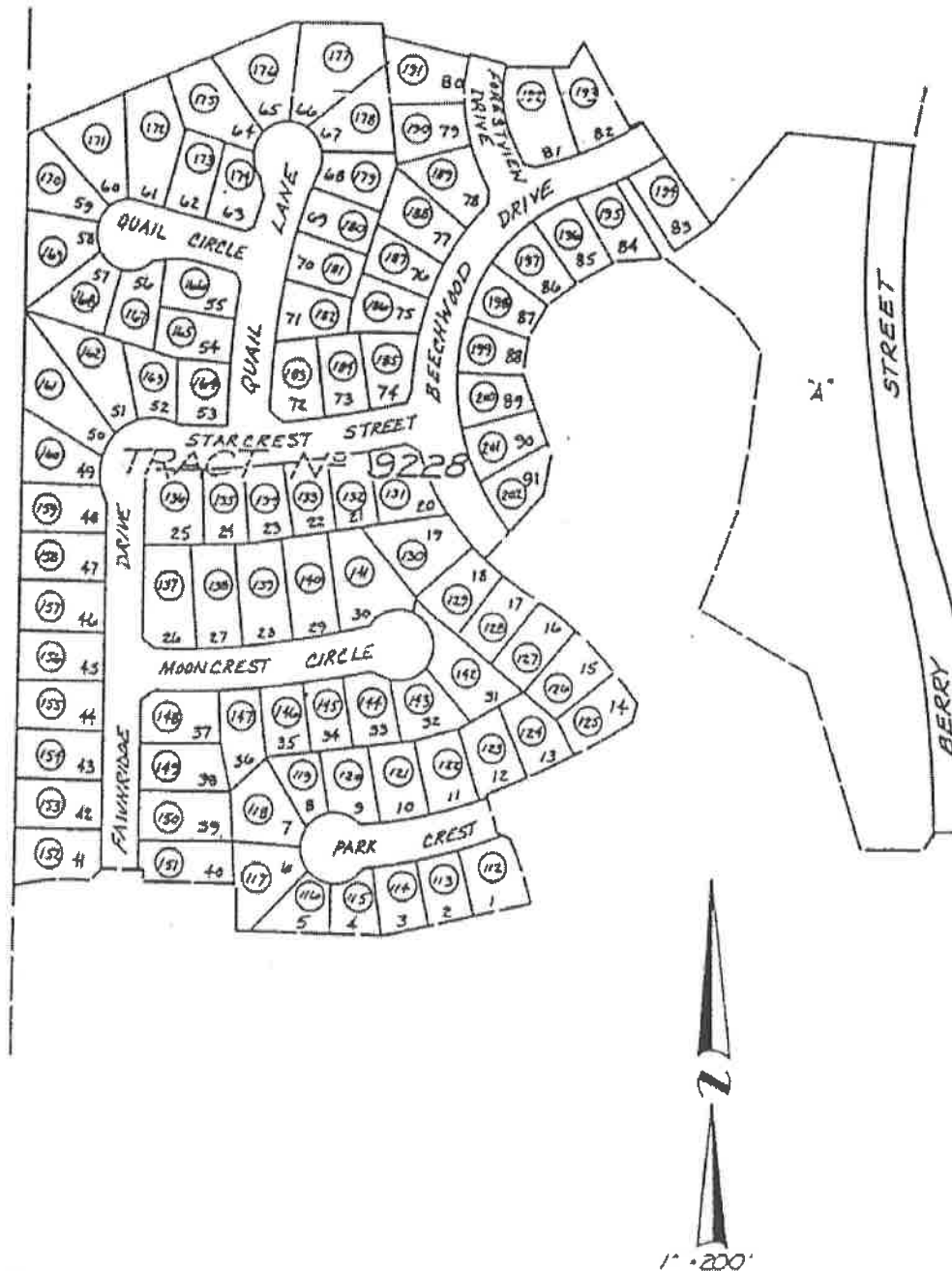
ASSESSMENT DIAGRAM BOUNDRIES
STREET LIGHTING DISTRICT NO.2
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

SHEET 1 OF



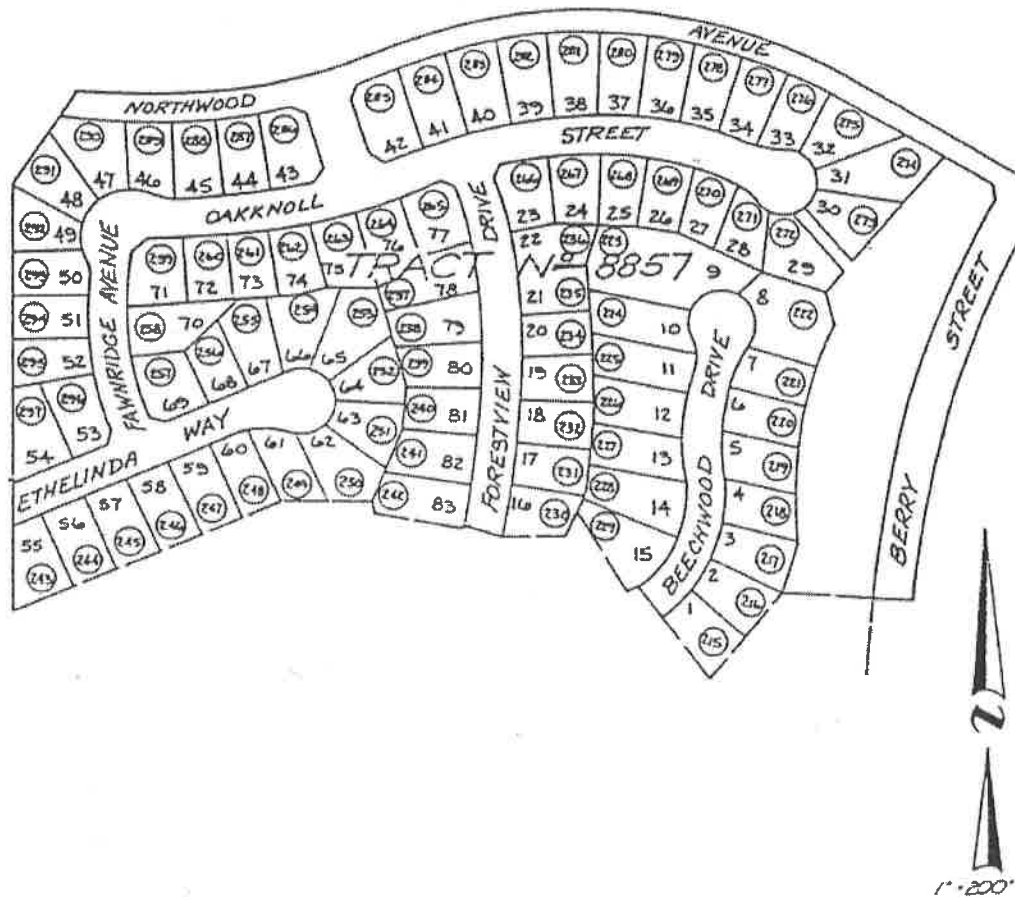
ASSESSMENT DIAGRAM
TO
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT N^o2

SHEET 2 OF



**ASSESSMENT DIAGRAM
TO
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT Nº 2**

SHEET 3C



**ASSESSMENT DIAGRAM
TO
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT Nº 2**

SHEET 40

**Landscape and Lighting
Maintenance District
No. 3
City of Brea**

Prepared under the authority of the
Landscape and Lighting Act of 1972
Streets and Highways Code
State of California

Fiscal Year 2019-20

Submitted by:

Tony Olmos
Director of Public Works

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Landscape & Lighting Maintenance District No. 3

Transmitted herewith for your review and consideration is a report entitled, "Landscape and Lighting Maintenance District No. 3, City of Brea."

This report has been prepared in accordance with the Landscape and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscape and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, Director
Public Works Department

s:\maintenance\maint districts\assessment 19-20\lmd3 1920.doc
City Council Christine Marick Marty Simonoff
 Mayor Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code, Article XIID of the California Constitution, and the Proposition 218 Omnibus Implementation Act.

Background:

The City Council of the City of Brea adopted Resolution No. 78-77 on July 5, 1978 creating Lighting and Maintenance District No. 3. This Lighting and Maintenance District was a condition of development for Tract No. 8242 in the City of Brea.

Tract No. 8242 was planned and has been developed adjacent to a 40-foot MWD easement for the MWD Lower Feeder, which diagonally traverses the property limits of Tract No. 8242.

This MWD easement was graded (within the limits of MWD specifications) and landscaped (under conditions of development) to act as a greenbelt trail area for the residents of the tract.

In addition to the MWD easement greenbelt, another landscaping greenbelt area was completed in a 20-foot easement adjacent to Birch Street.

In order to assure the maintenance of the greenbelts and the payment of fees for maintaining the greenbelt and the cost of energy for theme lighting, a condition of development was the requirement that a Lighting and Maintenance District be formed over the entire limits of Tract No. 8242.

In FY 2003-04, the property owners submitted ballots and approved an increase in assessment rate. Included in that balloting was an annual CPI escalator which allows the assessment rate to keep up with the cost of living. The annual escalator sets the maximum rate that the properties might be assessed.

The purpose of this report is to be utilized by the City Staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California and Highways Code, Section 22620 to 22631).

PART A

PLANS AND SPECIFICATIONS

The facilities, which consist of greenbelt areas and theme lighting, will be operated, serviced and maintained as generally described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public street and sidewalk rights-of-way, including medians, parkways and dedicated easements within the boundaries of the Assessment District.

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the landscape and lighting improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 3 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$10,944
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$100
	Fixed Costs Totals	\$11,144
2. ROUTINE COSTS		
4211	Postage	\$170
4249	Professional Svcs/Other	\$75,000
4261	Svc & Repair Equipment	\$1,500
4266	Contract Services/Grounds Maintenance	\$24,520
4282	Electric	\$1,500
4285	Water	\$20,500
4337	Electrical Supplies & Parts	\$250
4339	Construction & Maintenance	\$1,300
4379	Nursery Supplies-Other	\$250
4441	Miscellaneous Expense	\$100
5800	Insurance and Other Expenses	\$1,091
	Routine Costs Totals	\$126,181
	Total Costs (Fixed & Routine)	\$137,325
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$88,869
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$0
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$72,595
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$24,139

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

In addition, Proposition 218, the "Right to Vote on Taxes Act" which was approved on the November 1996 Statewide ballot and added Article XIID to the California Constitution, requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. XIID provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. XIID also requires that publicly owned property which benefit from the improvements be assessed.

SPECIAL BENEFIT ANALYSIS

Street Landscaping, Slopes and Greenbelts. Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value.

In Parkways and Land Values, written by John Nolan and Henry V. Hubbard in 1937, it is stated:

"... there is no lack of opinion, based on general principals and experience and common sense, that parkways *do in fact add value* to property, even though the amount cannot be determined exactly.... Indeed, in most cases where public money has been spent for parkways the assumption has been definitely made that the proposed parkway will show a *provable* financial profit to the City. It has been believed that the establishment of parkways causes a rise in real estate values throughout the City, or in parts of the City,..."

It should be noted that the definition of "parkways" above may include the roadway as well as the landscaping along side the roadway.

The ongoing operation and maintenance of the street landscaping, slopes and greenways within the district, as identified in Part A of this Report, provide beautification to the areas that result in a special benefit to the parcels within the tracts adjacent to the improvements. If these landscaped areas were not properly maintained, the tract would be blighted.

Theme Lighting. Proper maintenance and operation of pedestrian and street lights benefit all properties within the District by providing security, safety and community character and vitality as outlined below. Streetlights provide only incidental benefits to motorists traveling to, from or through the area.

BENEFITS OF STREET LIGHTING

Security and Safety

- Mitigates crime
- Alleviates the fear of crime
- Enhances safe ingress/egress to property

Community Character and Vitality

- Promotes social interaction
 - Contributes to a positive nighttime visual image
-

ASSESSMENT METHODOLOGY

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\$88,869 / 188 \text{ SFR's} = \$472.71 / \text{SFR}$$

This assessment rate is the maximum rate. This maximum assessment rate will be increased each year by the annual change in the Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase. The calculation for the maximum assessment rate is provided in the table below. The increase in CPI for FY 2019-20 is 3.2%.

Maximum Assessment Rate Calculation		
Fiscal Year	CPI Increase	Maximum Assessment
FY 2003-04		\$336.27 / SFR
FY 2004-05	1.8%	\$342.32 / SFR
FY 2005-06	4.4%	\$357.39 / SFR
FY 2006-07	4.5%	\$373.47 / SFR
FY 2007-08	4.3%	\$389.53 / SFR
FY 2008-09	3.3%	\$402.38 / SFR
FY 2009-10	3.5%	\$416.47 / SFR
FY 2010-11	0%	\$416.47 / SFR
FY 2011-12	1.2%	\$421.47 / SFR
FY 2012-13	2.7%	\$432.85 / SFR
FY 2013-14	2%	\$441.51 / SFR
FY 2014-15	1.1%	\$446.37 / SFR
FY 2015-16	.7%	\$449.49 / SFR
FY 2016-17	2%	\$458.48 / SFR
FY 2017-18	1.9%	\$467.19 / SFR
FY 2018-19	2.8%	\$480.27 / SFR
FY2019-20	3.2%	\$495.64 / SFR

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
1	32026208	1	8242	\$402.38	39	32024107	39	8242	\$402.38
2	32026209	2	8242	\$402.38	40	32024108	40	8242	\$402.38
3	32026210	3	8242	\$402.38	41	32024109	41	8242	\$402.38
4	32026211	4	8242	\$402.38	42	32024110	42	8242	\$402.38
5	32026212	5	8242	\$402.38	43	32024111	43	8242	\$402.38
6	32026213	6	8242	\$402.38	44	32024112	44	8242	\$402.38
7	32026214	7	8242	\$402.38	45	32024113	45	8242	\$402.38
8	32026215	8	8242	\$402.38	46	32024114	46	8242	\$402.38
9	32025401	9	8242	\$402.38	47	32024125	47	8242	\$402.38
10	32025402	10	8242	\$402.38	48	32024126	48	8242	\$402.38
11	32025403	11	8242	\$402.38	49	32024127	49	8242	\$402.38
12	32025404	12	8242	\$402.38	50	32024128	50	8242	\$402.38
13	32025405	13	8242	\$402.38	51	32024123	51	8242	\$402.38
14	32025406	14	8242	\$402.38	52	32024124	52	8242	\$402.38
15	32025311	15	8242	\$402.38	53	32024210	53	8242	\$402.38
16	32025309	16	8242	\$402.38	54	32024209	54	8242	\$402.38
17	32025308	17	8242	\$402.38	55	32024208	55	8242	\$402.38
18	32025307	18	8242	\$402.38	56	32024207	56	8242	\$402.38
19	32025306	19	8242	\$402.38	57	32024206	57	8242	\$402.38
20	32025305	20	8242	\$402.38	58	32024205	58	8242	\$402.38
21	32025304	21	8242	\$402.38	59	32024204	59	8242	\$402.38
22	32025303	22	8242	\$402.38	60	32024203	60	8242	\$402.38
23	32025302	23	8242	\$402.38	61	32024202	61	8242	\$402.38
24	32025301	24	8242	\$402.38	62	32024201	62	8242	\$402.38
25	32025207	25	8242	\$402.38	63	32024226	63	8242	\$402.38
26	32025208	26	8242	\$402.38	64	32024225	64	8242	\$402.38
27	32025209	27	8242	\$402.38	65	32024224	65	8242	\$402.38
28	32025210	28	8242	\$402.38	66	32024223	66	8242	\$402.38
29	32025201	29	8242	\$402.38	67	32024222	67	8242	\$402.38
30	32025202	30	8242	\$402.38	68	32024221	68	8242	\$402.38
31	32025203	31	8242	\$402.38	69	32024220	69	8242	\$402.38
32	32025204	32	8242	\$402.38	70	32024219	70	8242	\$402.38
33	32024101	33	8242	\$402.38	71	32024218	71	8242	\$402.38
34	32024102	34	8242	\$402.38	72	32024217	72	8242	\$402.38
35	32024103	35	8242	\$402.38	73	32024216	73	8242	\$402.38
36	32024104	36	8242	\$402.38	74	32024215	74	8242	\$402.38
37	32024105	37	8242	\$402.38	75	32024214	75	8242	\$402.38
38	32024106	38	8242	\$402.38	76	32024213	76	8242	\$402.38

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
77	32024212	77	8242	\$402.38	126	32026244	126	8242	\$402.38
78	32024211	78	8242	\$402.38	127	32026245	127	8242	\$402.38
79	32025138	79	8242	\$402.38	128	32026246	128	8242	\$402.38
80	32025137	80	8242	\$402.38	130	32026248	130	8242	\$402.38
81	32025136	81	8242	\$402.38	131	32026249	131	8242	\$402.38
82	32025135	82	8242	\$402.38	132	32024305	132	8242	\$402.38
83	32025134	83	8242	\$402.38	133	32024306	133	8242	\$402.38
84	32025133	84	8242	\$402.38	134	32024307	134	8242	\$402.38
85	32025132	85	8242	\$402.38	135	32024308	135	8242	\$402.38
86	32025131	86	8242	\$402.38	136	32024309	136	8242	\$402.38
87	32025130	87	8242	\$402.38	137	32024310	137	8242	\$402.38
88	32025129	88	8242	\$402.38	138	32024401	138	8242	\$402.38
89	32025128	89	8242	\$402.38	139	32024402	139	8242	\$402.38
90	32025127	90	8242	\$402.38	140	32024403	140	8242	\$402.38
91	32025126	91	8242	\$402.38	141	32024404	141	8242	\$402.38
92	32025125	92	8242	\$402.38	142	32024405	142	8242	\$402.38
93	32025124	93	8242	\$402.38	143	32024406	143	8242	\$402.38
94	32025123	94	8242	\$402.38	144	32024407	144	8242	\$402.38
95	32025122	95	8242	\$402.38	145	32026234	145	8242	\$402.38
96	32025121	96	8242	\$402.38	146	32026235	146	8242	\$402.38
97	32025120	97	8242	\$402.38	147	32026236	147	8242	\$402.38
98	32025119	98	8242	\$402.38	148	32026237	148	8242	\$402.38
99	32025118	99	8242	\$402.38	149	32026238	149	8242	\$402.38
100	32025117	100	8242	\$402.38	150	32026239	150	8242	\$402.38
101	32025116	101	8242	\$402.38	151	32026240	151	8242	\$402.38
102	32025115	102	8242	\$402.38	152	32026241	152	8242	\$402.38
103	32024301	103	8242	\$402.38	153	32026217	153	8242	\$402.38
104	32024302	104	8242	\$402.38	154	32026218	154	8242	\$402.38
105	32024302	105	8242	\$402.38	155	32026319	155	8242	\$402.38
106	32024304	106	8242	\$402.38	156	32026220	156	8242	\$402.38
107	32026250	107	8242	\$402.38	157	32026221	157	8242	\$402.38
108	32026251	108	8242	\$402.38	158	32026227	158	8242	\$402.38
109	32026252	109	8242	\$402.38	159	32026228	159	8242	\$402.38
110	32026253	110	8242	\$402.38	160	32026229	160	8242	\$402.38
111	32025114	111	8242	\$402.38	161	32026230	161	8242	\$402.38
112	32025113	112	8242	\$402.38	162	32026231	162	8242	\$402.38
113	32025112	113	8242	\$402.38	163	32026232	163	8242	\$402.38
114	32025111	114	8242	\$402.38	164	32026233	164	8242	\$402.38
115	32025109	115	8242	\$402.38	165	32026222	165	8242	\$402.38
116	32025108	116	8242	\$402.38	166	32026223	166	8242	\$402.38
117	32025107	117	8242	\$402.38	167	32026224	167	8242	\$402.38
118	32025106	118	8242	\$402.38	168	32026225	168	8242	\$402.38
119	32025105	119	8242	\$402.38	169	32026226	169	8242	\$402.38
120	32025104	120	8242	\$402.38	170	32026206	170	8242	\$402.38
121	32025103	121	8242	\$402.38	171	32026205	171	8242	\$402.38
122	32025102	122	8242	\$402.38	172	32026204	172	8242	\$402.38
123	32025101	123	8242	\$402.38	173	32026203	173	8242	\$402.38
124	32026242	124	8242	\$402.38	174	32026202	174	8242	\$402.38
125	32026243	125	8242	\$402.38	175	32026201	175	8242	\$402.38

AD #	APN	Lot	Tract	Asmt
176	32026101	176	8242	\$402.38
177	32026102	177	8242	\$402.38
178	32026103	178	8242	\$402.38
179	32026104	179	8242	\$402.38
180	32026105	180	8242	\$402.38
181	32026106	181	8242	\$402.38
182	32026107	182	8242	\$402.38
183	32026108	183	8242	\$402.38
184	32026109	184	8242	\$402.38
185	32026110	185	8242	\$402.38
186	32026111	186	8242	\$402.38
187	32026112	187	8242	\$402.38
188	32026113	188	8242	\$402.38

PART E

ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Landscape and Lighting Maintenance District No. 3 is included herein.

The boundaries of the District are described as being the blue border of Tract No. 8242, as shown on a map recorded in Book 428, pages 19 through 24 of Miscellaneous Maps of Orange County, California.

Assessment Parcels 1 through 188 being also Lots 1 through 188 of Tract No. 8242.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.



STREET LIGHTING DISTRICT BOUNDARY
CITY OF BREA BOUNDARY
12 LOT NUMBER
17 ASSESSMENT NUMBER

SHEET 1 OF 1

**Lighting
Maintenance District
No. 4
City of Brea**

**Prepared under the authority of the
Landscaping and Lighting Act of 1972
Streets and Highways Code
State of California**

Fiscal Year 2019-20

Submitted by:

**Tony Olmos
Director of Public Works**

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Lighting Maintenance District No. 4

Transmitted herewith for your review and consideration is a report entitled, "Lighting Maintenance District No. 4, City of Brea."

This report has been prepared in accordance with the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscaping and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, Director
Public Works Department

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City Council

Christine Marick
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

Background:

The City Council of the City of Brea adopted Resolution No. 78-7 on January 3, 1978 approving Tentative Tract 9298 and the condition therefore for the improvement of Tentative Tract 9298.

On May 26, 1981, the City Council of the City of Brea by minute motion deleted paragraph AA of PC 91-77 of the Planning Commission of the City of Brea and ordered the creation of a lighting Maintenance District for Street Lighting only. No landscape maintenance requirements are included in this report, as the areas that are landscaped are being maintained by the Homeowners' Association under the requirements of the development upon the sale of any portion of Tentative Tract 9298. The formation of the district and the levy of the first annual assessment were completed in accordance with the requirements of the Landscaping and Lighting Act of 1972 on July 5, 1978, by City Council Resolution No. 78-76.

The purpose of this report is to be utilized by the staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California Streets and Highways Code, Section 22620 to 22631).

PART A PLANS AND SPECIFICATIONS

The facilities, which consist of street lighting, will be operated, serviced and maintained as generally described as follows:

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the public lighting facilities or appurtenant facilities; providing for the cleaning, sandblasting, and painting of poles and other improvements for general upkeep and to remove or cover graffiti.

Servicing means the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT #4 – ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$1,466
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$0
	Fixed Costs Totals	\$1,566
2. ROUTINE COSTS		
4211	Postage	\$105
4261	Svc & Repair Equipment	\$600
4337	Electrical Supplies & Parts	\$0
4441	Miscellaneous Expense	\$0
5800	Insurance and Other Expenses	\$128
	Routine Costs Totals	\$833
	Total Costs (Fixed & Routine)	\$2,399
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$2,760
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$1,200
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$18,385
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$18,746

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the

current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

ASSESSMENT METHODOLOGY

The Park Paseo Development project (Tract Numbers 10224, 10324, 10325, 10326, 10327 and 9298, all a portion of Tentative Tract No. 9298 in the City of Brea) was developed under conditions of development as required by the City Council of the City of Brea.

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\text{\$2,760} / 230 \text{ SFR's} = \text{\$12.00} / \text{SFR}$$

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
1	32027131	1	10224	\$12.00	41	32027156	10	10324	\$12.00	81	32029208	19	10325	\$12.00
2	32027130	2	10224	\$12.00	42	32027157	11	10324	\$12.00	82	32029209	20	10325	\$12.00
3	32027129	3	10224	\$12.00	43	32027158	12	10324	\$12.00	83	32029210	21	10325	\$12.00
4	32027128	4	10224	\$12.00	44	32027159	13	10324	\$12.00	84	32029211	22	10325	\$12.00
5	32027127	5	10224	\$12.00	45	32027160	14	10324	\$12.00	85	32029212	23	10325	\$12.00
6	32027126	6	10224	\$12.00	46	32027161	15	10324	\$12.00	86	32029213	24	10325	\$12.00
7	32027125	7	10224	\$12.00	47	32027162	16	10324	\$12.00	87	32029214	25	10325	\$12.00
8	32027124	8	10224	\$12.00	48	32027163	17	10324	\$12.00	88	32029215	26	10325	\$12.00
9	32027123	9	10224	\$12.00	49	32027164	18	10324	\$12.00	89	32029201	27	10325	\$12.00
10	32027122	10	10224	\$12.00	50	32027165	19	10324	\$12.00	90	32029202	28	10325	\$12.00
11	32027121	11	10224	\$12.00	51	32027166	20	10324	\$12.00	91	32029203	29	10325	\$12.00
12	32027120	12	10224	\$12.00	52	32027167	21	10324	\$12.00	92	32029204	30	10325	\$12.00
13	32027119	13	10224	\$12.00	53	32027178	1	11827	\$12.00	93	32029205	31	10325	\$12.00
14	32027118	14	10224	\$12.00	54	32027179	2	11827	\$12.00	94	32029206	32	10325	\$12.00
15	32027117	15	10224	\$12.00	55	32027180	3	11827	\$12.00	95	32029207	33	10325	\$12.00
16	32027116	16	10224	\$12.00	56	32029143	4	11827	\$12.00	96	32029112	34	10325	\$12.00
17	32027115	17	10224	\$12.00	57	32029145	5	11827	\$12.00	97	32029148	10	11827	\$12.00
18	32027114	18	10224	\$12.00	58	32029144	6	11827	\$12.00	98	32029149	9	11827	\$12.00
19	32027113	19	10224	\$12.00	59	32029102	28	10324	\$12.00	99	32029150	19	11827	\$12.00
20	32027112	20	10224	\$12.00	60	32029107	29	10324	\$12.00	100	32029151	12	11827	\$12.00
21	32027111	21	10224	\$12.00	61	32029147	7	11827	\$12.00	101	32029152	11	11827	\$12.00
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23	32027109	23	10224	\$12.00	63	32029235	1	10325	\$12.00	103	32029254	2	10326	\$12.00
24	32027108	24	10224	\$12.00	64	32029236	2	10325	\$12.00	104	32029255	3	10326	\$12.00
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28	32027104	28	10224	\$12.00	68	32029231	6	10325	\$12.00	108	32029246	7	10326	\$12.00
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37	32027152	6	10324	\$12.00	77	32029221	15	10325	\$12.00	117	32029242	16	10326	\$12.00
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40	32027155	9	10324	\$12.00	80	32029224	18	10325	\$12.00	120	32029245	19	10326	\$12.00

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
121	32029225	20	10326	\$12.00	179	32031369	3	9298	\$12.00
122	32029226	21	10326	\$12.00	180	32031368	4	9298	\$12.00
123	32029227	22	10326	\$12.00	181	32031367	5	9298	\$12.00
124	32029228	23	10326	\$12.00	182	32031366	6	9298	\$12.00
125	32029229	24	10326	\$12.00	183	32031365	7	9298	\$12.00
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127	32029153	16	11827	\$12.00	185	32031363	9	9298	\$12.00
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133	32029124	32	10326	\$12.00	191	32031357	15	9298	\$12.00
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162	32031304	27	10327	\$12.00	220	32031403	44	9298	\$12.00
163	32031305	28	10327	\$12.00	221	32031404	45	9298	\$12.00
164	32031306	29	10327	\$12.00	222	32031405	46	9298	\$12.00
165	32031307	30	10327	\$12.00	223	32031406	47	9298	\$12.00
166	32031308	31	10327	\$12.00	224	32031407	48	9298	\$12.00
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173	32031315	38	10327	\$12.00					
174	32031316	39	10327	\$12.00					
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PART E

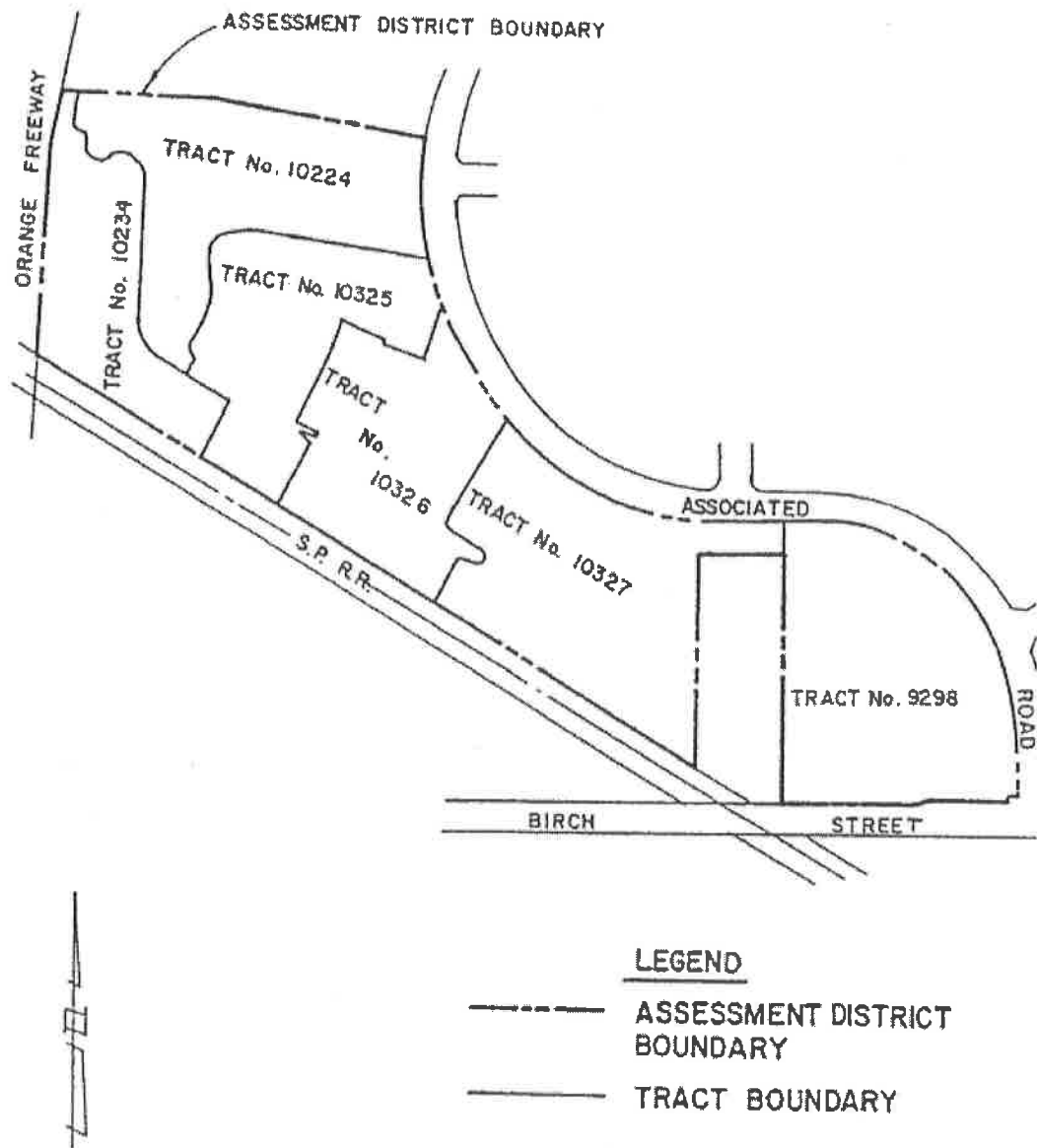
ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Lighting Maintenance District No. 4 is included herein.

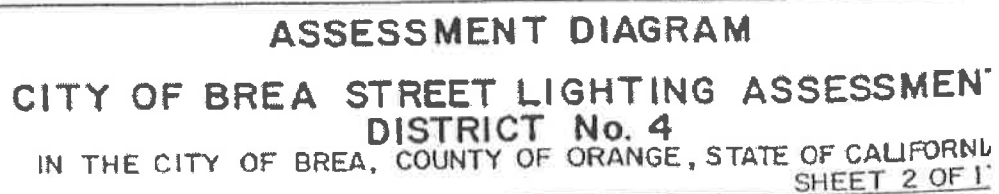
District No. 4 is generally located east of the Orange Freeway, North of Birch Street and the Southern Pacific Railroad right of way and South and West of Associated Road. The lands within the District boundaries include Tract 10224, Tract 10324, Tract 10325, Tract 10326, Tract 10327 and Tract 9298 in the City of Brea, County of Orange, State of California. The entire Project is commonly known as "Park Paseo" project in the City of Brea.

The boundaries of the District are described as the North line of Tract 10224, the Easterly line of Tracts 10224 and Tract 10324, the Northerly line of Tracts 10326, Tract 10327 and Tract 9298, the Easterly line of Tract 9298 together with the South line of Tract 9298 and the Southerly line of Tract 10327, Tract 10326, Tract 10325, Tract 10324 and the West line and North line of Tract 10324 in the City of Brea, County of Orange, State of California.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.



ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 1 OF 17



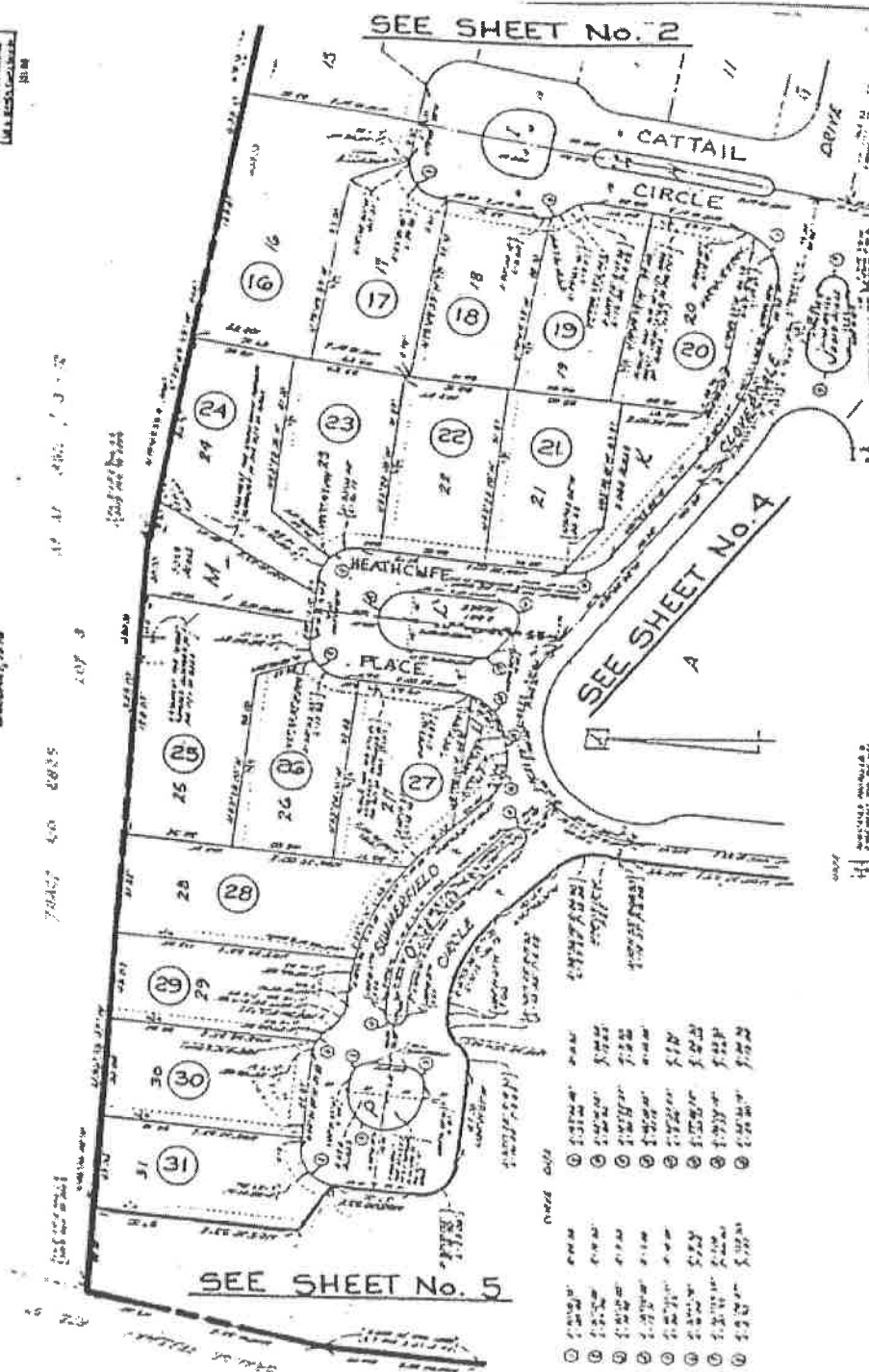
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TRACT NO. 10224
IN THE CITY OF BREA, ORANGE COUNTY, CALIFORNIA
CHURCH ENGINEERING, INC.
JAY A. ADAMS, P.E. 2017

107 3

704.7 4.0 2025



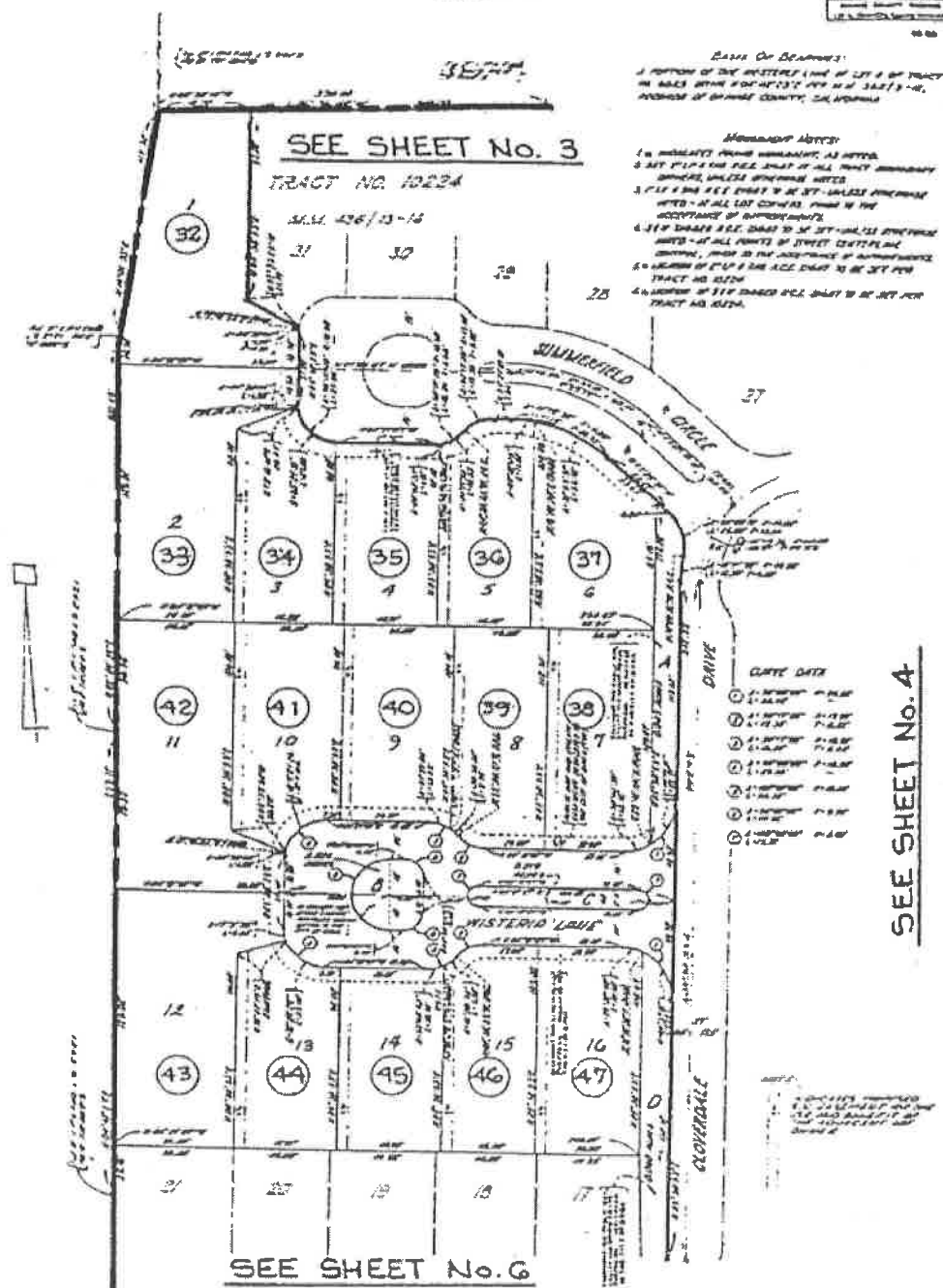
ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 3 OF 17



CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4

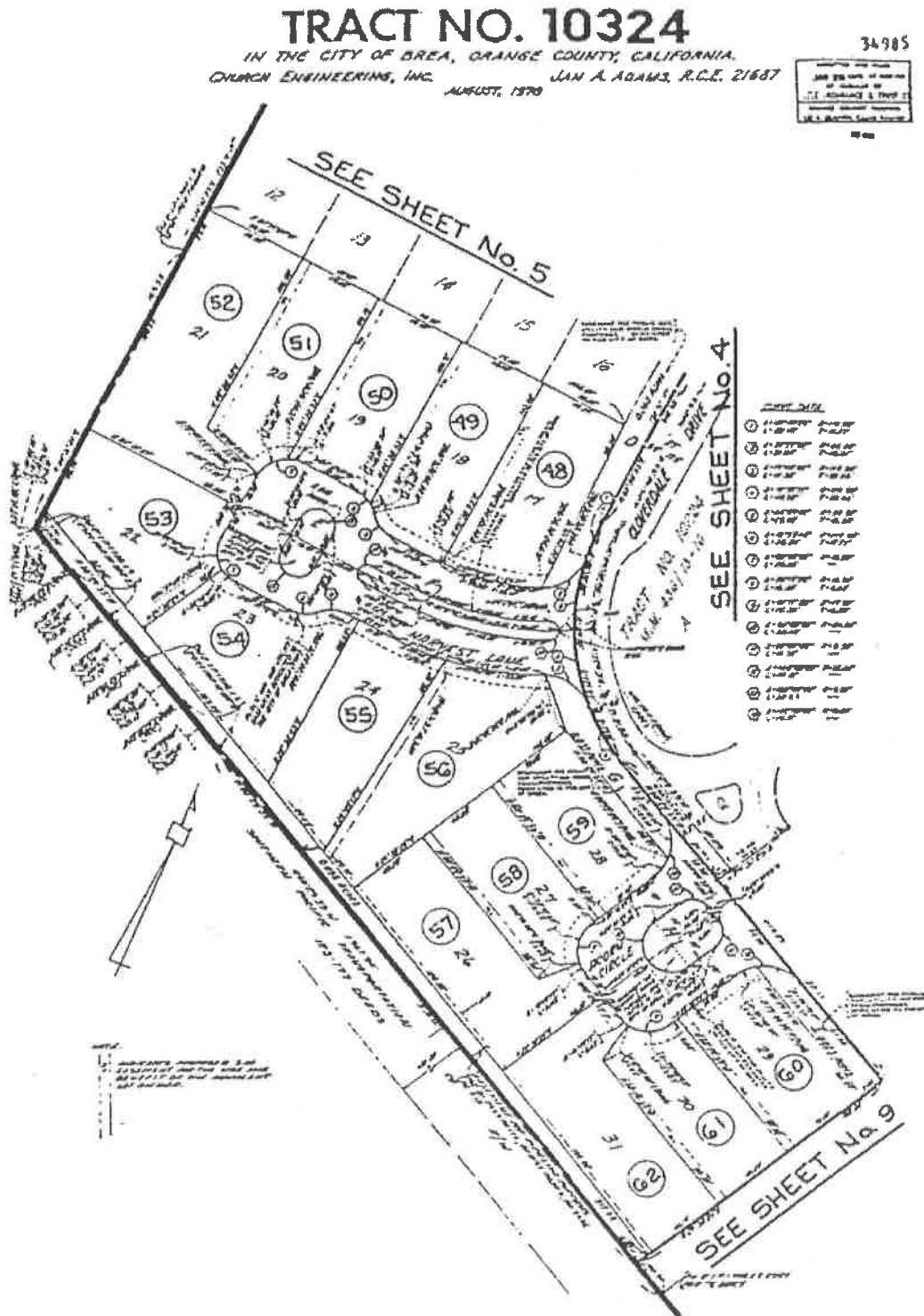
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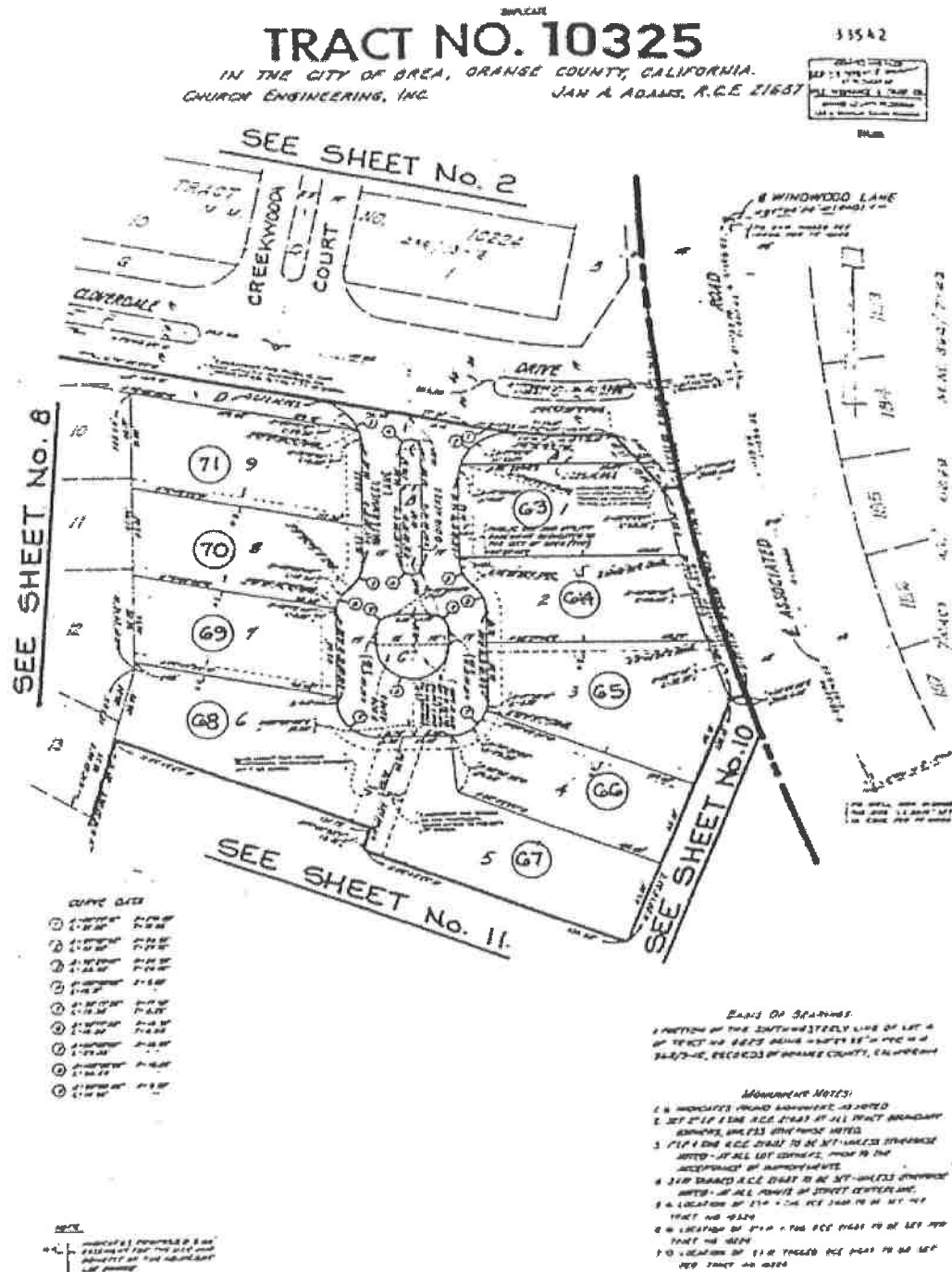


CITY OF BREA STREET LIGHTING ASSESSMENT DISTRICT No. 4

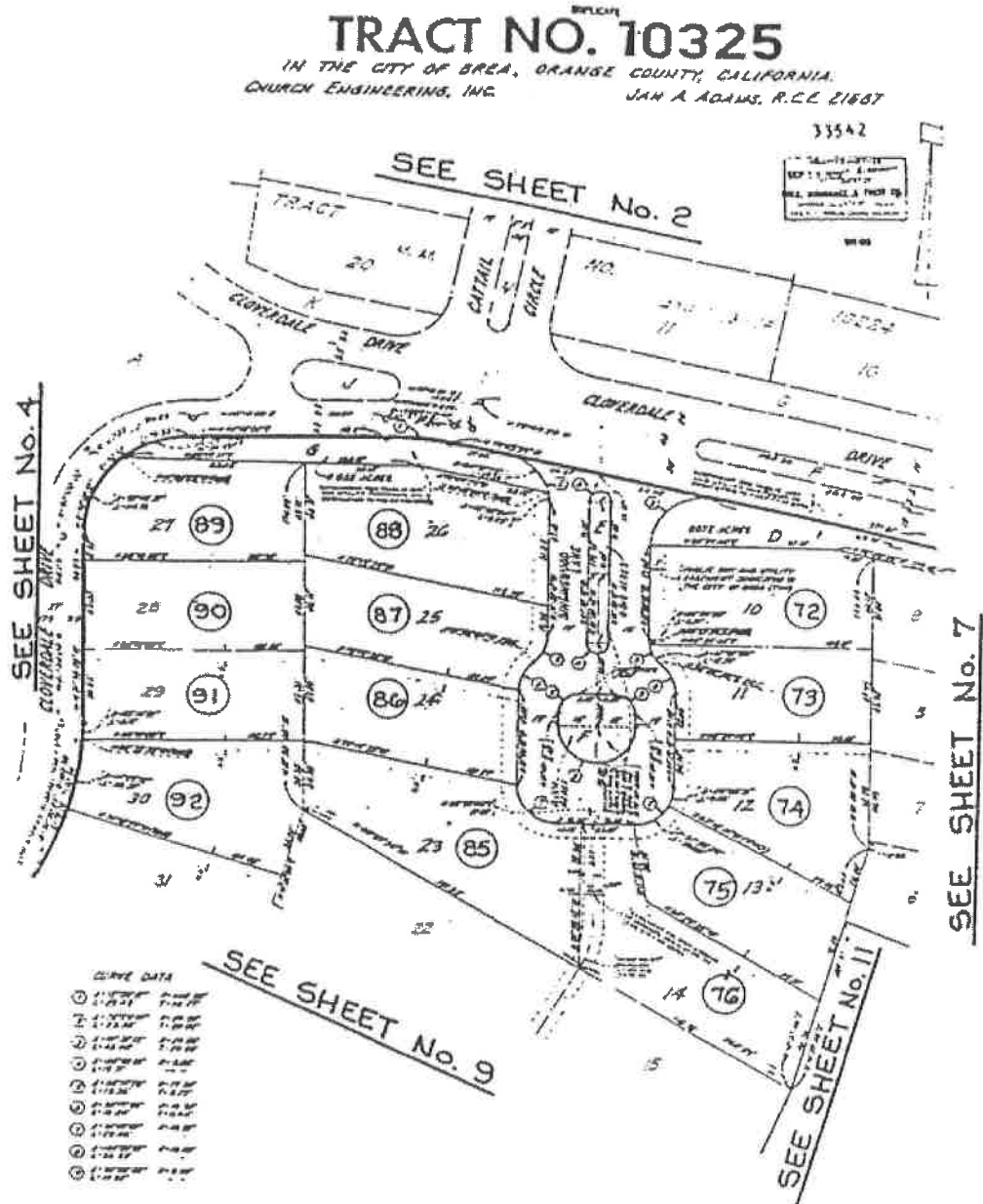
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 5 OF 17

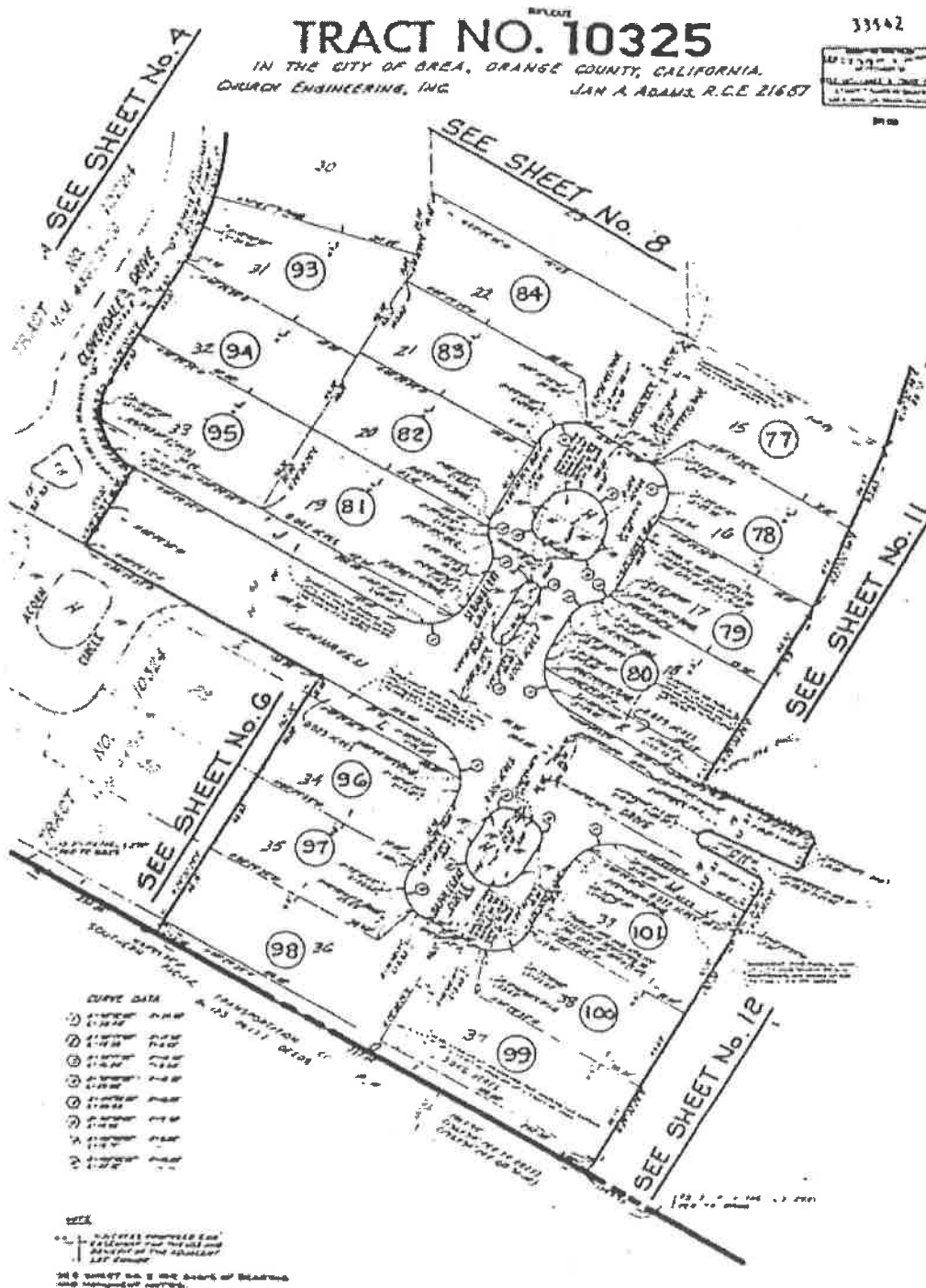


ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 6 OF 17



ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 7 OF 17

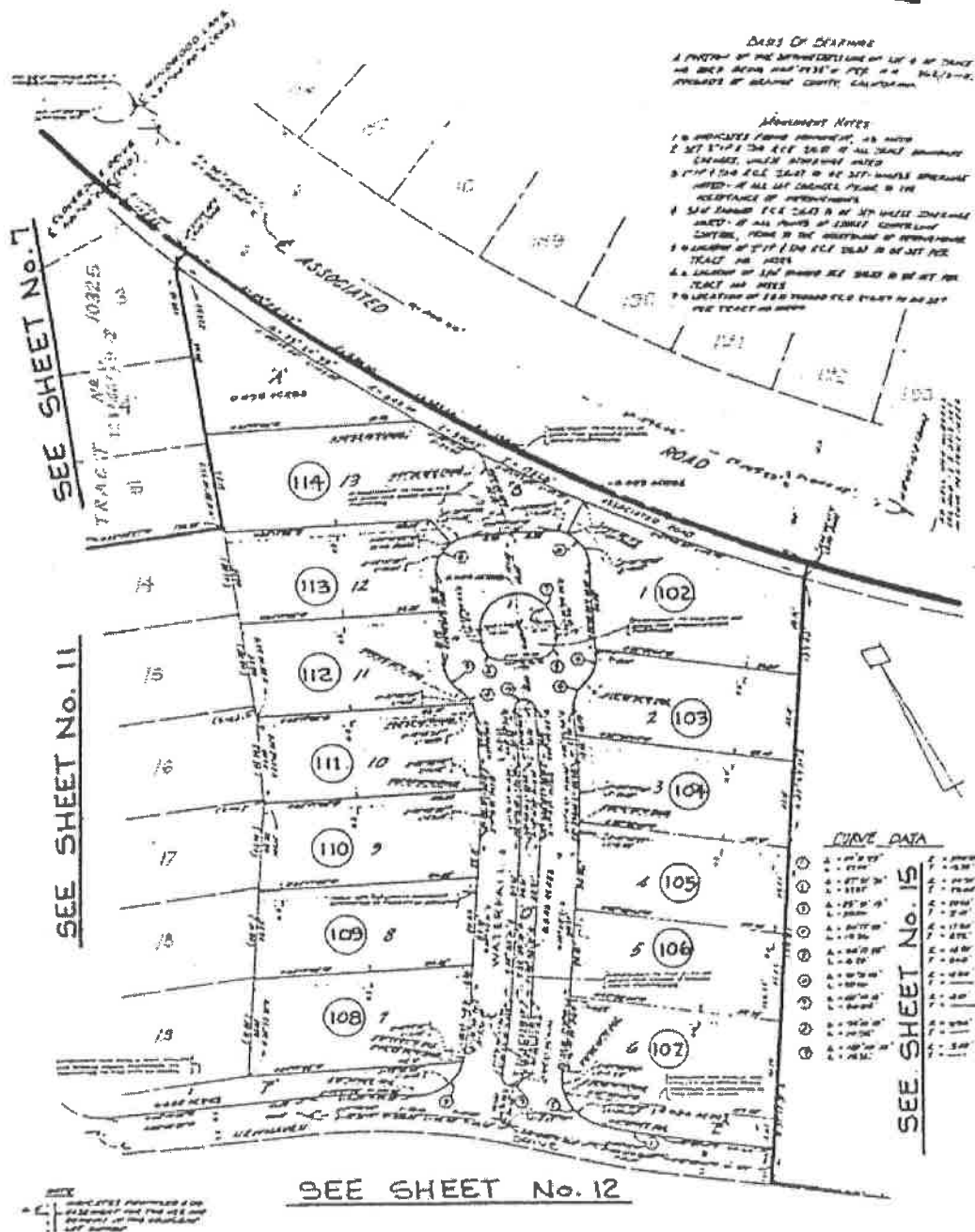




ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 9 OF 17

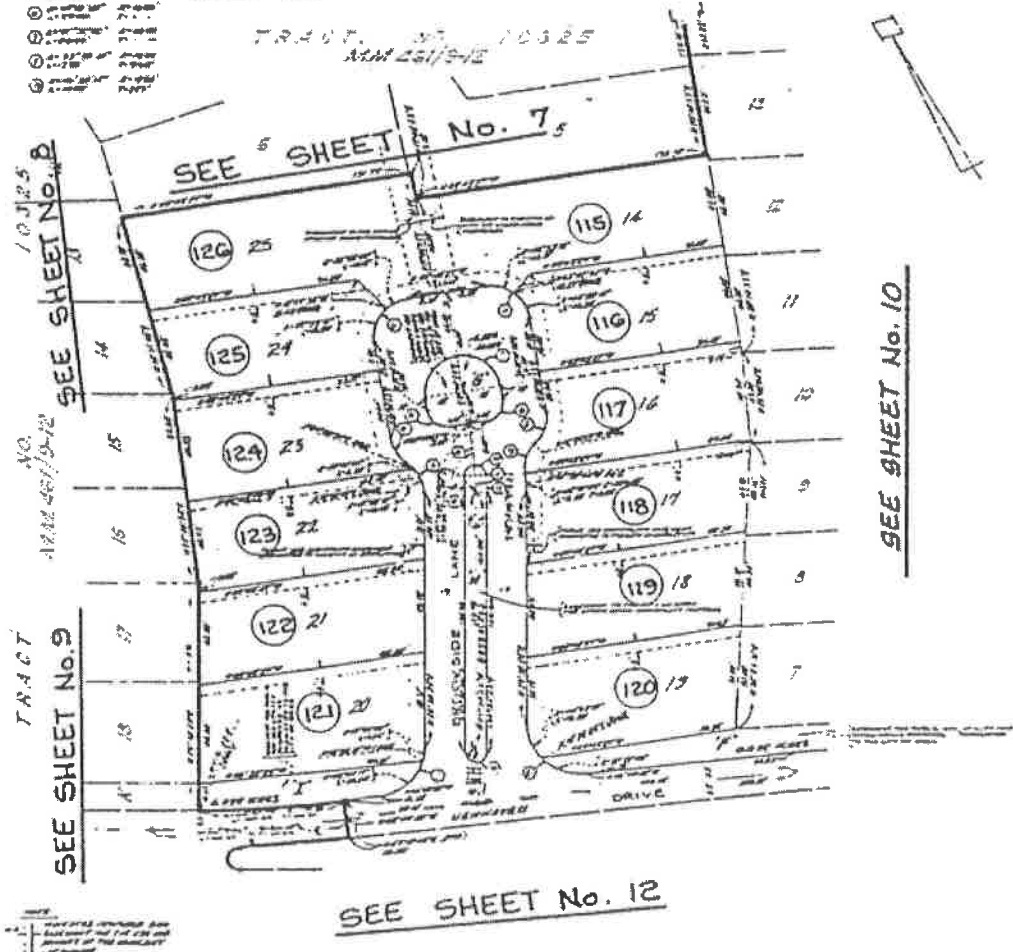
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FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.

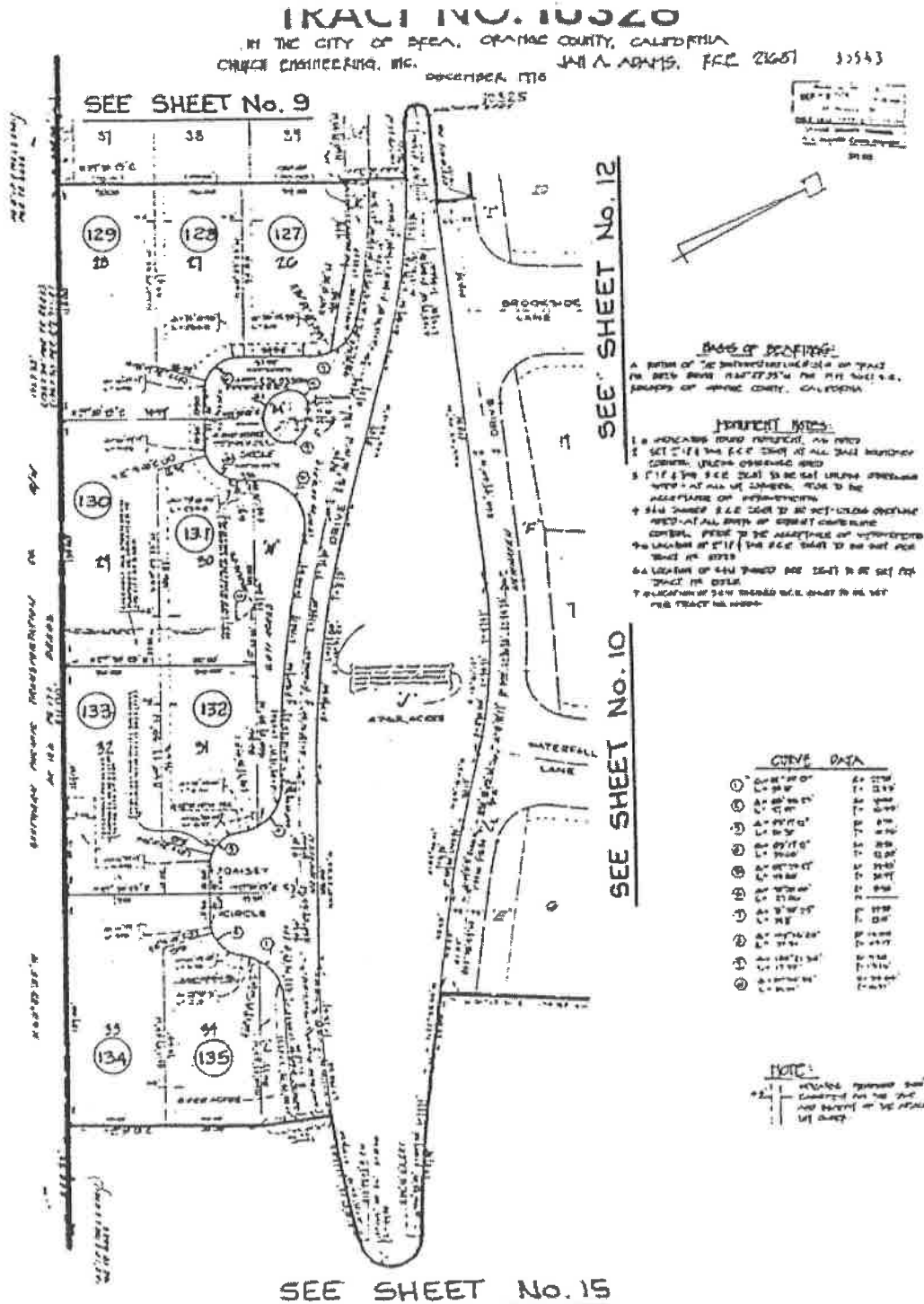


IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 10 OF 17

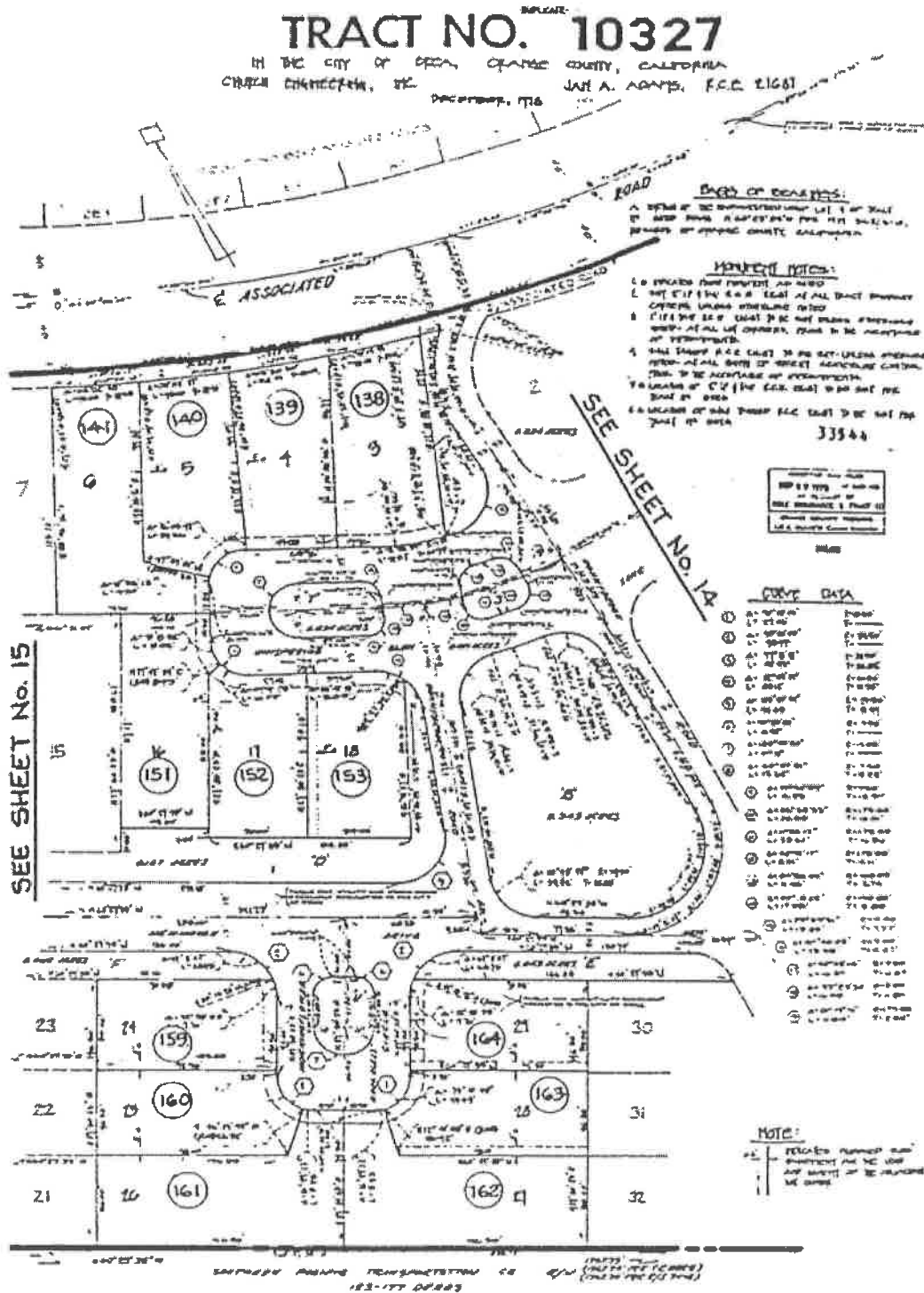
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CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 11 OF 17



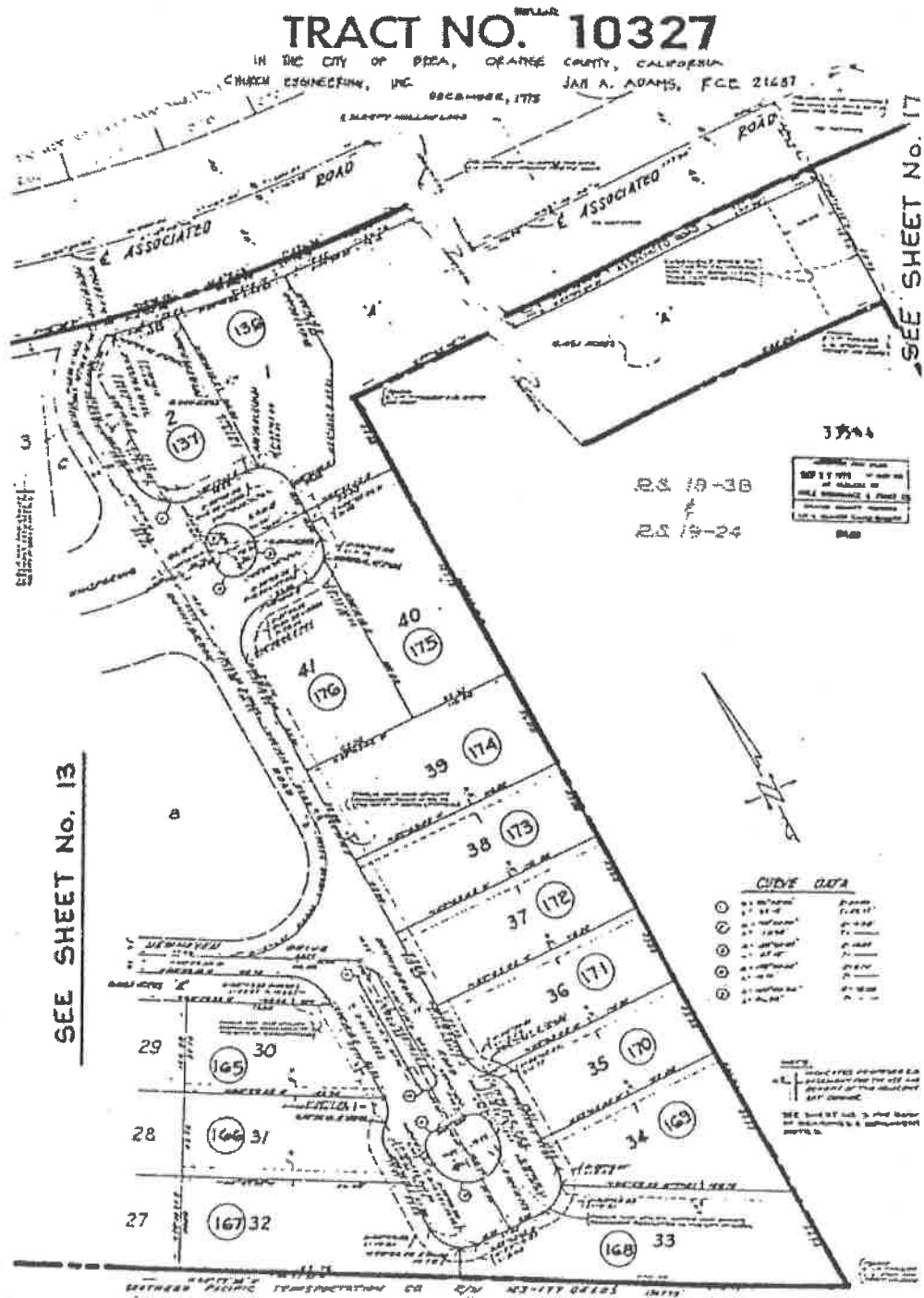
ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 12 OF 17



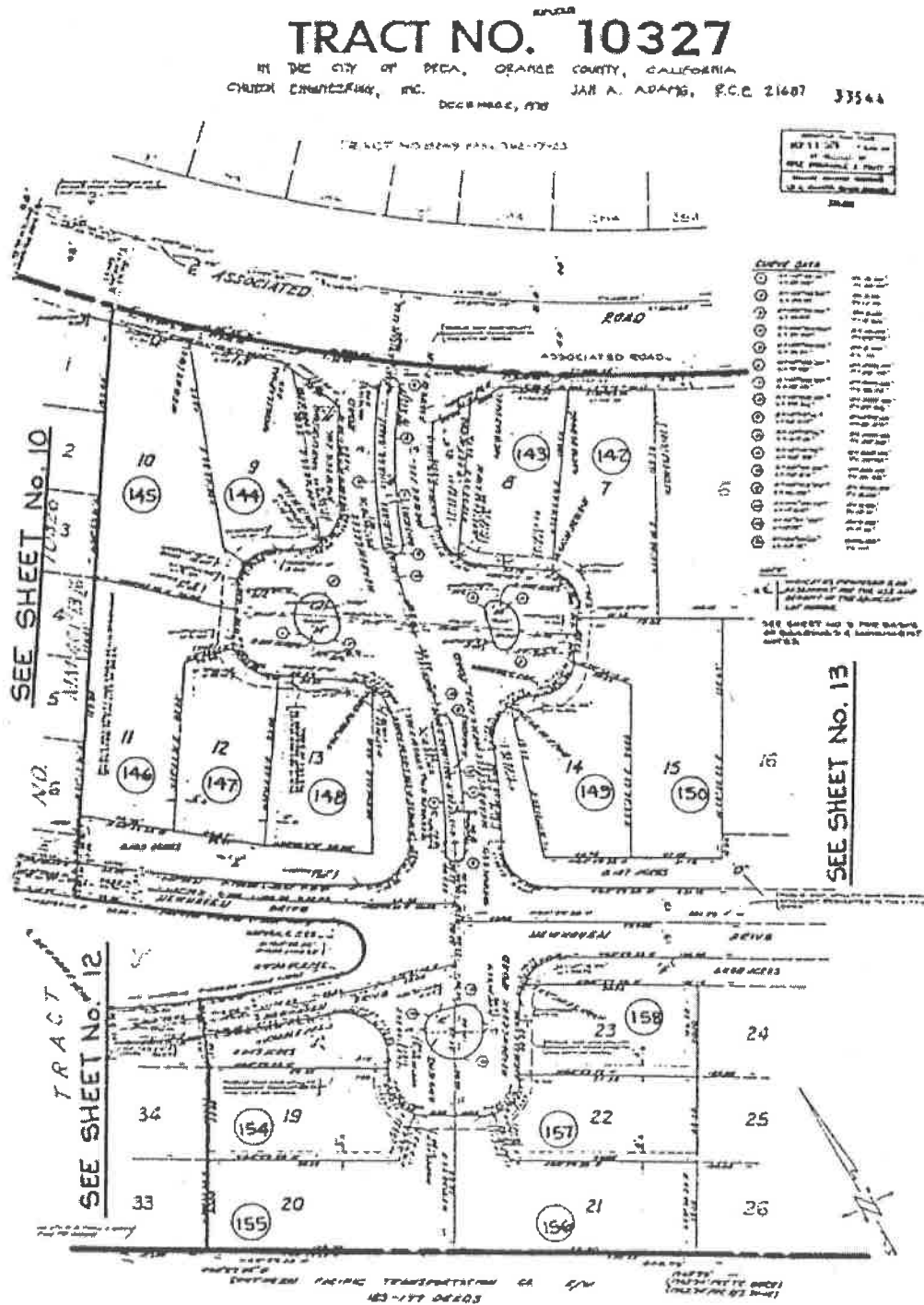
ASSESSMENT DIAGRAM

CITY OF BREA STREET LIGHTING ASSESSMENT DISTRICT No. 4

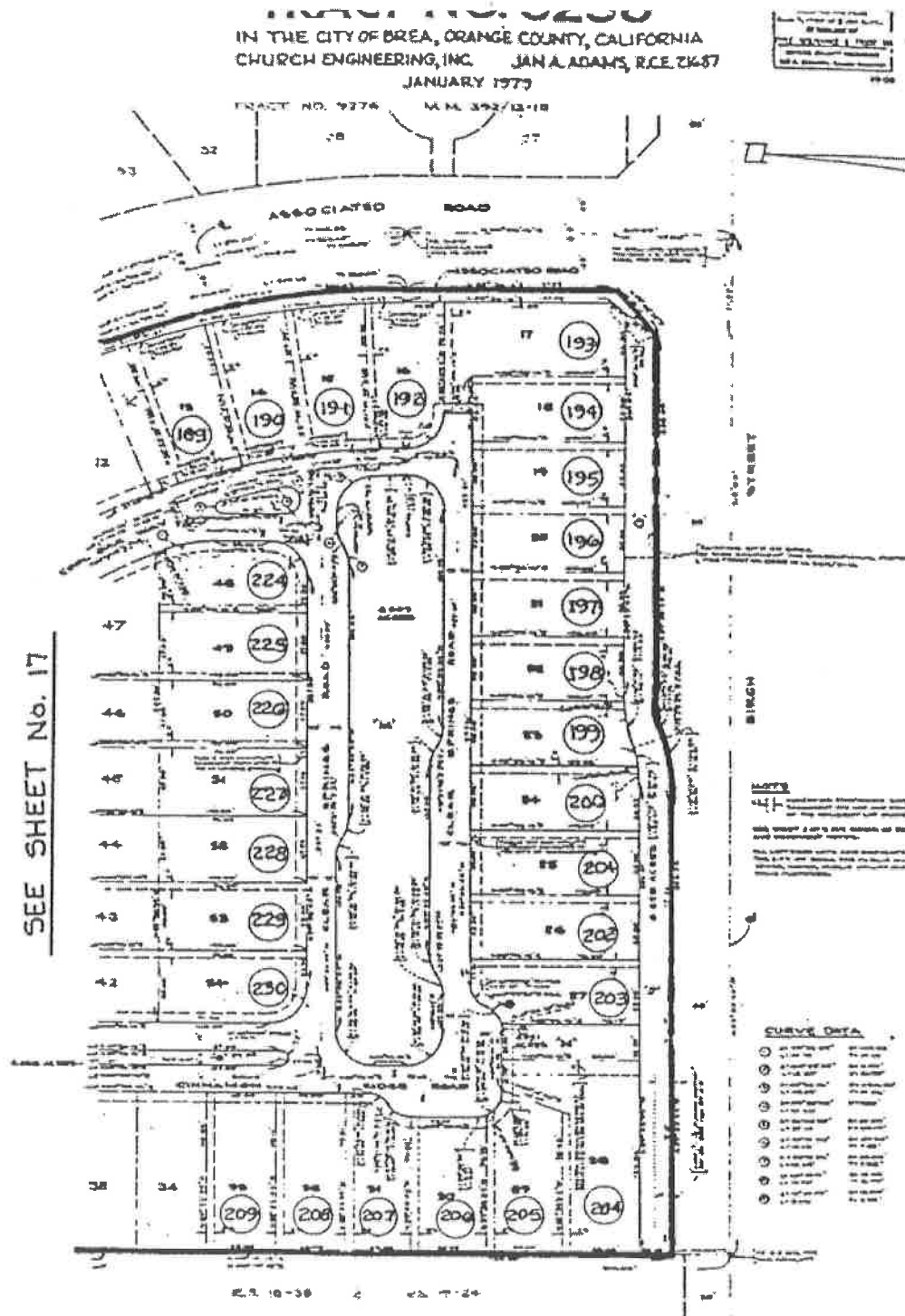
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 13 OF 17



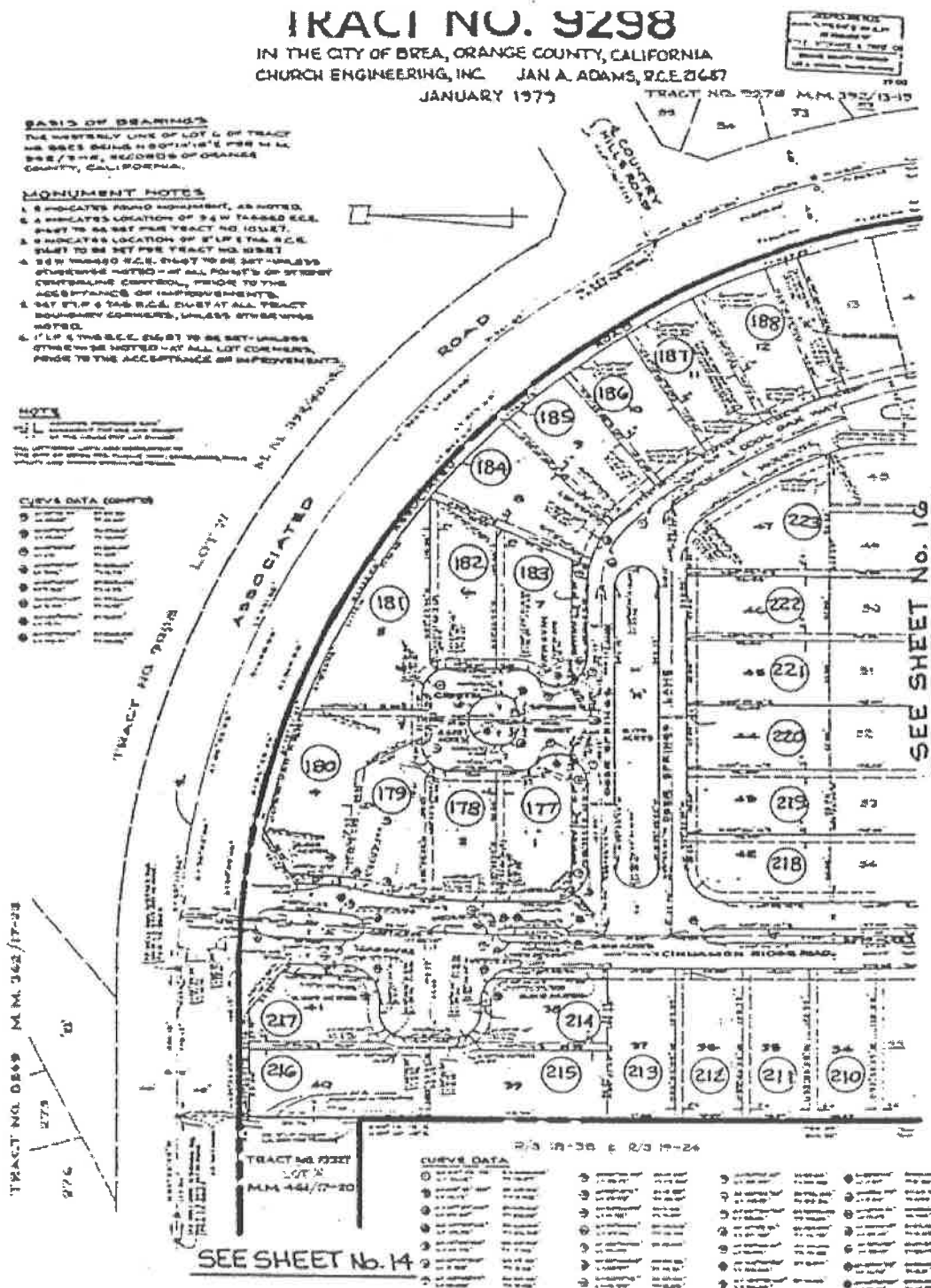
ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 14 OF 17



ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 15 OF 17



ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 16 OF 17



ASSESSMENT DIAGRAM
CITY OF BREA STREET LIGHTING ASSESSMENT
DISTRICT No. 4
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA
SHEET 17 OF 17

**Landscape and Lighting
Maintenance District
No. 5
City of Brea**

Prepared under the authority of the
Landscape and Lighting Act of 1972
Streets and Highways Code
State of California

Fiscal Year 2019-20

Submitted by:

**Tony Olmos
Director of Public Works**

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Landscape & Lighting Maintenance District No. 5

Transmitted herewith for your review and consideration is a report entitled, "Landscape and Lighting Maintenance District No. 5, City of Brea."

This report has been prepared in accordance with the Landscape and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscape and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631). Because we are proposing to increase assessments to cover increased costs, we will be mailing out notices and assessment ballots to all affected property owners, in conformance with Proposition 218.

Respectfully submitted,

Tony Olmos, Director
Public Works Department

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City Council

Christine Marick
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code, Article XIID of the California Constitution, and the Proposition 218 Omnibus Implementation Act.

Background:

On June 1, 1982 the City Council of the City of Brea adopted and approved Resolution No. 82-57 creating Landscape and Lighting Maintenance District No. 5 in the City of Brea.

The creating of Landscape and Lighting Maintenance District No. 5 in the City of Brea was a requirement of the City of Brea for the development of Tentative Tract No. 8820, known as "Canyon Country," and Tentative Tract No. 9414, known as "Canyondale."

In FY 2003-04, the property owners submitted ballots and approved an increase in assessment rate. Included in that balloting was an annual CPI escalator that will allow the assessment rate to keep up with the cost of living. The annual escalator sets the maximum rate that the properties might be assessed.

The purpose of this report is to be utilized by the City Staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California and Highways Code, Section 22620 to 22631).

PART A

PLANS AND SPECIFICATIONS

The facilities, which consist of slopes, greenbelt areas and theme lighting, will be operated, serviced and maintained as generally described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public street and sidewalk rights-of-way, including medians, parkways and dedicated easements within the boundaries of the Assessment District.

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 5 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$14,656
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$140
	Fixed Costs Totals	\$14,896
2. ROUTINE COSTS		
4211	Postage	\$55
4249	Professional Svcs/Other	\$50,000
4261	Svc & Repair Equipment	\$1,000
4266	Contract Services/Grounds Maintenance	\$29,440
4269	Bldg & Equip Svcs-Other	\$1,000
4282	Electric	\$1,500
4285	Water	\$28,325
4337	Electrical Supplies & Parts	\$1,500
4339	Construction & Maintenance	\$1,000
4441	Miscellaneous Expense	\$300
5800	Insurance and Other Expenses	\$1,346
	Routine Costs Totals	\$115,466
	Total Costs (Fixed & Routine)	\$130,362
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$100,147
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$0
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$66,040
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$35,825

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

In addition, Proposition 218, the "Right to Vote on Taxes Act" which was approved on the November 1996 Statewide ballot and added Article XIID to the California Constitution, requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. XIID provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. XIID also requires that publicly owned property which benefit from the improvements be assessed.

SPECIAL BENEFIT ANALYSIS

Street Landscaping, Slopes and Greenbelts. Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value.

In Parkways and Land Values, written by John Nolan and Henry V. Hubbard in 1937, it is stated:

"... there is no lack of opinion, based on general principals and experience and common sense, that parkways *do in fact add value* to property, even though the amount cannot be determined exactly.... Indeed, in most cases where public money has been spent for parkways the assumption has been definitely made that the proposed parkway will show a *provable* financial profit to the City. It has been believed that the establishment of parkways causes a rise in real estate values throughout the City, or in parts of the City,..."

It should be noted that the definition of "parkways" above may include the roadway as well as the landscaping along side the roadway.

The ongoing operation and maintenance of the street landscaping, slopes and greenways within the district, as identified in Part A of this Report, provide beautification to the areas that result in a special benefit to the parcels within the tracts adjacent to the improvements. If these landscaped areas were not properly maintained, the tract would be blighted.

Theme Lighting. Proper maintenance and operation of pedestrian and street lights benefit all properties within the District by providing security, safety and community character and vitality as outlined below. Streetlights provide only incidental benefits to motorists traveling to, from or through the area.

BENEFITS OF STREET LIGHTING

Security and Safety

- Mitigates crime
- Alleviates the fear of crime
- Enhances safe ingress/egress to property

Community Character and Vitality

- Promotes social interaction
 - Contributes to a positive nighttime visual image
-

ASSESSMENT METHODOLOGY

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\text{\$100,147} / 113 \text{ SFR's} = \text{\$886.26} / \text{SFR}$$

This assessment rate is not considered a maximum rate. This maximum assessment rate will be increased each year by the annual change in the Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase. The calculation for the maximum assessment rate is provided in the table below. The increase in CPI for FY 2019-20 is 3.2%.

Maximum Assessment Rate Calculation		
Fiscal Year	CPI Increase	Maximum Assessment
FY 2003-04		\$679.00 / SFR
FY 2004-05	1.8%	\$691.22 / SFR
FY 2005-06	4.4%	\$721.64 / SFR
FY 2006-07	4.5%	\$754.11 / SFR
FY 2007-08	4.3%	\$786.54 / SFR
FY 2008-09	3.3%	\$812.50 / SFR
FY 2009-10	3.5%	\$840.94 / SFR
FY 2010-11	0%	\$840.94 / SFR
FY 2011-12	1.2%	\$851.03 / SFR
FY 2012-13	2.7%	\$874.00 / SFR
FY 2013-14	2%	\$891.48 / SFR
FY 2014-15	1.1%	\$901.28 / SFR
FY 2015-16	.7%	\$907.59 / SFR
FY 2016-17	2%	\$925.74 / SFR
FY 2017-18	1.9%	\$943.33 / SFR
FY 2018-19	2.8%	\$969.74 / SFR
FY 2019-20	3.2%	\$1,000.77 / SFR

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt	AD #	APN	Lot	Tract	Asmt
1	30604102	1	9111	\$786.54	41	30604210	27	9473	\$786.54	81	30605318	18	9414	\$786.54
2	30604103	2	9111	\$786.54	42	30604209	28	9473	\$786.54	82	30605319	19	9414	\$786.54
3	30604104	3	9111	\$786.54	43	30604208	29	9473	\$786.54	83	30605320	20	9414	\$786.54
4	30604105	4	9111	\$786.54	44	30604207	30	9473	\$786.54	84	30605321	21	9414	\$786.54
5	30604106	5	9111	\$786.54	45	30604206	31	9473	\$786.54	85	30605322	22	9414	\$786.54
6	30604107	6	9111	\$786.54	46	30604205	32	9473	\$786.54	86	30605323	23	9414	\$786.54
7	30604108	7	9111	\$786.54	47	30604204	33	9473	\$786.54	87	30605324	24	9414	\$786.54
8	30604109	8	9111	\$786.54	48	30604203	34	9473	\$786.54	88	30605325	25	9414	\$786.54
9	30604110	9	9111	\$786.54	49	30604202	35	9473	\$786.54	89	30605326	26	9414	\$786.54
10	30604111	10	9111	\$786.54	50	30604201	36	9473	\$786.54	90	30605327	27	9414	\$786.54
11	30604112	11	9111	\$786.54	51	30604301	37	9473	\$786.54	91	30605328	28	9414	\$786.54
12	30604113	12	9111	\$786.54	52	30604302	38	9473	\$786.54	92	30605329	29	9414	\$786.54
13	30604114	13	9111	\$786.54	53	30604303	39	9473	\$786.54	93	30605330	30	9414	\$786.54
14	30604115	14	9111	\$786.54	54	30604304	40	9473	\$786.54	94	30605331	31	9414	\$786.54
15	30604502	1	9473	\$786.54	55	30604305	41	9473	\$786.54	95	30605103	32	9414	\$786.54
16	30604501	2	9473	\$786.54	56	30604306	42	9473	\$786.54	96	30605102	33	9414	\$786.54
17	30604415	3	9473	\$786.54	57	30604307	43	9473	\$786.54	97	30605101	34	9414	\$786.54
18	30604414	4	9473	\$786.54	58	30604308	44	9473	\$786.54	98	30605201	35	9414	\$786.54
19	30604413	5	9473	\$786.54	59	30604309	45	9473	\$786.54	99	30605202	36	9414	\$786.54
20	30604412	6	9473	\$786.54	60	30604310	46	9473	\$786.54	100	30605203	37	9414	\$786.54
21	30604411	7	9473	\$786.54	61	30604311	47	9473	\$786.54	101	30605204	38	9414	\$786.54
22	30604410	8	9473	\$786.54	62	30604312	48	9473	\$786.54	102	30605205	39	9414	\$786.54
23	30604409	9	9473	\$786.54	63	30604313	49	9473	\$786.54	103	30605206	40	9414	\$786.54
24	30604408	10	9473	\$786.54	64	30605301	1	9414	\$786.54	104	30605207	41	9414	\$786.54
25	30604407	11	9473	\$786.54	65	30605302	2	9414	\$786.54	105	30605208	42	9414	\$786.54
26	30604406	12	9473	\$786.54	66	30605303	3	9414	\$786.54	106	30605209	43	9414	\$786.54
27	30604405	13	9473	\$786.54	67	30605304	4	9414	\$786.54	107	30605210	44	9414	\$786.54
28	30604404	14	9473	\$786.54	68	30605305	5	9414	\$786.54	108	30605211	45	9414	\$786.54
29	30604403	15	9473	\$786.54	69	30605306	6	9414	\$786.54	109	30605212	46	9414	\$786.54
30	30604402	16	9473	\$786.54	70	30605307	7	9414	\$786.54	110	30605213	47	9414	\$786.54
31	30604401	17	9473	\$786.54	71	30605308	8	9414	\$786.54	111	30605214	48	9414	\$786.54
32	30604219	18	9473	\$786.54	72	30605309	9	9414	\$786.54	112	30605215	49	9414	\$786.54
33	30604218	19	9473	\$786.54	73	30605310	10	9414	\$786.54	113	30605216	50	9414	\$786.54
34	30604217	20	9473	\$786.54	74	30605311	11	9414	\$786.54					
35	30604216	21	9473	\$786.54	75	30605312	12	9414	\$786.54					
36	30604215	22	9473	\$786.54	76	30605313	13	9414	\$786.54					
37	30604214	23	9473	\$786.54	77	30605314	14	9414	\$786.54					
38	30604213	24	9473	\$786.54	78	30605315	15	9414	\$786.54					
39	30604212	25	9473	\$786.54	79	30605316	16	9414	\$786.54					
40	30604211	26	9473	\$786.54	80	30605317	17	9414	\$786.54					

PART E

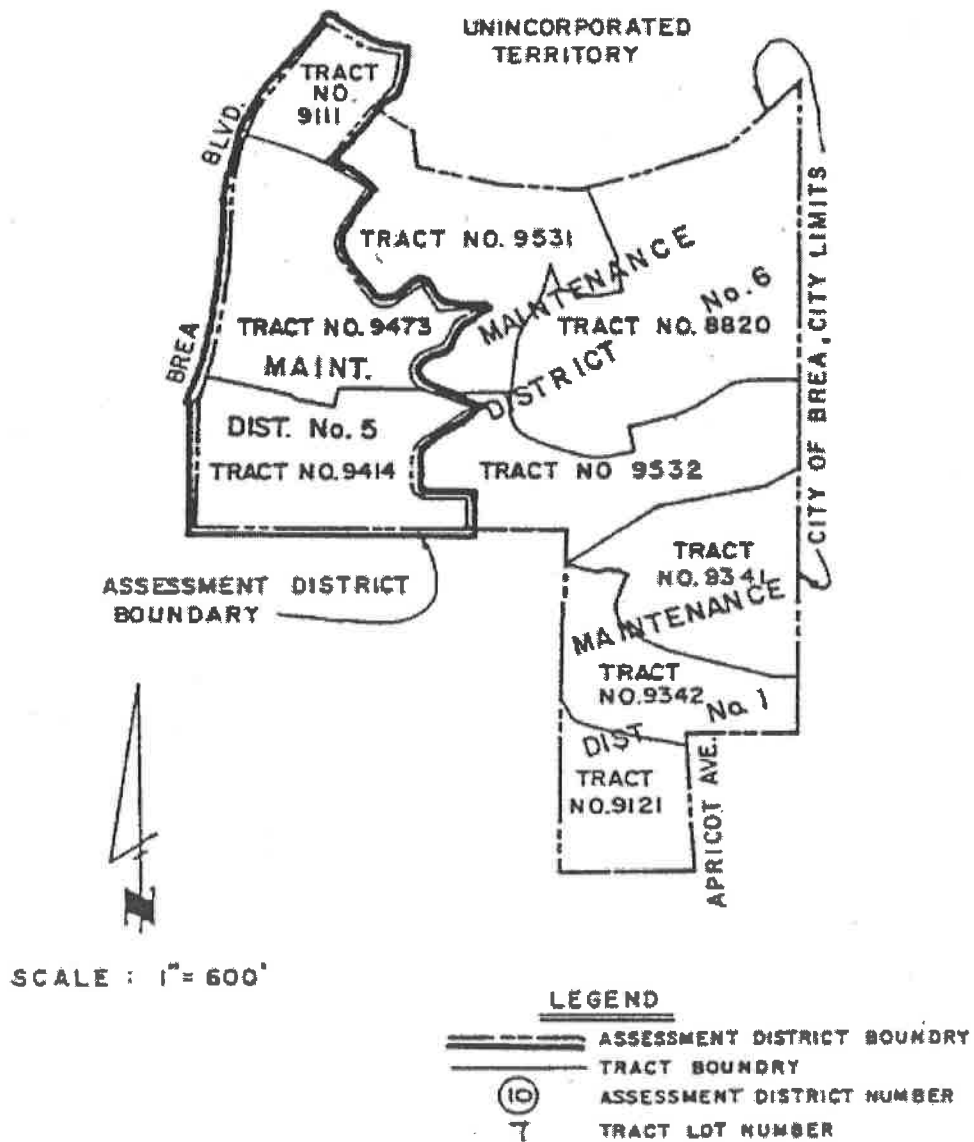
ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Landscape and Lighting Maintenance District No. 5 is included herein.

District No. 5 is generally located east of Brea Boulevard and north of State College Boulevard, and includes Tract Nos. 9111, 9414 and 9473.

District No. 5 includes all properties in the City of Brea located within the tract boundary of Tract No. 9111 recorded in Book 374, Pages 24, 25 and 26 of Tract No. 9414 recorded in Book 409, Pages 8 and 9, and of Tract No. 9473 recorded in Book 291, Pages 26, 27 and 28 all of Miscellaneous Maps, records of Orange County, California.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.

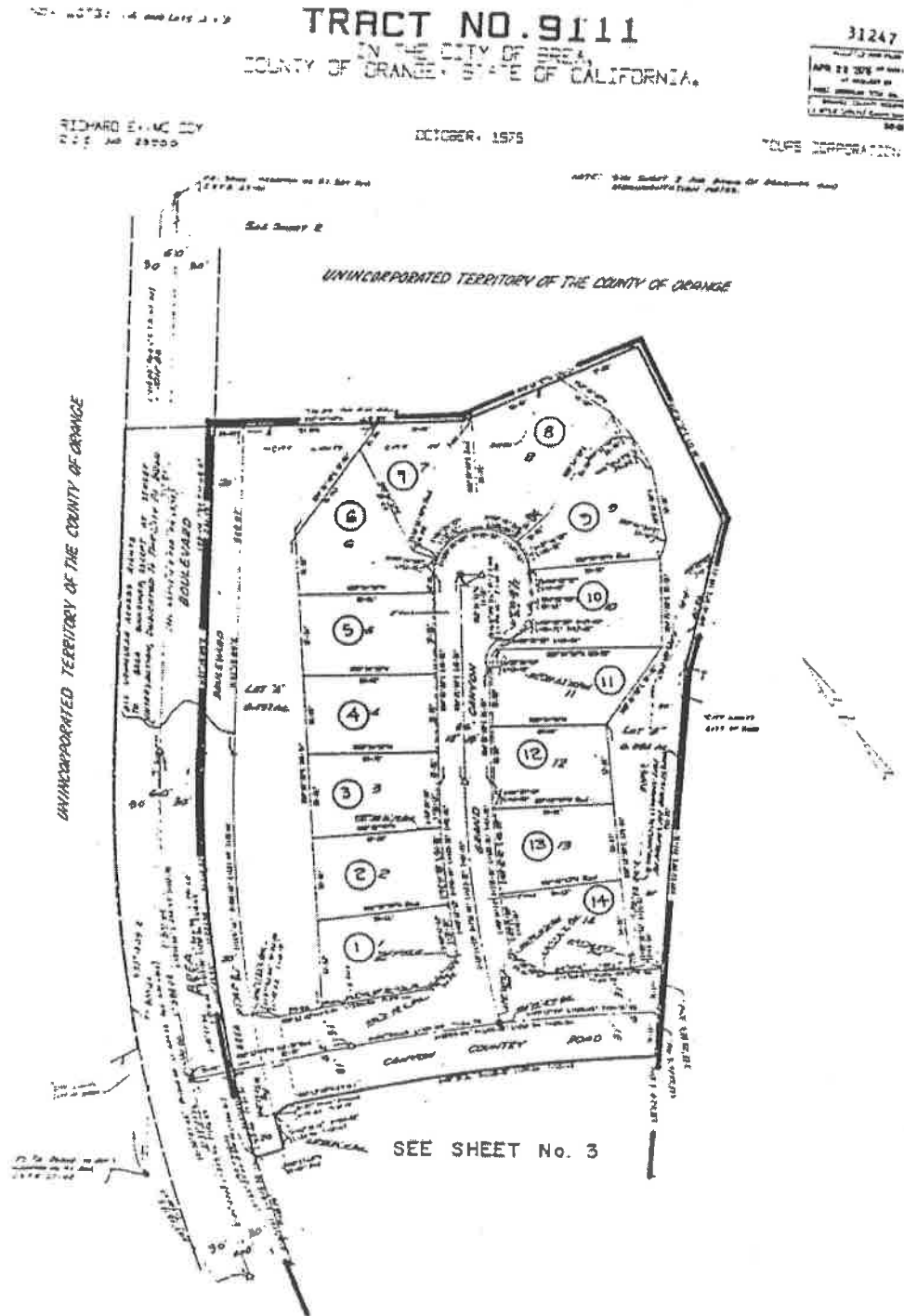


113 PARCELS

SHEET 1 OF

ASSESSMENT DIAGRAM
**LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 5**

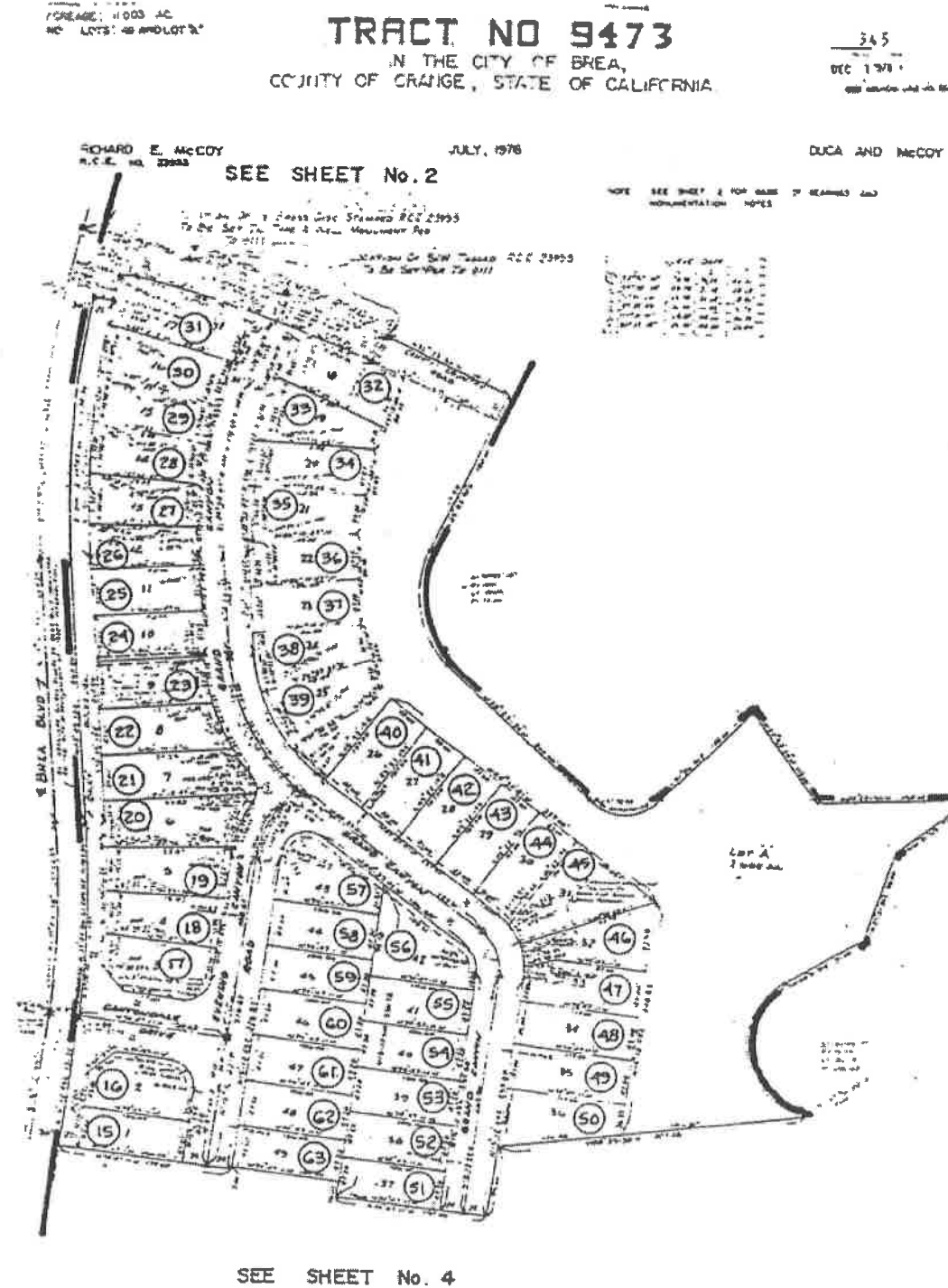
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA



113 PARCELS

SHEET 2 OF 4

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 5
IN THE CITY OF BREA, COUNTY OF ORANGE STATE OF CALIFORNIA



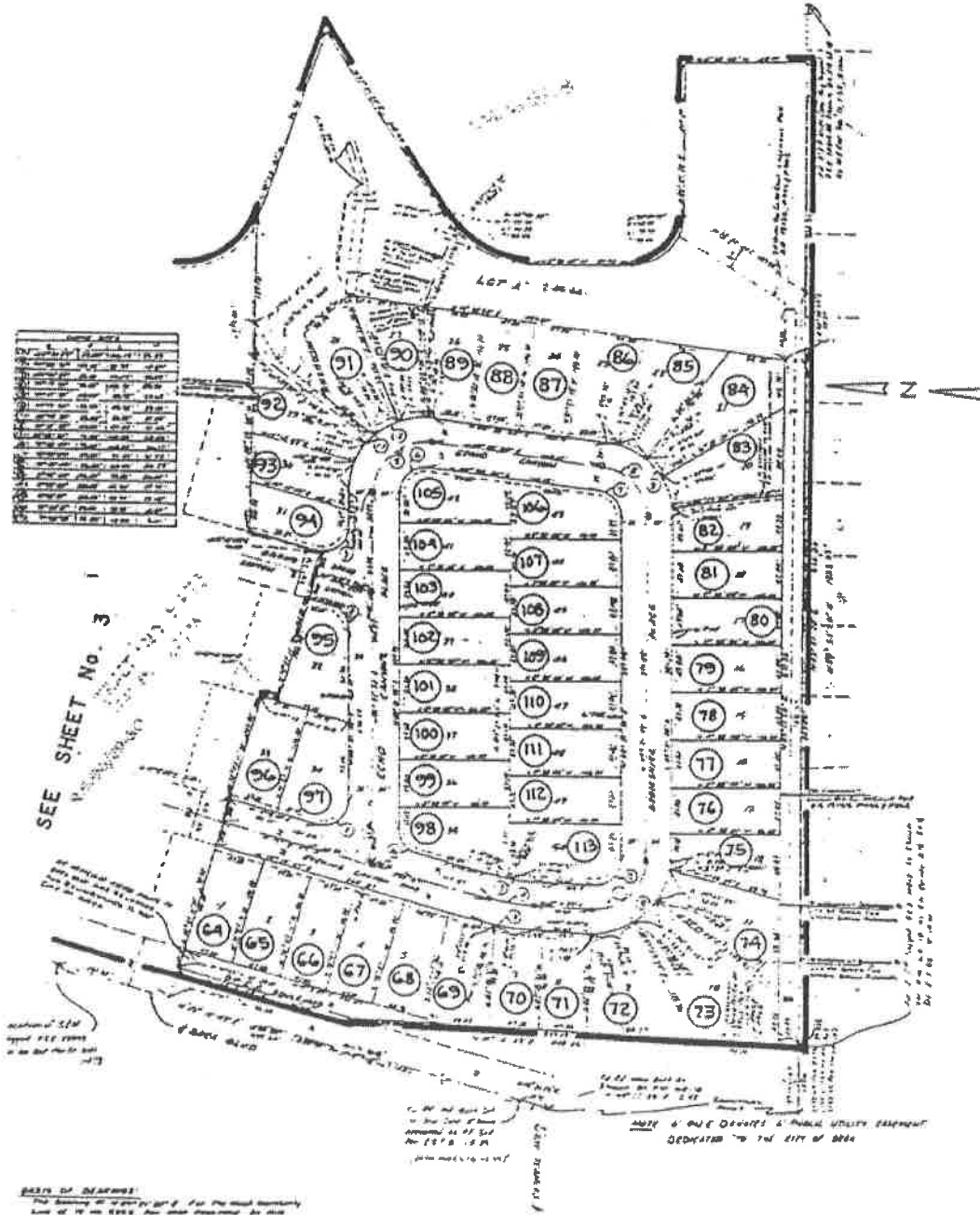
113 PARCELS SHEET 3 OF 4
ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 5
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

TRACT NO 5117
IN THE CITY OF BREA,
COUNTY OF ORANGE, STATE OF CALIFORNIA

RICHARD E. MOODY
S.C.E. 77918

DECEMBER, 1974

BREA AND MOODY
S.C.E. 77918 - 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113



113 PARCELS

SHEET 4 OF 4

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 5
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

**Landscape and Lighting
Maintenance District
No. 6
City of Brea**

Prepared under the authority of the
Landscape and Lighting Act of 1972
Streets and Highways Code
State of California

Fiscal Year 2019-20

Submitted by:

Tony Olmos
Director of Public Works

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Landscape & Lighting Maintenance District No. 6

Transmitted herewith for your review and consideration is a report entitled, "Landscape and Lighting Maintenance District No. 6, City of Brea."

This report has been prepared in accordance with the Landscape and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscape and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, Director
Public Works Department

s:\maintenance\maint districts\assessment 19-20\lmd6 1920.doc
City Council **Christine Marick**
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

Background:

On June 1, 1982 the City Council of the City of Brea adopted and approved Resolution No. 83-58 creating Landscape and Lighting Maintenance District No. 6 in the City of Brea.

The creating of Landscape and Lighting Maintenance District No. 6 in the City of Brea was a requirement of the City of Brea for the development of Tentative Tract No. 8820, known as the "Canyon Country" development project.

In FY 2005-06, the property owners submitted ballots and approved an increase in assessment rate. Included in that balloting was an annual CPI escalator that will allow the assessment rate to keep up with the cost of living. The annual escalator sets the maximum rate that the properties might be assessed.

The purpose of this report is to be utilized by the City Staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California and Highways Code, Section 22620 to 22631).

PART A

PLANS AND SPECIFICATIONS

The facilities, which consist of slopes, greenbelt areas and theme lighting, will be operated, serviced and maintained as generally described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public street and sidewalk rights-of-way, including medians, parkways and dedicated easements within the boundaries of the Assessment District.

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 6 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$13,393
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$440
	Fixed Costs Totals	\$13,933
2. ROUTINE COSTS		
4211	Postage	\$135
4249	Professional Svcs/Other	\$25,000
4261	Svc & Repair Equipment	\$5,000
4266	Contract Services/Grounds Maintenance	\$79,660
4269	Bldg & Equip Svcs-Other	\$2,000
4282	Electric	\$4,500
4285	Water	\$73,650
4335	Plumbing Supplies & Parts	\$0
4337	Electrical Supplies & Parts	\$250
4339	Construction & Maintenance	\$1,000
4441	Miscellaneous Expense	\$250
5800	Insurance and Other Expenses	\$1,182
	Routine Costs Totals	\$192,627
	Total Costs (Fixed & Routine)	\$206,560
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$188,993
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$0
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$35,168
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$17,601

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

ASSESSMENT METHODOLOGY

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\$188,993 / 135 \text{ SFR's} = \$1,399.95 / \text{SFR}$$

This assessment rate is not the maximum rate. The maximum assessment rate will be increased each year by the annual change in the Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase. The calculation for the maximum assessment rate is provided in the table below. The increase in CPI for FY 2019-20 is 3.2%.

Maximum Assessment Rate Calculation		
Fiscal Year	CPI Increase	Maximum Assessment
FY 2005-06		\$1350.00 / SFR
FY 2006-07	4.5%	\$1411.00 / SFR
FY 2007-08	4.3%	\$1472.00 / SFR
FY 2008-09	3.3%	\$1521.00 / SFR
FY 2009-10	3.5%	\$1574.24 / SFR
FY 2010-11	0%	\$1574.24 / SFR
FY 2011-12	1.2%	\$1593.13 / SFR
FY 2012-13	2.7%	\$1636.14 / SFR
FY 2013-14	2%	\$1668.86 / SFR
FY 2014-15	1.1%	\$1676.22 / SFR
FY 2015-16	.7%	\$1687.95 / SFR
FY 2016-17	2%	\$1721.71 / SFR
FY 2017-18	1.9%	\$1754.42 / SFR
FY 2018-19	2.8%	\$1803.54 / SFR
FY 2019-20	3.2%	\$1861.25 / SFR

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD #	APN	Lot	Tract	Annual Asmt	AD #	APN	Lot	Tract	Annual Asmt
1	30606101	1	9531	\$1,350.00	39	30606232	39	9531	\$1,350.00
2	30606102	2	9531	\$1,350.00	40	30606231	40	9531	\$1,350.00
3	30606103	3	9531	\$1,350.00	41	30606230	41	9532	\$1,350.00
4	30606104	4	9531	\$1,350.00	42	30606229	42	9532	\$1,350.00
5	30606105	5	9531	\$1,350.00	43	30608102	43	9532	\$1,350.00
6	30606106	6	9531	\$1,350.00	44	30608103	44	9532	\$1,350.00
7	30606107	7	9531	\$1,350.00	45	30608104	45	9532	\$1,350.00
8	30606201	8	9531	\$1,350.00	46	30608105	46	9532	\$1,350.00
9	30606202	9	9531	\$1,350.00	47	30608106	47	9532	\$1,350.00
10	30606203	10	9531	\$1,350.00	48	30608107	48	9532	\$1,350.00
11	30606205	11	9531	\$1,350.00	49	60608108	49	9532	\$1,350.00
12	30606206	12	9531	\$1,350.00	50	30608110	50	9532	\$1,350.00
13	30606207	13	9531	\$1,350.00	51	30608111	51	9532	\$1,350.00
14	30606208	14	9531	\$1,350.00	52	30608112	52	9532	\$1,350.00
15	30606209	15	9531	\$1,350.00	53	30608113	53	9532	\$1,350.00
16	30606211	16	9531	\$1,350.00	54	30608114	54	9532	\$1,350.00
17	30606213	17	9531	\$1,350.00	55	30608115	55	9532	\$1,350.00
18	30606214	18	9531	\$1,350.00	56	30608116	56	9532	\$1,350.00
19	30606215	19	9531	\$1,350.00	57	30608117	57	9532	\$1,350.00
20	30603236	20	9531	\$1,350.00	58	30608118	58	9532	\$1,350.00
21	30606235	21	9531	\$1,350.00	59	30608129	59	9532	\$1,350.00
22	30606218	22	9531	\$1,350.00	60	30608128	60	9532	\$1,350.00
23	30603220	23	9531	\$1,350.00	61	30608121	61	9532	\$1,350.00
24	30603221	24	9531	\$1,350.00	62	30608122	62	9532	\$1,350.00
25	30603222	25	9531	\$1,350.00	63	30608221	63	9532	\$1,350.00
26	30603223	26	9531	\$1,350.00	64	30608220	64	9532	\$1,350.00
27	30603224	27	9531	\$1,350.00	65	30608219	65	9532	\$1,350.00
28	30606307	28	9531	\$1,350.00	66	30608218	66	9532	\$1,350.00
29	30606308	29	9531	\$1,350.00	67	30608217	67	9532	\$1,350.00
30	30606303	30	9531	\$1,350.00	68	30608216	68	9532	\$1,350.00
31	30606304	31	9531	\$1,350.00	69	30608215	69	9532	\$1,350.00
32	30606305	32	9531	\$1,350.00	70	30608214	70	9532	\$1,350.00
33	30606306	33	9531	\$1,350.00	71	30608213	71	9532	\$1,350.00
34	30603225	34	9531	\$1,350.00	72	30608212	72	9532	\$1,350.00
35	30606226	35	9531	\$1,350.00	73	30608211	73	9532	\$1,350.00
36	30606227	36	9531	\$1,350.00	74	30608210	74	9532	\$1,350.00
37	30606234	37	9531	\$1,350.00	75	30608209	75	9532	\$1,350.00
38	30606233	38	9531	\$1,350.00	76	30608208	76	9532	\$1,350.00

AD #	APN	Lot	Tract	Annual Asmt	AD #	APN	Lot	Tract	Annual Asmt
77	30608227	77	9532	\$1,350.00	107	30607324	107	8820	\$1,350.00
78	30608226	78	9532	\$1,350.00	108	30607204	108	8820	\$1,350.00
79	30608225	79	9532	\$1,350.00	109	30607203	109	8820	\$1,350.00
80	30608224	80	9532	\$1,350.00	110	30607202	110	8820	\$1,350.00
81	30608223	81	9532	\$1,350.00	111	30607201	111	8820	\$1,350.00
82	30608202	82	9532	\$1,350.00	112	30607205	112	8820	\$1,350.00
83	30608201	83	9532	\$1,350.00	113	30607206	113	8820	\$1,350.00
84	30607301	84	8820	\$1,350.00	114	30607207	114	8820	\$1,350.00
85	30607302	85	8820	\$1,350.00	115	30607208	115	8820	\$1,350.00
86	30607332	86	8820	\$1,350.00	116	30607209	116	8820	\$1,350.00
87	30607304	87	8820	\$1,350.00	117	30607210	117	8820	\$1,350.00
88	30607305	88	8820	\$1,350.00	118	30607211	118	8820	\$1,350.00
89	30607306	89	8820	\$1,350.00	119	30607212	119	8820	\$1,350.00
90	30607307	90	8820	\$1,350.00	120	30607213	120	8820	\$1,350.00
91	30607308	91	8820	\$1,350.00	121	30607325	121	8820	\$1,350.00
92	30607309	92	8820	\$1,350.00	122	30607326	122	8820	\$1,350.00
93	30607333	93	8820	\$1,350.00	123	30607327	123	8820	\$1,350.00
94	30607311	94	8820	\$1,350.00	124	30607328	124	8820	\$1,350.00
95	30607312	95	8820	\$1,350.00	125	30607329	125	8820	\$1,350.00
96	30607334	96	8820	\$1,350.00	126	30607330	126	8820	\$1,350.00
97	30607335	97	8820	\$1,350.00	127	30607110	127	8820	\$1,350.00
98	30607336	98	8820	\$1,350.00	128	30607109	128	8820	\$1,350.00
99	30607316	99	8820	\$1,350.00	129	30607108	129	8820	\$1,350.00
100	30607317	100	8820	\$1,350.00	130	30607107	130	8820	\$1,350.00
101	30607318	101	8820	\$1,350.00	131	30607106	131	8820	\$1,350.00
102	30607319	102	8820	\$1,350.00	132	30607105	132	8820	\$1,350.00
103	30607320	103	8820	\$1,350.00	133	30607104	133	8820	\$1,350.00
104	30607321	104	8820	\$1,350.00	134	30607103	134	8820	\$1,350.00
105	30607322	105	8820	\$1,350.00	135	30607102	135	8820	\$1,350.00
106	30607323	106	8820	\$1,350.00					

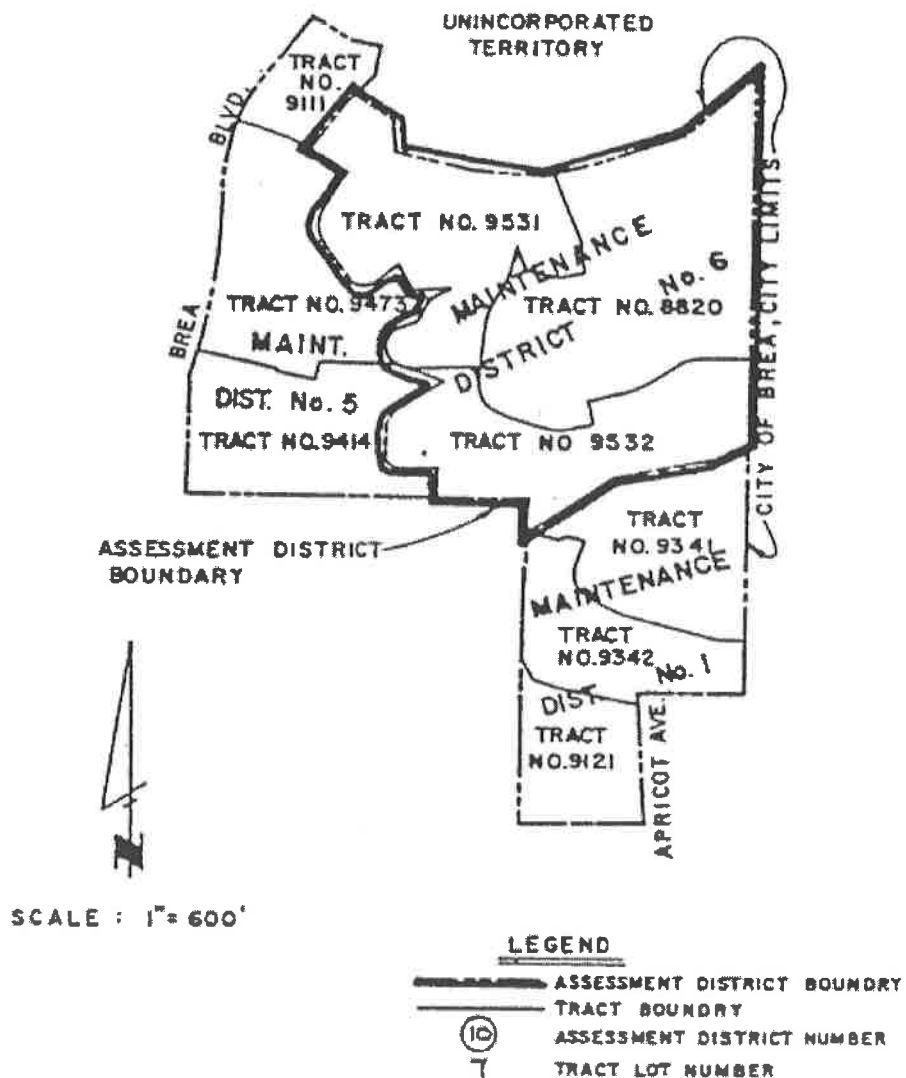
PART E

ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Landscape and Lighting Maintenance District No. 6 is included herein.

District No. 6 includes all the properties in the City of Brea located within the tract boundary of Tract No. 8820, recorded in Book 454, Pages 19 through 24 inclusive, Tract No. 9531 recorded in Book 423, Pages 24 through 28 inclusive, and Tract No. 9532 recorded in Book 454, Pages 25 through 28, all of Miscellaneous Maps, records of Orange County, California.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.



135 PARCELS

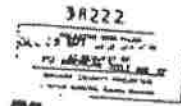
SHEET 1 OF 10

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 6
IN THE CITY OF BRE, COUNTY OF ORANGE, STATE OF CALIFORNIA

SCALE: 1" = 60'
AS SHOWN: 11/2/97
NO. OF LOTS: 42 AND LOTS 4, 10, 11 & 12

DUPLICATE

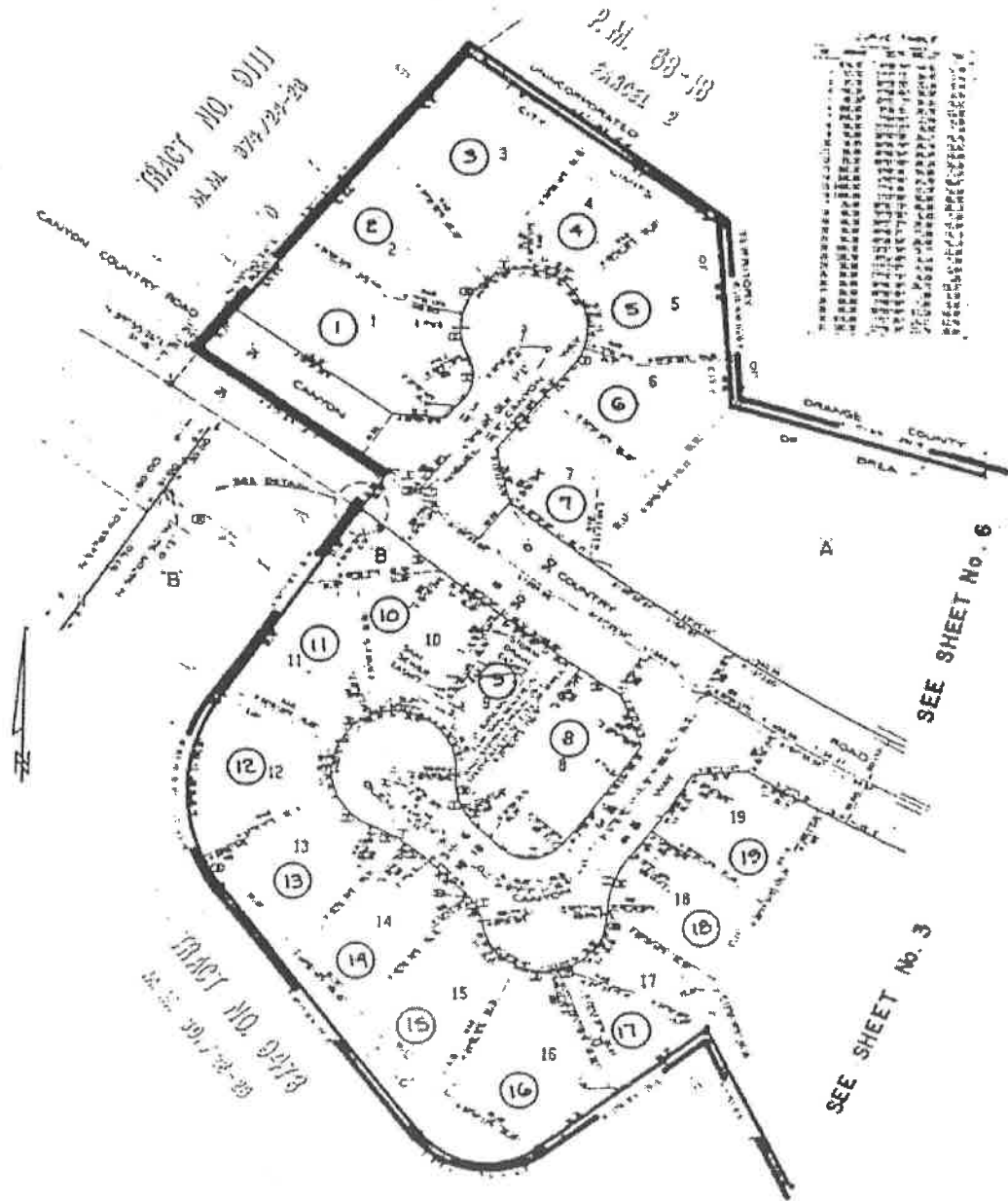
TRACT NO. 9531
IN THE CITY OF BREA
COUNTY OF ORANGE, STATE OF CALIFORNIA



STANLEY C. MORSE, L.S. 34222

JUNE, 1977

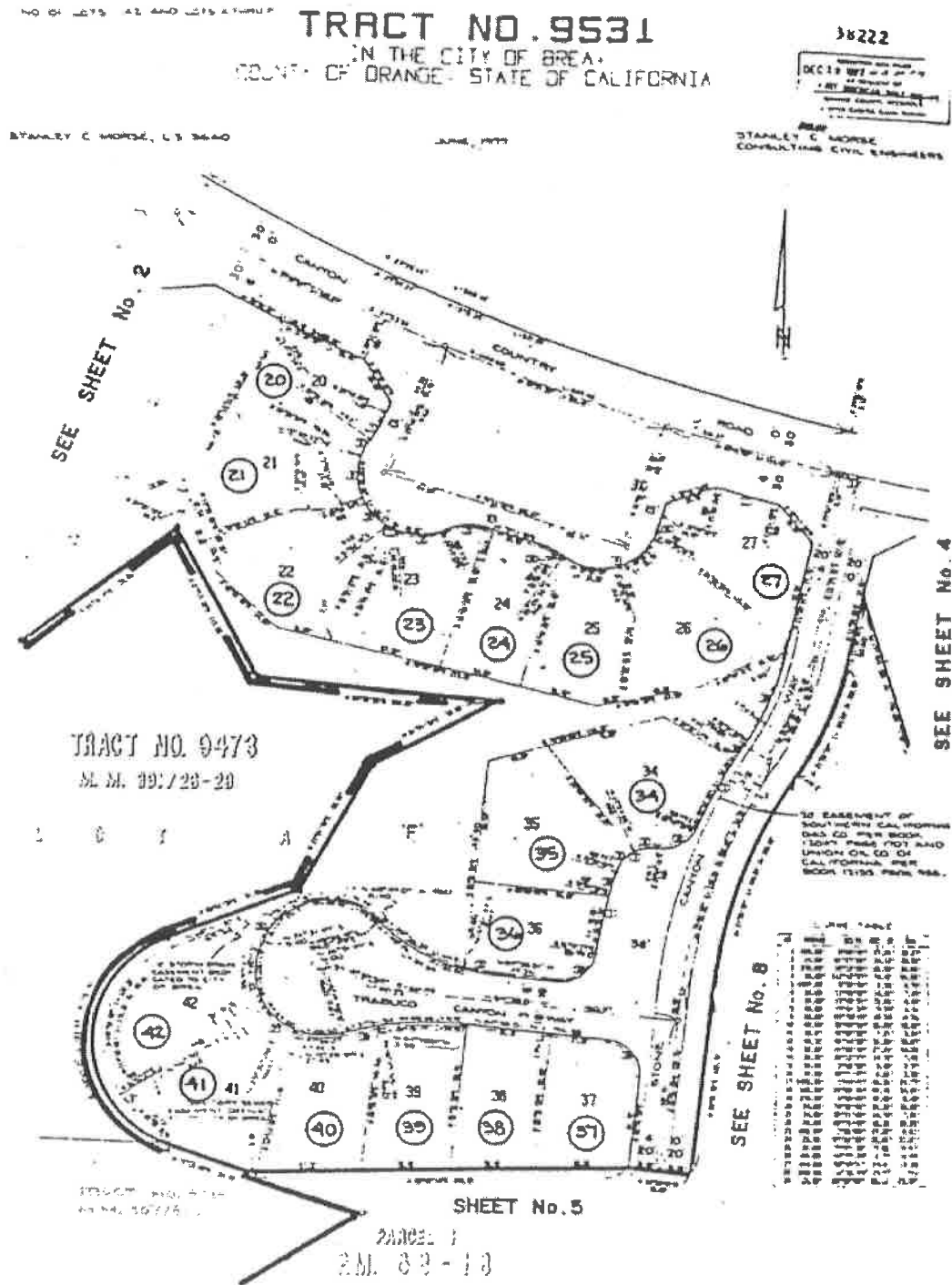
STANLEY C. MORSE
CONSULTING CIVIL ENGINEERS, INC.



135 PARCELS

SHEET 2 OF 10

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 6
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA



135 PARCELS

SHEET 3 OF 10

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 6
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

SCALE: 1"=80'
ACRAGE: 13.572
NO. OF LOTS: 42 AND LOTS A-F

TRACT NO. 9531
IN THE CITY OF BREA,
COUNTY OF ORANGE, STATE OF CALIFORNIA

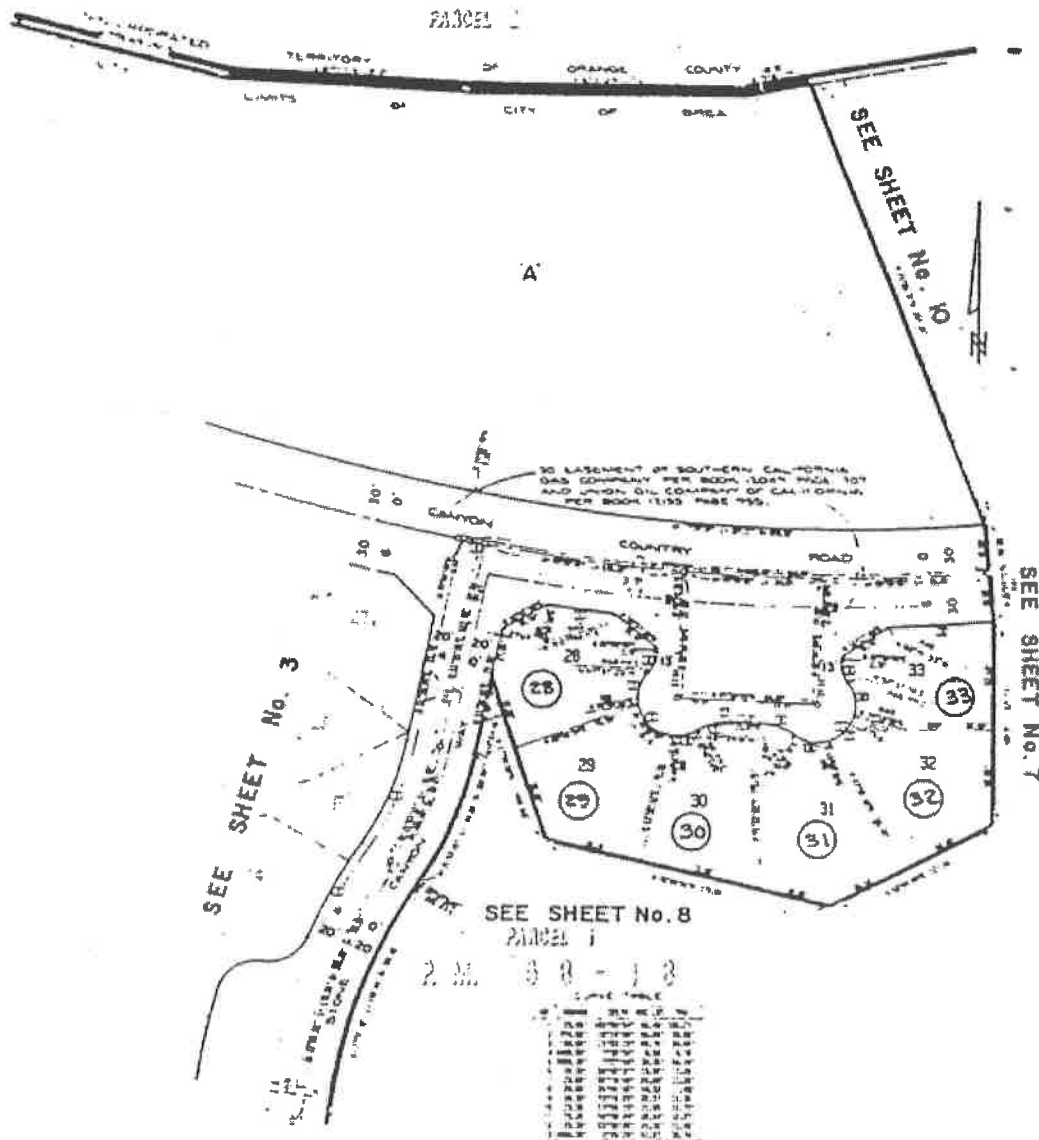


JUNE, 1977

STANLEY C. MORSE
CONSULTING CIVIL ENGINEERS INC.

2. M. 00 - 10

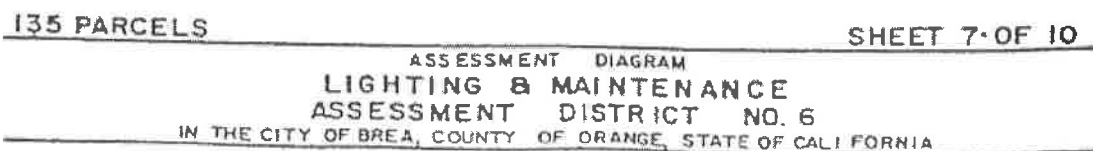
PARCEL 1



135. PARCELS

SHEET 4 OF 10

ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 6



SCALE: 1" = 100'
ACREAGE: 18,033
NO. OF LOTS: 52, AND LOTS
A THRU C
FINAL MAP OF TENTATIVE
TRACT NO. 8820

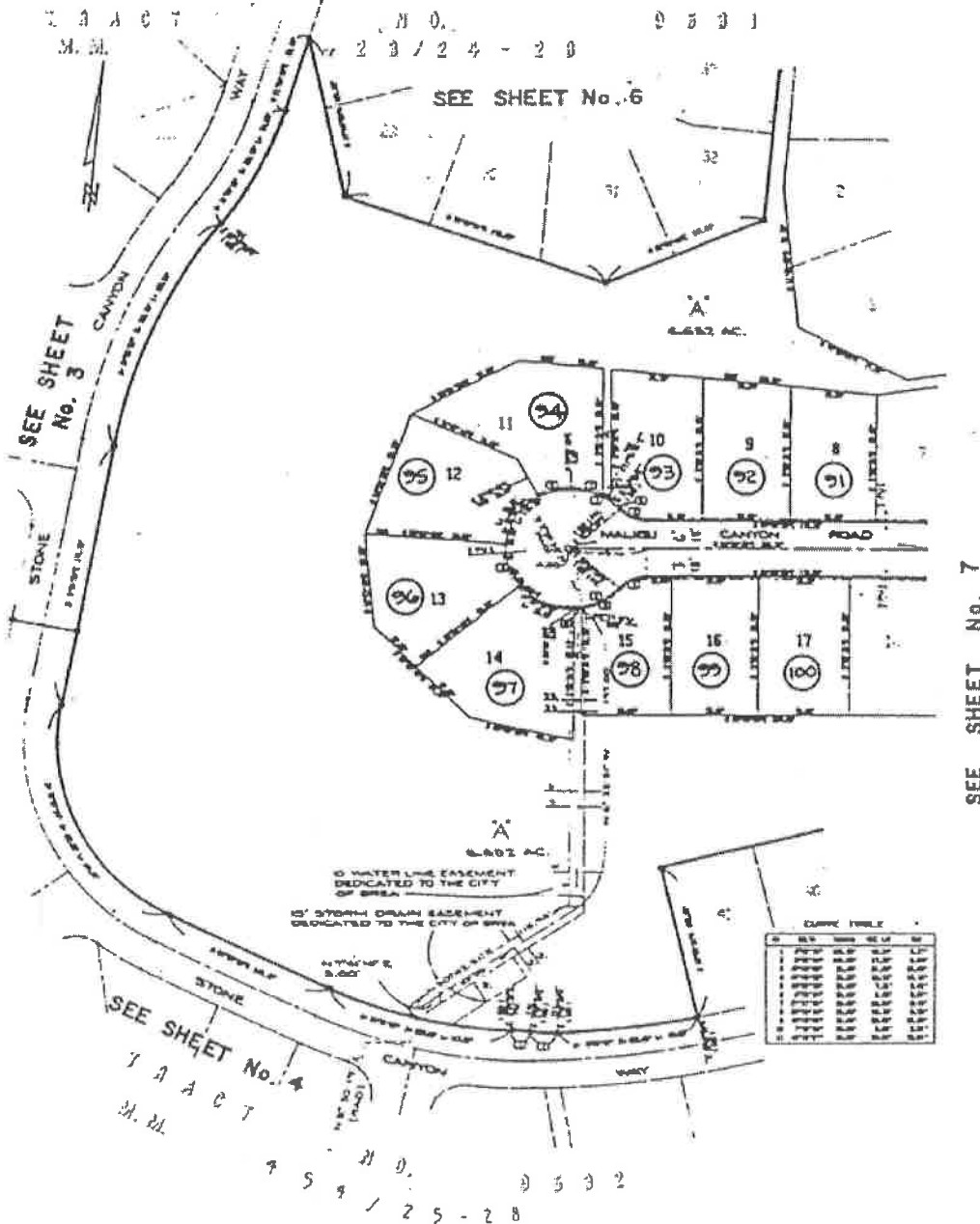
DUPLICATE
TRACT NO. 8820
IN THE CITY OF BREA,
COUNTY OF ORANGE, STATE OF CALIFORNIA.



STANLEY C. MORSE, L.S. 3640

AUGUST, 1971

STANLEY C. MORSE
CONSULTING CIVIL ENGINEER, INC.



135 PARCELS

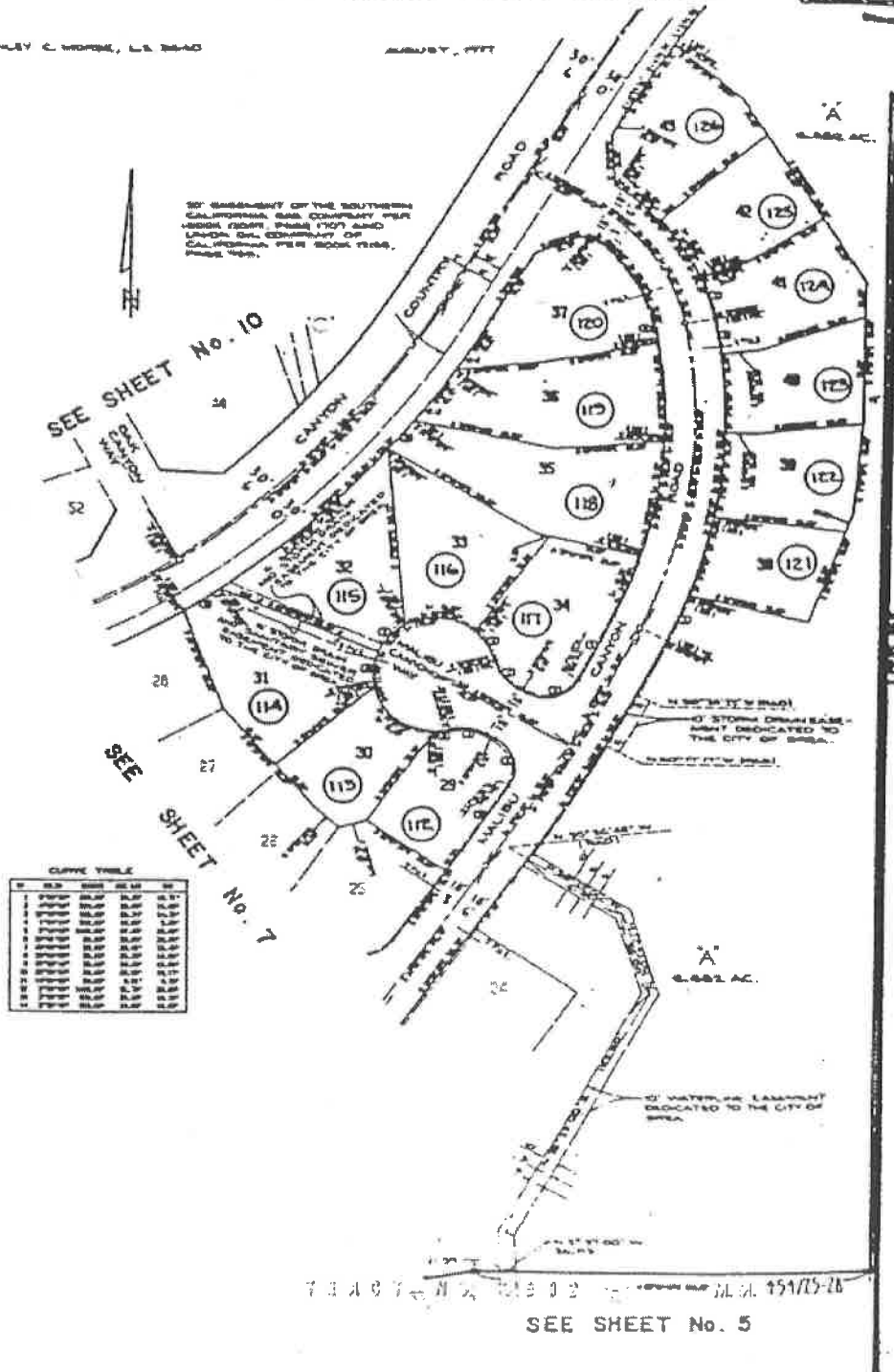
SHEET 8 OF 10

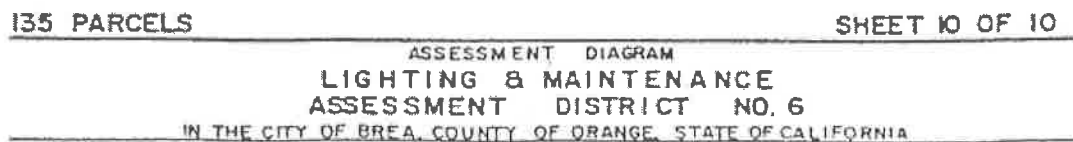
ASSESSMENT DIAGRAM
LIGHTING & MAINTENANCE
ASSESSMENT DISTRICT NO. 6
IN THE CITY OF BREA, COUNTY OF ORANGE, STATE OF CALIFORNIA

TRACT NO. 8820
IN THE CITY OF BREA,
COUNTY OF ORANGE, STATE OF CALIFORNIA.

STANLEY C. WOODS, L.S. 2840

AUGUST, 1977





**Landscape and Lighting
Maintenance District
No. 7**

City of Brea

Prepared under the authority of the
Landscape and Lighting Act of 1972
Streets and Highways Code
State of California

Fiscal Year 2019-20

Submitted by:

**Tony Olmos
Director of Public Works**

April 16, 2019

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City of Brea

April 16, 2019

Honorable Mayor and City Council
City of Brea
1 Civic Center Circle
Brea, CA 92821-5732

Re: Engineer's Report, Landscape & Lighting Maintenance District No. 7

Transmitted herewith for your review and consideration is a report entitled, "Landscape and Lighting Maintenance District No. 7, City of Brea."

This report has been prepared in accordance with the Landscape and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code. The report includes all the requirements of the Landscape and Lighting Act of 1972 and the Streets and Highways Code, with particular reference to annual assessments after formation thereof of the District.

The report is submitted herewith for consideration at your next meeting to set a hearing date for the purpose of levying an annual assessment (Streets and Highways Code, Section 22620 to Section 22631).

Respectfully submitted,

Tony Olmos, Director
Public Works Department

s:\maintenance\maint districts\assessment 19-20\lmd7 1920.doc
City Council **Christine Marick**
Mayor

Marty Simonoff
Mayor Pro Tem

Cecilia Hupp
Council Member

Glenn Parker
Council Member

Steven Vargas
Council Member

Introduction and Background

Introduction:

This report has been prepared and is submitted for consideration by the City Council of the City of Brea under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

Background:

On August 1, 1995 the City Council of the City of Brea adopted and approved Resolution No. 95-85 creating Landscape and Lighting Maintenance District No. 7 in the City of Brea.

The creating of Landscape and Lighting Maintenance District No. 7 in the City of Brea was a requirement of the City of Brea for the development of Tract Nos. 14658, 14657, 15670 and 14656.

The formation of the district and the levy of the first annual assessment was completed in accordance with the requirements of the Landscaping and Lighting Act of 1972 on August 1, 1995.

In FY 2007-08, the property owners submitted ballots and approved an increase in assessment rate. Included in that balloting was an annual CPI escalator that will allow the assessment rate to keep up with the cost of living. The annual escalator sets the maximum rate that the properties might be assessed.

The purpose of this report is to be utilized by the City Staff, the City Council, and the County Assessor in the levy and collection of an annual assessment after formation of an assessment district under the requirements of the Landscaping and Lighting Act of 1972 (State of California and Highways Code, Section 22620 to 22631).

PART A PLANS AND SPECIFICATIONS

The facilities, which consist of slopes and greenbelt areas and theme lighting, will be operated, serviced and maintained as generally described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public street and sidewalk rights-of-way, including medians, parkways and dedicated easements within the boundaries of the Assessment District.

Lighting, Traffic Signals and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting and traffic signals in public street and sidewalk rights-of-way and dedicated easements within the boundaries of the Assessment District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B ESTIMATE OF COST

The estimated cost of the operation, servicing and maintenance of the street and sidewalk improvements for Fiscal Year 2019-20, as described in Part A, are summarized herein and described below.

MAINTENANCE DISTRICT # 7 - ANNUAL COST FACTORS

Acct #	Description	FY 19-20 Est.
1. Fixed Costs		Expenses
4111	Salaries & Benefits	\$5,333
4113	Overtime	\$100
4243	Engineering	\$0
4244	Legal	\$0
4412	Property Tax Collection	\$103
	Fixed Costs Totals	\$5,536
2. ROUTINE COSTS		
4211	Postage	\$45
4249	Professional Svs/Other	\$3,000
4266	Contract Services/Grounds Maintenance	\$12,975
4269	Bldg and Equipment Service	\$100
4285	Water	\$8,250
4339	Construction & Maintenance	\$0
5800	Insurance and Other Expenses	\$536
	Routine Costs Totals	\$24,906
	Total Costs (Fixed & Routine)	\$30,442
	Contribution to Capital Replacement Reserve	\$0
	FY 2019-20 Annual Assessments	\$28,425
	Reserve Fund Requirement:	
	Operating Reserve – 50% (6 months)*	\$0
	Capital Replacement Reserve**	
	Estimated Balance 1-July-2019	\$5,998
	Contribution to Capital Replacement Reserve	\$0
	Less planned capital expenditures	\$0
	Estimated Fund Balance 30-Jun-2020	\$3,981

*The Operating Reserve fund is being established for the District to cover the first six months of expenses annually before collection from the County has been received, as well as unexpected expenses. The funds will not exceed 50% of the anticipated annual expenditures, in anticipation of any maintenance costs that can and do occur during the year.

**The Capital Replacement Reserve fund is established to fund the replacement or refurbishment of components based on life expectancy and value of the improvements within the district. Based on the current fund balance, there are insufficient funds to cover the replacement expenses of the existing improvements.

The 1972 Act requires that a special fund be set up for the revenues and expenditures of the Districts. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the Districts by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include construction, operation, maintenance and servicing of street lights, traffic signals and landscaping.

Section 22573 of the Landscaping and Lighting Act of 1972 (the 1972 Act) requires that maintenance assessments be levied according to benefit rather than according to assessed value. This section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The 1972 Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" based on the actual benefit rather than a "special tax."

ASSESSMENT METHODOLOGY

The parcels of land in the District are single family residential (SFR) lots, with each of these lots benefiting equally from the improvements being maintained. Therefore, the costs associated with the landscaping and lighting within and directly adjacent to the tract will be apportioned on a residential lot basis as follows:

$$\$28,425 / 96 \text{ SFR's} = \$296.09 / \text{SFR}$$

This assessment rate is the maximum rate. The maximum assessment rate will be increased each year by the annual change in the Consumer Price Index (CPI), All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase. The calculation for the maximum assessment rate is provided in the table below. The increase in CPI for FY 2019-20 is 3.2%.

Maximum Assessment Rate Calculation		
Fiscal Year	CPI Increase	Maximum Assessment
FY 2007-08		\$245.00 / SFR
FY 2008-09	3.3%	\$253.05 / SFR
FY 2009-10	3.5%	\$261.91 / SFR
FY 2010-11	0%	\$261.91 / SFR
FY 2011-12	1.2%	\$265.05 / SFR
FY 2012-13	2.7%	\$272.21 / SFR
FY 2013-14	2%	\$277.65 / SFR
FY 2014-15	1.1%	\$280.70 / SFR
FY 2015-16	.7%	\$282.66 / SFR
FY 2016-17	2%	\$288.31 / SFR
FY 2017-18	1.9%	\$293.79 / SFR
FY 2018-19	2.8%	\$302.02 / SFR
FY 2019-20	3.2%	\$311.68 / SFR

PART D ASSESSMENT ROLL

The amount of the total proposed assessment for Fiscal Year 2019-20 apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, is contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the Orange County assessment roll and this roll is, by reference, made part of this Report.

AD#	APN	Lot	Tract	Asmt	AD#	APN	Lot	Tract	Asmt
1	29646113	1	14658	\$253.05	39	29643133	18	14657	\$253.05
2	29643114	2	14658	\$253.05	40	29633150	1	15070	\$253.05
3	29643115	3	14658	\$253.05	41	29633149	2	15070	\$253.05
4	29643116	4	14658	\$253.05	42	29633148	3	15070	\$253.05
5	29643117	5	14658	\$253.05	43	29633147	4	15070	\$253.05
6	29643118	6	14658	\$253.05	44	29633146	5	15070	\$253.05
7	29643119	7	14658	\$253.05	45	29633145	6	15070	\$253.05
8	29643120	8	14658	\$253.05	46	29633144	7	15070	\$253.05
9	29643121	9	14658	\$253.05	47	29643143	8	15070	\$253.05
10	29643101	10	14658	\$253.05	48	29633141	9	15070	\$253.05
11	29643102	11	14658	\$253.05	49	29633140	10	15070	\$253.05
12	29643103	12	14658	\$253.05	50	29633139	11	15070	\$253.05
13	29643104	13	14658	\$253.05	51	29633138	12	15070	\$253.05
14	29643105	14	14658	\$253.05	52	29633137	13	15070	\$253.05
15	29643106	15	14658	\$253.05	53	29633134	14	15070	\$253.05
16	29643107	16	14658	\$253.05	54	29633133	15	14657	\$253.05
17	29643108	17	14658	\$253.05	55	29633132	16	14657	\$253.05
18	29643109	18	14658	\$253.05	56	29633131	17	14657	\$253.05
19	29643110	19	14658	\$253.05	57	29633130	18	14657	\$253.05
20	29643111	20	14658	\$253.05	58	29633129	19	14657	\$253.05
21	29643112	21	14658	\$253.05	59	29633128	20	14657	\$253.05
22	29643134	1	14657	\$253.05	60	29633126	21	14657	\$253.05
23	29643135	2	14657	\$253.05	61	29633125	22	14657	\$253.05
24	29643136	3	14657	\$253.05	62	29633124	23	14657	\$253.05
25	29643137	4	14657	\$253.05	63	29633123	24	14657	\$253.05
26	29643138	5	14657	\$253.05	64	29633122	25	14657	\$253.05
27	29643139	6	14657	\$253.05	65	29633121	26	14657	\$253.05
28	29643140	7	14657	\$253.05	66	29633120	27	14657	\$253.05
29	29643141	8	14657	\$253.05	67	29644104	1	14656	\$253.05
30	29643142	9	14657	\$253.05	68	29644105	2	14656	\$253.05
31	29643143	10	14657	\$253.05	69	29644106	3	14656	\$253.05
32	29643126	11	14657	\$253.05	70	29644107	44	14656	\$253.05
33	29643127	12	14657	\$253.05	71	29644108	5	14656	\$253.05
34	29643128	13	14657	\$253.05	72	29644109	6	14656	\$253.05
35	29643129	14	14657	\$253.05	73	29644110	7	14656	\$253.05
36	29643130	15	14657	\$253.05	74	29644111	8	14656	\$253.05

37	29643131	16	14657	\$253.05	75	29644112	9	14656	\$253.05
38	29643132	17	14657	\$253.05	76	29644113	10	14656	\$253.05
AD#	APN	Lot	Tract	Asmt					
77	29644114	11	14656	\$253.05					
78	29644115	12	14656	\$253.05					
79	29644116	13	14656	\$253.05					
80	29644117	14	14656	\$253.05					
81	29644118	15	14656	\$253.05					
82	29644119	16	14656	\$253.05					
83	29644120	17	14656	\$253.05					
84	29644121	18	14656	\$253.05					
85	29644122	19	14656	\$253.05					
86	29644123	20	14656	\$253.05					
87	29644124	21	14656	\$253.05					
88	29644125	22	14656	\$253.05					
89	29644126	23	14656	\$253.05					
90	29644127	24	14656	\$253.05					
91	29644128	25	14656	\$253.05					
92	29644129	26	14656	\$253.05					
93	29644130	27	14656	\$253.05					
94	29644101	28	14656	\$253.05					
95	29644102	29	14656	\$253.05					
96	29644103	30	14656	\$253.05					

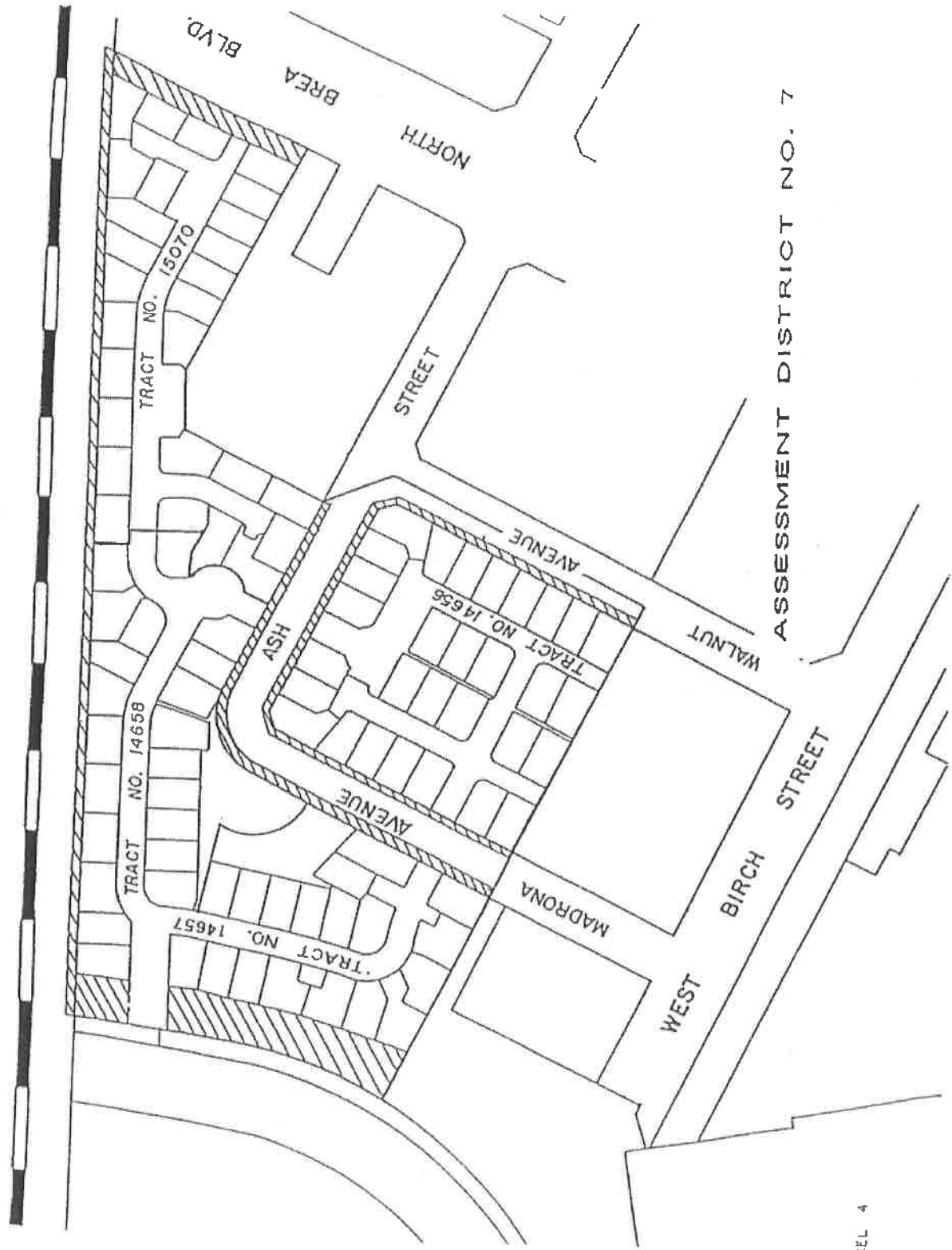
PART E

ASSESSMENT DISTRICTS' BOUNDARIES

A diagram of the boundaries of Landscape and Lighting Maintenance District No. 7 is included herein.

District No. 7 includes all properties in the City of Brea located within the tract boundary of Tract No. 14658 recorded in Book 724, Pages 9 through 11, of Tract No. 14657 recorded in Book 733, Pages 15, 16, and 17, and of Tract Nos. 15070 and 14656 of Miscellaneous Maps, records of Orange County, California.

Also, the lines and dimensions of each lot or parcel within the Districts are those lines and dimensions shown on the maps of the Assessor of the County of Orange for Fiscal Year 2019-20. The Assessor's maps and records are incorporated by reference herein and made part of this report.



EL 4

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: Monthly Report of Investments for the City of Brea for Period Ending February 28, 2019

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of February. Cash for day-to-day activities is deposited in the demand and interest-bearing checking accounts. The Local Agency Investment Fund (LAIF) is used for short term investment and functions like a savings account. The City's managed investment portfolio is for longer-term investments which are managed through Chandler Asset Management. Together, the short and long-term investment accounts represent the City's investment portfolio. Attachment A includes a Portfolio Summary, Holdings Report, Book Value Report and Compliance with Investment Policy Statement prepared by Chandler Asset Management for the invested funds. The book value is the cost, plus or minus amortization/accretion.

As of February 28, 2019, the total market value of the managed investment portfolio, including accrued interest, was \$58,541,702.16 as compared to \$58,458,296.63 at January 31, 2019. The weighted average investment yield for February 2019 was 2.14%, which was slightly higher than the prior month. The City's Local Agency Investment Fund (LAIF) had a total market value, including accrued interest of \$29,895,465.16 at February 28, 2019. This brings the total value of the City's investment portfolio as of February 28, 2019 to \$88,437,167.32 as compared to \$88,299,158.33 at January 31, 2019.

Restricted cash and investments are held in the post-employment benefits trust account administered by PARS (PARS account) and managed by HighMark Capital and the City's various bond reserve accounts which are managed by Chandler Asset Management.

Attachment A includes a monthly statement from US Bank for the PARS account as well as a portfolio report from Chandler Asset Management for each bond reserve account that is invested.

As of February 28, 2019, the market value of the PARS account, including short-term cash and accrued interest was \$7,493,684.60 as compared to \$7,343,699.71 from the prior month. All other restricted cash investments (bond reserve accounts), including short-term cash and accrued interest was \$5,330,774.55 in comparison to \$5,093,788.35 from the prior month.

All City investments are GASB rated No. 1, where the custodian (The Bank of New York Mellon

Trust Company, N.A.) acts as an agent of the City, and is not a counter party to the investment transaction, and all securities are held in the name of the City of Brea. The custodial account at Bank of New York and account records with Chandler Asset Management have been reconciled to par value for the month. The City of Brea has sufficient cash flow to meet its expected expenditures for the next six months.

FISCAL IMPACT/SUMMARY

During the month of February, the total value of the City's investment portfolio increased by \$138,008.99. This is primarily due franchise fees and transient occupancy tax received during the month. The City's PARS account increased by \$149,984.89 due to market rate adjustments and the City's bond reserve accounts increased by \$236,986.20 primarily due to the deposit of funds for the scheduled debt service payments (due March 1) for the 2005 Olinda Ranch Public Improvements CFD bonds, the 2014 Downtown Brea Public Improvements CFD bonds and the 2017 Brea Public Improvements CFD bonds.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Attachment A

City of Brea
Cash and Investment Information
February 28, 2019

		Cost Value	Market Value*
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	\$ 6,244,864.66	\$ 6,244,864.66
Local Agency Investment Fund	LAIF	\$ 29,782,221.98	\$ 29,895,465.16
Managed Investment Portfolio - CHANDLER	Chandler	\$ 58,714,691.61	\$ 58,541,702.16
PARS Post-Employment Benefits Trust**	US Bank	\$ 7,073,673.73	\$ 7,493,684.60
<u>Fiscal Agent Cash & Investments**</u>			
2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1)	Chandler/BNY	\$ 536,498.18	\$ 533,594.06
2009 Water Revenue Bonds	Chandler/BNY	\$ 2,108,322.61	\$ 2,066,800.30
2010 Water Revenue Bonds	Chandler/BNY	\$ 1,486,046.50	\$ 1,459,131.85
2010 Lease Revenue Bonds	Chandler/BNY	\$ 269,419.16	\$ 263,865.00
2014 Downtown Brea Public Improvements CFD Bonds	Chandler/BNY	\$ 174,446.00	\$ 174,446.00
2014 Water Revenue Bonds	Chandler/BNY	\$ 313.95	\$ 313.95
2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2)	Chandler/BNY	\$ 822,422.79	\$ 832,623.39
Sub-total - Fiscal Agent Cash & Investments		\$ 5,397,469.19	\$ 5,330,774.55
Report Grand Total		\$ 107,212,921.17	\$ 107,506,491.13

* Includes accrued interest on invested funds

** Reserve Fund

City of Brea
Cash and Investment Information
February 28, 2019

Fiscal Agent Cash & Investments Detail		Cost Value	Market Value
10103	2005 Olinda Ranch Public Improvements Bonds (CFD 1997-1) - CHANDLER	\$ 461,637.58	\$ 458,733.46
	Short-Term Treasury Funds - BNY	\$ 74,860.60	\$ 74,860.60
	Sub-total	\$ 536,498.18	\$ 533,594.06
10073	2009 Water Revenue Bonds - CHANDLER	\$ 1,963,857.64	\$ 1,922,335.33
	Short-Term Treasury Funds - BNY	\$ 144,464.97	\$ 144,464.97
		\$ 2,108,322.61	\$ 2,066,800.30
10128	2010 Water Revenue Bonds - CHANDLER	\$ 1,383,529.07	\$ 1,356,614.42
	Short-Term Treasury Funds - BNY	\$ 102,517.43	\$ 102,517.43
	Sub-total	\$ 1,486,046.50	\$ 1,459,131.85
10129	2010 Lease Revenue Bonds - CHANDLER	\$ 269,368.12	\$ 263,813.96
	Short-Term Treasury Funds - BNY	\$ 51.04	\$ 51.04
	Sub-total	\$ 269,419.16	\$ 263,865.00
	2014 Downtown Brea Public Improvements CFD Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 174,446.00	\$ 174,446.00
	Sub-total	\$ 174,446.00	\$ 174,446.00
	2014 Water Revenue Bonds - CHANDLER	\$ -	\$ -
	Short-Term Treasury Funds - BNY	\$ 313.95	\$ 313.95
	Sub-total	\$ 313.95	\$ 313.95
10600	2017 Brea Plaza Public Improvements CFD Bonds (CFD 2008-2) - CHANDLER	\$ 669,632.99	\$ 679,833.59
	Short-Term Treasury Funds - BNY	\$ 152,789.80	\$ 152,789.80
	Sub-total	\$ 822,422.79	\$ 832,623.39
Report Grand Total		\$ 5,397,469.19	\$ 5,330,774.55



PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.00
Average Coupon	2.39%
Average Purchase YTM	2.39%
Average Market YTM	2.39%
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

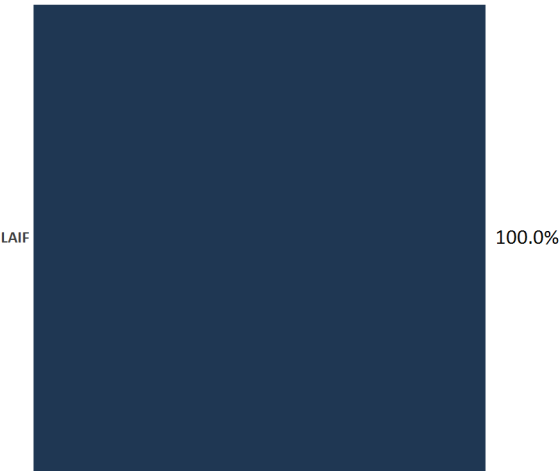
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	29,782,222	29,782,222
Accrued Interest	58,640	113,243
Total Market Value	29,840,862	29,895,465
Income Earned	68,710	54,603
Cont/WD		0
Par	29,782,222	29,782,222
Book Value	29,782,222	29,782,222
Cost Value	29,782,222	29,782,222

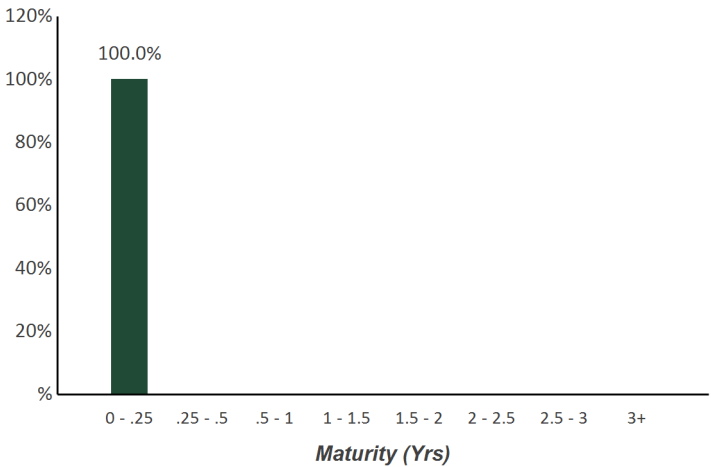
TOP ISSUERS

Local Agency Investment Fund	100.0%
Total	100.0%

SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	2/28/2012
City of Brea Laif	0.18%	0.61%	0.42%	2.21%	1.61%	1.28%	0.88%	N/A	N/A

Holdings Report
As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	29,782,221.98	Various 2.39%	29,782,221.98 29,782,221.98	1.00 2.39%	29,782,221.98 113,243.18	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		29,782,221.98	2.39%	29,782,221.98	2.39%	29,782,221.98 113,243.18	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		29,782,221.98	2.39%	29,782,221.98	2.39%	29,782,221.98 113,243.18	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						29,895,465.16			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.34
Average Coupon	2.03%
Average Purchase YTM	2.14%
Average Market YTM	2.64%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.58 yrs
Average Life	2.45 yrs

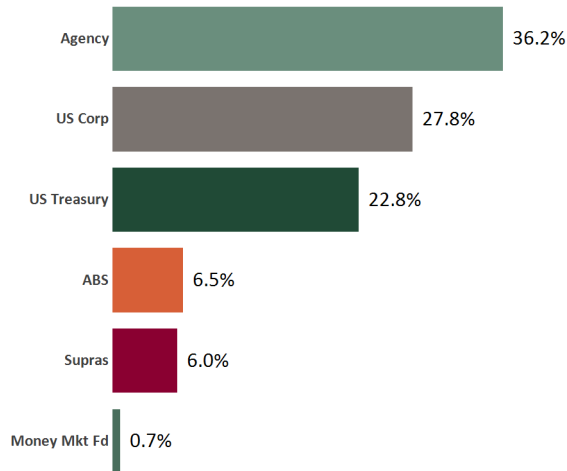
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	58,192,018	58,279,512
Accrued Interest	266,279	262,190
Total Market Value	58,458,297	58,541,702
Income Earned	103,990	102,601
Cont/WD		0
Par	58,851,848	58,976,113
Book Value	58,692,418	58,799,076
Cost Value	58,613,811	58,714,692

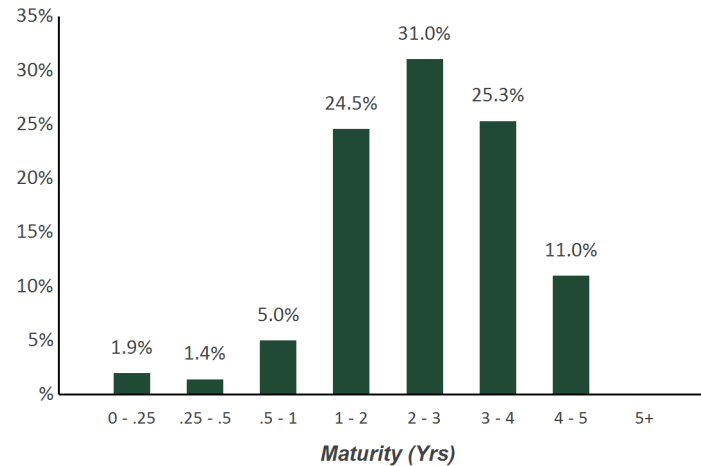
TOP ISSUERS

Government of United States	22.8%
Federal National Mortgage Assoc	17.5%
Federal Home Loan Bank	11.7%
Federal Home Loan Mortgage Corp	7.0%
Inter-American Dev Bank	5.3%
US Bancorp	1.9%
American Express ABS	1.8%
John Deere ABS	1.6%
Total	69.5%

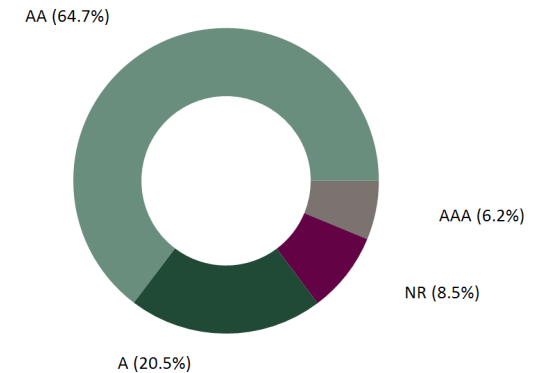
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	4/30/1996
City of Brea	0.14%	1.65%	0.64%	2.87%	1.45%	1.15%	1.31%	1.87%	3.81%
ICE BAML 1-5 Yr US Treasury/Agency Index*	0.04%	1.46%	0.36%	2.59%	1.12%	0.78%	1.06%	1.49%	3.43%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.07%	1.57%	0.48%	2.68%	1.22%	0.94%	1.17%	1.80%	N/A

*ICE BAML 1-Yr US Treasury Bill Index to 9/30/01,

Statement of Compliance

As of February 28, 2019

ATTACHMENT A



City of Brea

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
Treasury Issues	No limitations	Complies
US Agencies	25% per issuer	Complies
Supranationals	"AA" rated by a NRSRO; 15% maximum; 5% max per issuer	Complies*
Municipal Securities	5% max issuer	Complies
Banker's Acceptances	40% maximum; 5% max issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% maximum; 5% max per issuer; 270 days max maturity	Complies
Certificates of Deposit(CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	Complies
Negotiable CDs	30% maximum; 5% max per issuer	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer	Complies
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" or higher by a NRSRO; "A" rated issuer by a NRSRO; 20% maximum (combined), 10% maximum (ABS); 5% max per issuer; CMOs must pass FFIEC test	Complies
Money Market Funds	Highest rating by two NRSROs; 20% maximum; 5% max per fund	Complies
LAIF	40%;<60%, with OCIP	Complies
OCIP	40%;<60%, with LAIF	Complies
Repurchase Agreements	5% max issuer; 1 year max maturity	Complies
Range notes	Prohibited	Complies
Interest-only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Agency Callable notes	5% maximum	Complies
Max Per Issuer	5% per issuer for all non government issuers and agencies	Complies
Maximum Maturity	5 years	Complies

*IADB is in compliance on a consolidated portfolio basis.

Reconciliation Summary

As of February 28, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$58,692,418.00
<u>Acquisition</u>		
+ Security Purchases	\$477,785.00	
+ Money Market Fund Purchases	\$255,131.58	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$732,916.58
<u>Dispositions</u>		
- Security Sales	\$439,982.40	
- Money Market Fund Sales	\$35,105.66	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$155,760.77	
Total Dispositions		\$630,848.83
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$4,621.45	
		\$4,621.45
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$31.09)	
		(\$31.09)
ENDING BOOK VALUE		\$58,799,076.11

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$200,646.45
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$439,982.40	
Accrued Interest Received	\$4,259.44	
Interest Received	\$99,048.29	
Dividend Received	\$322.52	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$155,760.77	
Total Acquisitions	\$699,373.42	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$477,785.00	
Accrued Interest Paid	\$1,562.50	
Total Dispositions	\$479,347.50	
ENDING BOOK VALUE		\$420,672.37

Holdings Report

As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	35,294.63	02/23/2016 1.37%	35,289.07 35,293.11	99.89 2.95%	35,255.05 21.33	0.06% (38.06)	Aaa / NR AAA	1.13 0.07
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	21,321.33	07/11/2017 1.60%	21,319.48 21,320.57	99.93 2.77%	21,305.79 15.07	0.04% (14.78)	Aaa / NR AAA	1.13 0.06
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.1% Due 10/15/2020	442,736.76	01/23/2018 2.12%	442,691.52 442,709.56	99.80 2.80%	441,847.66 413.22	0.76% (861.90)	Aaa / AAA NR	1.63 0.34
654747AD6	Nissan Auto Receivables 2017-A A3 1.74% Due 8/16/2021	465,463.55	12/27/2017 2.10%	462,499.86 463,454.23	99.41 2.65%	462,716.80 337.46	0.79% (737.43)	Aaa / NR AAA	2.47 0.65
43811BAC8	Honda Auto Receivables 2017-2 A3 1.68% Due 8/16/2021	426,624.08	04/27/2018 2.62%	419,991.41 421,671.61	99.26 2.71%	423,464.90 318.55	0.72% 1,793.29	Aaa / AAA NR	2.47 0.72
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	130,000.00	07/11/2017 1.83%	129,990.48 129,994.11	99.21 2.83%	128,972.22 105.16	0.22% (1,021.89)	Aaa / NR AAA	2.63 0.79
47788CAC6	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	185,000.00	02/21/2018 2.68%	184,986.70 184,989.92	99.89 2.76%	184,794.65 218.71	0.32% (195.27)	Aaa / NR AAA	3.14 1.26
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.95% Due 8/22/2022	495,000.00	08/21/2018 2.98%	494,932.09 494,940.72	100.35 2.79%	496,725.08 405.63	0.85% 1,784.36	Aaa / NR AAA	3.48 1.81
02587AAJ3	American Express Credit 2017-1 1.93% Due 9/15/2022	1,050,000.00	Various 2.61%	1,039,535.16 1,041,040.79	99.23 2.77%	1,041,907.64 900.67	1.78% 866.85	Aaa / NR AAA	3.55 0.92
47788EAC2	John Deere Owner Trust 2018-B A3 3.08% Due 11/15/2022	575,000.00	07/18/2018 3.10%	574,956.42 574,962.48	100.47 2.83%	577,686.98 787.11	0.99% 2,724.50	Aaa / NR AAA	3.72 1.74
Total ABS		3,826,440.35	2.57%	3,806,192.19 3,810,377.10	2.77%	3,814,676.77 3,522.91	6.52% 4,299.67	Aaa / AAA AAA	3.00 1.04
AGENCY									
3135G0A78	FNMA Note 1.625% Due 1/21/2020	1,000,000.00	Various 1.46%	1,008,032.32 1,001,451.63	99.20 2.53%	991,990.00 1,805.55	1.70% (9,461.63)	Aaa / AA+ AAA	0.90 0.88
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,250,000.00	05/28/2015 1.52%	1,241,437.50 1,247,967.66	98.65 2.55%	1,233,150.00 5,729.17	2.12% (14,817.66)	Aaa / AA+ AAA	1.17 1.15
3135G0D75	FNMA Note 1.5% Due 6/22/2020	1,030,000.00	Various 1.57%	1,026,700.60 1,029,103.71	98.64 2.56%	1,015,953.89 2,961.25	1.74% (13,149.82)	Aaa / AA+ AAA	1.32 1.29

Holdings Report

As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	450,000.00	11/21/2017	448,833.97	98.84	444,780.00	0.76%	Aaa / AA+ AAA	1.72
			1.96%	449,329.88	2.57%	2,437.50	(4,549.88)		1.67
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,225,000.00	12/16/2015	1,201,847.50	98.19	1,202,800.55	2.06%	Aaa / AA+ AAA	1.76
			1.90%	1,216,813.48	2.56%	4,644.79	(14,012.93)		1.71
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,070,000.00	02/17/2016	1,065,677.20	97.81	1,046,614.08	1.79%	Aaa / AA+ AAA	1.98
			1.46%	1,068,296.43	2.52%	531.28	(21,682.35)		1.93
3135G0J20	FNMA Note 1.375% Due 2/26/2021	1,275,000.00	Various	1,269,953.70	97.78	1,246,647.83	2.13%	Aaa / AA+ AAA	2.00
			1.46%	1,272,929.09	2.53%	243.49	(26,281.26)		1.95
3135G0K69	FNMA Note 1.25% Due 5/6/2021	400,000.00	05/27/2016	395,724.00	97.33	389,314.40	0.67%	Aaa / AA+ AAA	2.19
			1.48%	398,107.73	2.51%	1,597.22	(8,793.33)		2.13
3135G0U35	FNMA Note 2.75% Due 6/22/2021	500,000.00	06/28/2018	500,740.00	100.45	502,267.00	0.86%	Aaa / AA+ AAA	2.32
			2.70%	500,573.52	2.55%	2,635.42	1,693.48		2.22
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	1,285,000.00	10/04/2016	1,273,126.60	96.85	1,244,504.51	2.13%	Aaa / AA+ AAA	2.38
			1.33%	1,279,097.38	2.50%	1,887.34	(34,592.87)		2.32
3137EAEK9	FHLMC Note 1.125% Due 8/12/2021	1,250,000.00	08/30/2016	1,237,737.50	96.77	1,209,582.50	2.07%	Aaa / AA+ AAA	2.45
			1.33%	1,243,926.43	2.49%	742.19	(34,343.93)		2.40
3135G0N82	FNMA Note 1.25% Due 8/17/2021	1,285,000.00	Various	1,282,305.71	97.00	1,246,405.03	2.13%	Aaa / AA+ AAA	2.47
			1.29%	1,283,638.02	2.51%	624.65	(37,232.99)		2.41
3130AF5B9	FHLB Note 3% Due 10/12/2021	1,350,000.00	11/29/2018	1,353,402.00	101.11	1,365,017.40	2.36%	Aaa / AA+ NR	2.62
			2.91%	1,353,106.32	2.56%	15,637.50	11,911.08		2.48
3135G0S38	FNMA Note 2% Due 1/5/2022	1,350,000.00	04/25/2017	1,354,927.50	98.55	1,330,371.00	2.28%	Aaa / AA+ AAA	2.85
			1.92%	1,352,992.72	2.53%	4,200.00	(22,621.72)		2.74
3135G0T45	FNMA Note 1.875% Due 4/5/2022	1,315,000.00	06/19/2017	1,314,801.44	98.04	1,289,165.51	2.22%	Aaa / AA+ AAA	3.10
			1.88%	1,314,871.67	2.54%	9,999.48	(25,706.16)		2.97
3130A3KM5	FHLB Note 2.5% Due 12/9/2022	775,000.00	08/28/2018	764,808.75	99.56	771,624.10	1.33%	Aaa / AA+ NR	3.78
			2.83%	766,008.49	2.62%	4,413.19	5,615.61		3.56
3135G0T94	FNMA Note 2.375% Due 1/19/2023	1,000,000.00	03/14/2018	984,140.00	99.42	994,166.00	1.70%	Aaa / AA+ AAA	3.89
			2.73%	987,276.16	2.53%	2,770.83	6,889.84		3.68
3137EAEK5	FHLMC Note 2.75% Due 6/19/2023	1,200,000.00	07/20/2018	1,193,976.00	100.69	1,208,314.80	2.08%	Aaa / AA+ AAA	4.31
			2.86%	1,194,718.92	2.58%	6,600.00	13,595.88		4.02
313383YJ4	FHLB Note 3.375% Due 9/8/2023	1,200,000.00	10/29/2018	1,215,756.00	103.16	1,237,906.80	2.15%	Aaa / AA+ NR	4.53
			3.08%	1,214,680.72	2.63%	19,462.50	23,226.08		4.12

Holdings Report

As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3130A0F70	FHLB Note 3.375% Due 12/8/2023	1,075,000.00	Various 2.74%	1,106,057.50 1,105,252.28	103.28 2.64%	1,110,234.20 8,364.84	1.91% 4,981.92	Aaa / AA+ AAA	4.78 4.37
Total Agency		21,285,000.00	2.00%	21,239,985.79 21,280,142.24	2.55%	21,080,809.60 97,288.19	36.18% (199,332.64)	Aaa / AA+ AAA	2.68 2.55
MONEY MARKET FUND FI									
316175884	Fidelity Institutional Money Market Fund 696	420,672.37	Various 2.01%	420,672.37 420,672.37	1.00 2.01%	420,672.37 0.00	0.72% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		420,672.37	2.01%	420,672.37 420,672.37	2.01%	420,672.37 0.00	0.72% 0.00	Aaa / AAA NR	0.00 0.00
SUPRANATIONAL									
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 5/12/2020	1,065,000.00	04/05/2017 1.70%	1,062,475.95 1,064,018.18	98.84 2.61%	1,052,651.33 5,239.95	1.81% (11,366.85)	Aaa / AAA AAA	1.20 1.18
45950KCM0	International Finance Corp Note 2.25% Due 1/25/2021	410,000.00	01/18/2018 2.35%	408,794.60 409,234.53	99.29 2.63%	407,094.33 922.50	0.70% (2,140.20)	Aaa / AAA NR	1.91 1.85
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	1,275,000.00	01/10/2017 2.15%	1,273,431.75 1,274,094.78	98.69 2.60%	1,258,330.65 3,236.20	2.15% (15,764.13)	Aaa / NR AAA	2.89 2.77
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	800,000.00	Various 2.40%	777,732.00 782,746.31	97.10 2.61%	776,789.60 6,494.44	1.34% (5,956.71)	NR / NR AAA	3.55 3.38
Total Supranational		3,550,000.00	2.09%	3,522,434.30 3,530,093.80	2.61%	3,494,865.91 15,893.09	6.00% (35,227.89)	Aaa / AAA AAA	2.41 2.32
US CORPORATE									
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	700,000.00	Various 2.08%	703,858.75 700,053.61	99.96 2.45%	699,701.80 5,390.00	1.20% (351.81)	A1 / A+ AA-	0.15 0.16
40434CAC9	HSBC USA Inc Note 2.25% Due 6/23/2019	800,000.00	06/20/2017 1.99%	804,088.00 800,638.40	99.84 2.73%	798,750.40 3,400.00	1.37% (1,888.00)	A2 / A AA-	0.32 0.32

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US CORPORATE									
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	705,000.00	Various 2.29%	705,272.60 705,023.37	99.81 2.66%	703,647.81 7,657.08	1.22% (1,375.56)	A1 / A AA-	0.53 0.52
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	735,000.00	01/26/2015 2.17%	734,204.40 734,853.80	99.35 2.88%	730,191.63 1,360.77	1.25% (4,662.17)	A2 / A- A+	0.92 0.90
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	465,000.00	02/05/2015 1.77%	464,511.75 464,906.04	99.12 2.68%	460,890.33 361.67	0.79% (4,015.71)	Aa3 / A+ A+	0.96 0.95
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	750,000.00	06/11/2015 2.49%	741,693.75 747,941.90	99.14 2.96%	743,586.76 4,734.38	1.28% (4,355.14)	A2 / A- NR	1.22 1.19
437076BQ4	Home Depot Note 1.8% Due 6/5/2020	330,000.00	05/24/2017 1.82%	329,808.60 329,919.32	98.94 2.66%	326,485.83 1,419.00	0.56% (3,433.49)	A2 / A A	1.27 1.24
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	325,000.00	10/29/2015 2.02%	324,740.00 324,912.76	98.98 2.62%	321,700.93 2,130.56	0.55% (3,211.83)	Aaa / AAA AA+	1.68 1.63
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	800,000.00	02/06/2017 2.16%	803,768.00 801,646.38	99.03 2.89%	792,241.60 6,031.11	1.36% (9,404.78)	A3 / A A	1.68 1.62
78012KKU0	Royal Bank of Canada Note 2.5% Due 1/19/2021	700,000.00	01/24/2018 2.64%	697,130.00 698,181.54	99.26 2.90%	694,852.20 2,041.67	1.19% (3,329.34)	Aa2 / AA- AA	1.89 1.83
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	875,000.00	Various 1.97%	884,992.10 879,181.01	99.11 2.68%	867,247.50 9,721.25	1.50% (11,933.51)	Aaa / AA+ NR	2.01 1.93
24422ESL4	John Deere Capital Corp Note 2.8% Due 3/4/2021	315,000.00	05/24/2017 2.12%	322,663.95 319,094.13	100.01 2.80%	315,027.09 4,336.50	0.55% (4,067.04)	A2 / A A	2.01 1.92
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	410,000.00	05/08/2018 3.24%	407,150.50 407,914.87	100.38 2.82%	411,576.86 3,758.33	0.71% 3,661.99	A2 / A+ NR	2.20 2.10
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	440,000.00	05/16/2016 1.96%	439,771.20 439,898.51	97.90 2.93%	430,756.04 2,431.00	0.74% (9,142.47)	A1 / A AA-	2.22 2.14
594918BP8	Microsoft Callable Note Cont 7/8/21 1.55% Due 8/8/2021	590,000.00	Various 1.57%	589,298.90 589,657.89	97.41 2.65%	574,744.37 584.27	0.98% (14,913.52)	Aaa / AAA AA+	2.44 2.37
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	804,000.00	11/29/2016 2.40%	785,998.44 794,432.81	97.70 2.84%	785,475.84 7,043.93	1.35% (8,956.97)	A1 / AA- A	2.55 2.44
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	450,000.00	05/16/2018 3.34%	438,612.75 441,062.63	99.22 2.88%	446,500.80 1,625.00	0.77% 5,438.17	Aa3 / AA- A+	2.87 2.73

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As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	390,000.00	01/19/2017 2.66%	389,329.20 389,610.60	99.57 2.78%	388,326.51 1,052.19	0.67% (1,284.09)	A1 / A+ AA-	2.91 2.77
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.6% Due 4/15/2022	700,000.00	06/18/2018 3.27%	683,298.00 686,339.08	98.72 3.03%	691,012.00 6,875.56	1.19% 4,672.92	A3 / A A	3.13 2.95
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	890,000.00	07/25/2017 2.45%	889,919.90 889,945.39	98.16 3.02%	873,665.83 1,998.79	1.50% (16,279.56)	A2 / A A+	3.41 3.24
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	700,000.00	11/29/2017 2.58%	688,156.00 691,249.58	96.98 3.11%	678,853.70 7,400.56	1.17% (12,395.88)	A1 / A A	3.53 3.32
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	625,000.00	02/09/2018 3.19%	618,968.75 620,247.50	99.44 3.13%	621,470.63 2,373.47	1.07% 1,223.13	A2 / A- AA-	3.88 3.24
24422ETG4	John Deere Capital Corp Note 2.8% Due 3/6/2023	450,000.00	06/13/2018 3.44%	437,485.50 439,364.49	99.72 2.88%	448,723.80 6,125.00	0.78% 9,359.31	A2 / A A	4.02 3.73
037833AK6	Apple Inc Note 2.4% Due 5/3/2023	535,000.00	11/28/2018 3.54%	510,277.65 511,670.67	98.12 2.88%	524,963.94 4,208.67	0.90% 13,293.27	Aa1 / AA+ NR	4.18 3.91
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	500,000.00	02/13/2019 2.98%	477,785.00 477,981.72	95.70 2.95%	478,496.00 1,979.17	0.82% 514.28	A2 / A A	4.30 4.07
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	225,000.00	07/11/2018 3.49%	224,610.75 224,659.41	101.42 3.10%	228,189.38 1,013.44	0.39% 3,529.97	A2 / A NR	4.38 4.02
69371RP59	Paccar Financial Corp Note 3.4% Due 8/9/2023	560,000.00	08/06/2018 3.41%	559,770.40 559,796.05	100.17 3.36%	560,925.12 1,163.56	0.96% 1,129.07	A1 / A+ NR	4.45 4.09
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	550,000.00	10/03/2018 3.64%	549,549.00 549,584.07	102.12 3.13%	561,655.60 7,808.85	0.97% 12,071.53	A2 / A NR	4.62 4.17
Total US Corporate		16,319,000.00	2.55%	16,206,713.84 16,219,767.53	2.87%	16,159,660.30 106,025.78	27.78% (60,107.23)	A1 / A+ A+	2.38 2.24
US TREASURY									
912828L32	US Treasury Note 1.375% Due 8/31/2020	1,250,000.00	09/29/2015 1.37%	1,250,394.81 1,250,120.62	98.28 2.55%	1,228,515.00 46.71	2.10% (21,605.62)	Aaa / AA+ AAA	1.51 1.47
912828L99	US Treasury Note 1.375% Due 10/31/2020	800,000.00	11/23/2015 1.71%	787,471.43 795,761.27	98.08 2.56%	784,656.00 3,676.80	1.35% (11,105.27)	Aaa / AA+ AAA	1.67 1.63

Holdings Report

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828N89	US Treasury Note 1.375% Due 1/31/2021	1,300,000.00	03/09/2016 1.40%	1,298,734.82 1,299,502.99	97.83 2.54%	1,271,765.30 1,431.98	2.17% (27,737.69)	Aaa / AA+ AAA	1.93 1.88
912828B90	US Treasury Note 2% Due 2/28/2021	1,250,000.00	04/26/2016 1.40%	1,285,111.61 1,264,505.65	98.97 2.53%	1,237,110.00 67.93	2.11% (27,395.65)	Aaa / AA+ AAA	2.00 1.95
912828Q37	US Treasury Note 1.25% Due 3/31/2021	800,000.00	12/13/2016 1.81%	781,471.43 791,007.50	97.47 2.50%	779,750.40 4,175.82	1.34% (11,257.10)	Aaa / AA+ AAA	2.09 2.03
912828T34	US Treasury Note 1.125% Due 9/30/2021	1,300,000.00	11/09/2016 1.48%	1,278,016.07 1,288,373.76	96.62 2.48%	1,256,023.60 6,107.14	2.16% (32,350.16)	Aaa / AA+ AAA	2.59 2.51
912828F96	US Treasury Note 2% Due 10/31/2021	1,025,000.00	01/27/2017 1.94%	1,027,686.05 1,026,509.45	98.73 2.50%	1,011,947.65 6,852.21	1.74% (14,561.80)	Aaa / AA+ AAA	2.67 2.56
912828J43	US Treasury Note 1.75% Due 2/28/2022	1,360,000.00	03/13/2017 2.14%	1,335,407.68 1,345,130.54	97.88 2.49%	1,331,100.00 64.67	2.27% (14,030.54)	Aaa / AA+ AAA	3.00 2.90
912828XG0	US Treasury Note 2.125% Due 6/30/2022	1,100,000.00	08/15/2017 1.82%	1,115,601.34 1,110,678.76	98.82 2.49%	1,087,066.20 3,874.31	1.86% (23,612.56)	Aaa / AA+ AAA	3.34 3.19
912828L24	US Treasury Note 1.875% Due 8/31/2022	1,000,000.00	09/26/2017 1.87%	1,000,433.04 1,000,307.87	97.90 2.51%	978,984.00 50.95	1.67% (21,323.87)	Aaa / AA+ AAA	3.51 3.36
912828L57	US Treasury Note 1.75% Due 9/30/2022	1,240,000.00	10/17/2017 1.99%	1,226,243.75 1,230,040.41	97.43 2.50%	1,208,079.92 9,061.54	2.08% (21,960.49)	Aaa / AA+ AAA	3.59 3.42
912828N30	US Treasury Note 2.125% Due 12/31/2022	1,150,000.00	01/25/2018 2.46%	1,132,121.09 1,136,084.25	98.59 2.51%	1,133,828.70 4,050.41	1.94% (2,255.55)	Aaa / AA+ AAA	3.84 3.65
Total US Treasury		13,575,000.00	1.77%	13,518,693.12 13,538,023.07	2.51%	13,308,826.77 39,460.47	22.80% (229,196.30)	Aaa / AA+ AAA	2.66 2.56
				58,714,691.61		58,279,511.72	100.00%	Aa1 / AA	2.58
TOTAL PORTFOLIO		58,976,112.72	2.14%	58,799,076.11	2.64%	262,190.44	(519,564.39)	AAA	2.34
TOTAL MARKET VALUE PLUS ACCRUED						58,541,702.16			

Book Value Report

As of February 28, 2019



MIG	Book Value	12 Months or Less	13 to 24 Months	25 to 60 Months	Total Holdings
ABS	\$3,810,377.10	\$2,165,298.86	\$1,645,078.24	\$0.00	\$3,810,377.10
Agency	\$21,280,142.24	\$1,001,451.63	\$6,284,440.25	\$13,994,250.36	\$21,280,142.24
Money Market Fund FI	\$420,672.37	\$420,672.37	\$0.00	\$0.00	\$420,672.37
Supranational	\$3,530,093.80	\$0.00	\$1,473,252.71	\$2,056,841.09	\$3,530,093.80
US Corporate	\$16,219,767.53	\$3,405,475.22	\$2,902,601.90	\$9,911,690.41	\$16,219,767.53
US Treasury	\$13,538,023.07	\$0.00	\$3,345,384.88	\$10,192,638.19	\$13,538,023.07
TOTAL	\$58,799,076.11	\$6,992,898.08	\$15,650,757.98	\$36,155,420.05	\$58,799,076.11

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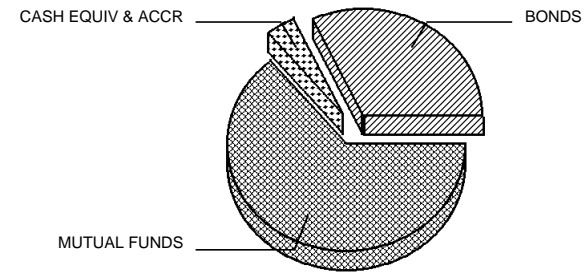
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ASSET SUMMARY

ASSETS	02/28/2019 MARKET	02/28/2019 BOOK VALUE	% OF MARKET
Cash And Equivalents	240,571.46	240,571.46	3.21
Corporate Issues	2,364,101.75	2,507,287.25	31.55
Mutual Funds-Equity	4,715,737.25	4,175,969.87	62.93
Mutual Funds-Fixed Income	150,133.23	149,845.15	2.00
Total Assets	7,470,543.69	7,073,673.73	99.69
Accrued Income	23,140.91	23,140.91	0.31
Grand Total	7,493,684.60	7,096,814.64	100.00

Estimated Annual Income **166,803.91**



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ASSET DETAIL

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cash And Equivalents						
Money Markets						
First Am Govt Ob Fd Cl Z 31846V567 Asset Minor Code 1	240,225.700	240,225.70 1.0000	240,225.70	.00 .00	419.81	2.28
Total Money Markets	240,225.700	240,225.70	240,225.70	.00 .00	419.81	2.27
Cash						
Cash		345.76	345.76			
Total Cash	.000	345.76	345.76	.00 .00	.00	0.00
Total Cash And Equivalents	240,225.700	240,571.46	240,571.46	.00 .00	419.81	2.27
Corporate Issues						
Apple Inc 2.850% 2/23/23 Standard & Poors Rating: AA+ Moodys Rating: Aa1 037833BU3 Asset Minor Code 28	150,000.000	150,033.00 100.0220	158,403.00	- 8,370.00 - 436.50	95.00	2.85
Bank Ny Mellon Mtn 5.450% 5/15/19 Standard & Poors Rating: A Moodys Rating: A1 06406HBM0 Asset Minor Code 28	200,000.000	201,038.00 100.5190	223,052.00	- 22,014.00 - 474.00	3,209.44	5.42

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Cisco Systems Inc 2.900% 3/04/21 Standard & Poors Rating: AA- Moody's Rating: A1 17275RAP7 Asset Minor Code 28	200,000.000	200,572.00 100.2860	207,884.00	- 7,312.00 220.00	2,851.67	2.89
Gen Elec Cap Crp Mtn 6.000% 8/07/19 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 36962G4D3 Asset Minor Code 28	175,000.000	177,047.50 101.1700	200,947.25	- 23,899.75 - 330.75	700.00	5.93
Gen Elec Cap Crp Mtn 5.500% 1/08/20 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 36962G4J0 Asset Minor Code 28	200,000.000	203,924.00 101.9620	228,930.00	- 25,006.00 - 280.00	1,619.44	5.39
General Elec Cap Mtn 3.100% 1/09/23 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 36962G6S8 Asset Minor Code 28	100,000.000	97,847.00 97.8470	106,031.00	- 8,184.00 431.00	447.78	3.17
Intercontinental 3.750% 12/01/25 Standard & Poors Rating: A Moody's Rating: A2 45866FAD6 Asset Minor Code 28	100,000.000	102,452.00 102.4520	104,231.00	- 1,779.00 117.00	937.50	3.66
Jp Morgan Chase Co 2.700% 5/18/23 Standard & Poors Rating: A- Moody's Rating: A2 46625HRL6 Asset Minor Code 28	75,000.000	73,677.75 98.2370	74,970.75	- 1,293.00 157.50	579.38	2.75
Kimberly Clark Corp 2.750% 2/15/26 Standard & Poors Rating: A Moody's Rating: A2 494368BU6 Asset Minor Code 28	100,000.000	96,356.00 96.3560	103,111.00	- 6,755.00 176.00	122.22	2.85

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Medtronic Inc 3.125% 3/15/22 Standard & Poors Rating: A Moody's Rating: A3 585055AX4 Asset Minor Code 28	200,000.000	201,084.00 100.5420	208,046.00	- 6,962.00 232.00	2,881.94	3.11
Mondelez Int 4.000% 2/01/24 Standard & Poors Rating: BBB Moody's Rating: Baa1 609207AB1 Asset Minor Code 28	100,000.000	102,063.00 102.0630	109,303.00	- 7,240.00 - 54.00	333.33	3.92
Nike Inc 2.375% 11/01/26 Standard & Poors Rating: AA- Moody's Rating: A1 654106AF0 Asset Minor Code 28	100,000.000	95,122.00 95.1220	94,613.00	509.00 4.00	791.67	2.50
Pepsico Inc 2.750% 4/30/25 Standard & Poors Rating: A+ Moody's Rating: A1 713448CT3 Asset Minor Code 28	75,000.000	73,857.00 98.4760	73,932.75	- 75.75 91.50	693.23	2.79
Suntrust Banks Inc 2.700% 1/27/22 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 867914BM4 Asset Minor Code 28	75,000.000	74,182.50 98.9100	75,130.50	- 948.00 469.50	191.25	2.73
Verizon 5.150% 9/15/23 Standard & Poors Rating: BBB+ Moody's Rating: Baa1 92343VBR4 Asset Minor Code 28	200,000.000	217,134.00 108.5670	230,048.00	- 12,914.00 - 154.00	4,749.44	4.74
Visa Inc 2.200% 12/14/20 Standard & Poors Rating: AA- Moody's Rating: A1 92826CAB8 Asset Minor Code 28	200,000.000	198,188.00 99.0940	204,764.00	- 6,576.00 - 514.00	941.11	2.22

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ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Wells Fargo Mtn 3.300% 9/09/24 Standard & Poors Rating: A- Moody's Rating: A2 94974BGA2 Asset Minor Code 28	100,000.000	99,524.00 99.5240	103,890.00	- 4,366.00 - 71.00	1,576.67	3.32
Total Corporate Issues	2,350,000.000	2,364,101.75	2,507,287.25	- 143,185.50 - 415.75	22,721.07	3.75

Mutual Funds

Mutual Funds-Equity

Columbia Contrarian Core Fund 19766M709 Asset Minor Code 98	15,811.326	386,428.81 24.4400	344,089.26	42,339.55 11,067.93	.00	1.33
Dfa Large Cap Intl Port. 233203868 Asset Minor Code 98	10,936.582	240,386.07 21.9800	227,607.58	12,778.49 5,358.92	.00	2.79
Dodge & Cox International Stock Fund 256206103 Asset Minor Code 98	4,277.333	174,729.05 40.8500	156,780.29	17,948.76 3,421.86	.00	2.64
Dodge & Cox Stock Fund 256219106 Asset Minor Code 98	3,201.635	611,512.29 191.0000	566,898.89	44,613.40 11,141.69	.00	1.52
Harbor Capital Appreciaton CI R 411512528 Asset Minor Code 98	3,425.305	243,847.46 71.1900	206,033.60	37,813.86 10,207.41	.00	0.29
Hartford Schroders Emerging Markets 41665H797 Asset Minor Code 98	19,660.937	299,829.29 15.2500	238,299.56	61,529.73 196.61	.00	1.25
Ishares Russell Mid Cap Etf 464287499 Asset Minor Code 94	7,223.000	387,513.95 53.6500	317,237.48	70,276.47 16,179.52	.00	1.71

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PARS/CITY OF BREA 115P
ACCOUNT 6746050800

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Period from February 1, 2019 to February 28, 2019

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Mfs International Growth R6 552746356 Asset Minor Code 98	5,355.119	174,041.37 32.5000	143,684.10	30,357.27 5,890.63	.00	1.24
Price T Rowe Growth Stk Fd Inc 741479406 Asset Minor Code 98	3,710.165	241,012.32 64.9600	201,477.85	39,534.47 5,862.06	.00	0.32
T Rowe Price New Horizons Fund I 779562206 Asset Minor Code 98	6,409.116	369,549.63 57.6600	286,864.46	82,685.17 25,636.47	.00	0.00
Undiscovered Mgrs Behavioral Value 904504479 Asset Minor Code 98	7,338.518	462,913.72 63.0800	450,199.86	12,713.86 16,658.44	.00	1.42
Vanguard Growth & Income Adm Shs#593 921913208 Asset Minor Code 98	13,222.374	1,004,371.53 75.9600	921,473.59	82,897.94 32,923.71	.00	1.72
Vanguard Real Estate Etf 922908553 Asset Minor Code 94	1,424.000	119,601.76 83.9900	115,323.35	4,278.41 825.92	.00	4.20
Total Mutual Funds-Equity	101,995.410	4,715,737.25	4,175,969.87	539,767.38 145,371.17	.00	1.45
Mutual Funds-Fixed Income						
Vanguard Short Term Invst Grade #539 922031836 Asset Minor Code 99	14,271.220	150,133.23 10.5200	149,845.15	288.08 285.42	.03	2.83
Total Mutual Funds-Fixed Income	14,271.220	150,133.23	149,845.15	288.08 285.42	.03	2.83
Total Mutual Funds	116,266.630	4,865,870.48	4,325,815.02	540,055.46 145,656.59	.03	1.49

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ATTACHMENT A



PARS/CITY OF BREA 115P
ACCOUNT 6746050800

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Period from February 1, 2019 to February 28, 2019

ASSET DETAIL (continued)

DESCRIPTION	SHARES/ FACE AMOUNT	MARKET PRICE/UNIT	BOOK VALUE	UNREALIZED GAIN (LOSS) SINCE INCEPTION/ CURRENT PERIOD	ENDING ACCRUAL	YIELD ON MARKET
Total Assets	2,706,492.330	7,470,543.69	7,073,673.73	396,869.96 145,240.84	23,140.91	2.23
Accrued Income	.000	23,140.91	23,140.91			
Grand Total	2,706,492.330	7,493,684.60	7,096,814.64			

ASSET DETAIL MESSAGES

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

For further information, please contact your account manager or relationship manager.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.60
Average Coupon	1.94%
Average Purchase YTM	1.95%
Average Market YTM	2.54%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.73 yrs
Average Life	2.73 yrs

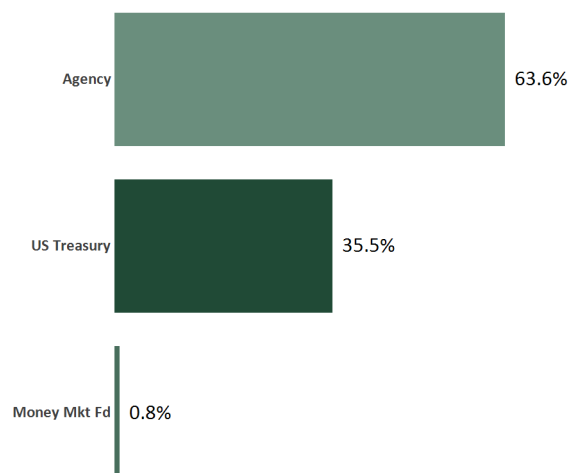
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	456,502	456,754
Accrued Interest	1,818	1,980
Total Market Value	458,319	458,733
Income Earned	720	710
Cont/WD		0
Par	462,700	461,812
Book Value	461,716	462,057
Cost Value	461,145	461,638

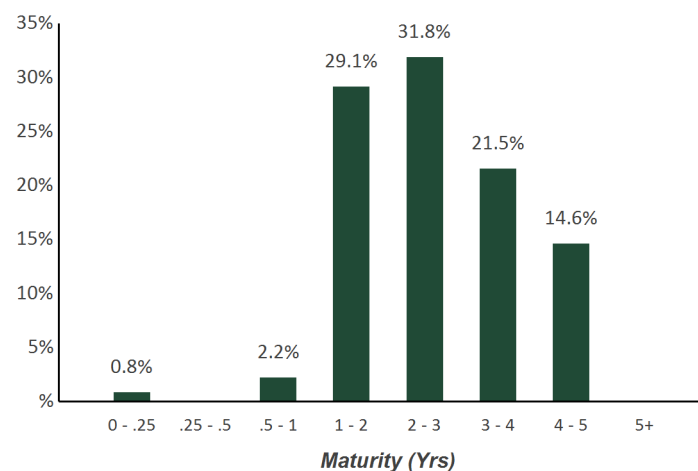
TOP ISSUERS

Government of United States	35.5%
Federal National Mortgage Assoc	30.8%
Federal Home Loan Bank	24.1%
Federal Home Loan Mortgage Corp	8.8%
Invesco Treasury Portfolio MMF	0.8%
Total	100.0%

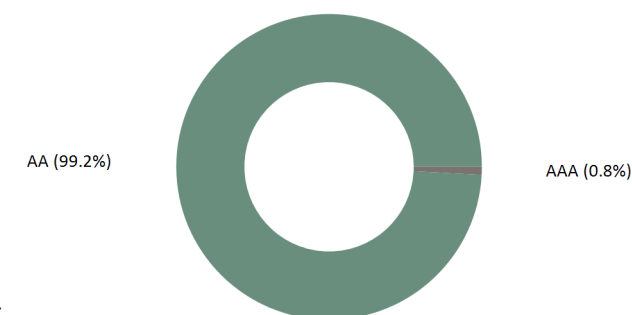
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	11/30/2009
Brea 05 CFD 97-1 Spec Tax Reserve Fund	0.09%	1.49%	0.39%	2.66%	1.15%	0.80%	1.34%	N/A	1.93%
ICE BAML 3-Month US Treasury Bill Index	0.18%	0.56%	0.38%	2.04%	1.51%	1.13%	0.70%	N/A	0.42%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$461,716.06
<u>Acquisition</u>		
+ Security Purchases	\$36,182.30	
+ Money Market Fund Purchases	\$625.26	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$36,807.56
<u>Dispositions</u>		
- Security Sales	\$29,765.70	
- Money Market Fund Sales	\$6,513.58	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$36,279.28
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$19.98	
		\$19.98
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$207.64)	
		(\$207.64)
ENDING BOOK VALUE		\$462,056.68

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$9,700.12
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$29,765.70	
Accrued Interest Received	\$145.83	
Interest Received	\$609.38	
Dividend Received	\$15.88	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$30,536.79	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$36,182.30	
Accrued Interest Paid	\$242.81	
Total Dispositions	\$36,425.11	
ENDING BOOK VALUE		\$3,811.80



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	10,000.00	03/25/2015 1.40%	9,933.90 9,991.39	99.26 2.51%	9,926.05 51.74	2.18% (65.34)	Aaa / AA+ AAA	0.59 0.58
313383HU8	FHLB Note 1.75% Due 6/12/2020	40,000.00	06/26/2015 1.87%	39,779.20 39,942.79	99.00 2.54%	39,599.44 153.61	8.67% (343.35)	Aaa / AA+ NR	1.29 1.26
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	35,000.00	03/11/2016 1.64%	34,566.00 34,826.59	97.81 2.52%	34,235.04 17.38	7.47% (591.55)	Aaa / AA+ AAA	1.98 1.93
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	43,000.00	10/27/2016 1.50%	42,738.13 42,862.03	97.06 2.55%	41,734.12 236.50	9.15% (1,127.91)	Aaa / AA+ AAA	2.61 2.52
3135G0S38	FNMA Note 2% Due 1/5/2022	40,000.00	04/24/2017 1.92%	40,142.40 40,086.44	98.55 2.53%	39,418.40 124.44	8.62% (668.04)	Aaa / AA+ AAA	2.85 2.74
3135G0T78	FNMA Note 2% Due 10/5/2022	30,000.00	01/09/2018 2.36%	29,518.50 29,634.07	98.14 2.54%	29,441.82 243.33	6.47% (192.25)	Aaa / AA+ AAA	3.60 3.42
3135G0T94	FNMA Note 2.375% Due 1/19/2023	30,000.00	06/13/2018 2.91%	29,319.90 29,425.15	99.42 2.53%	29,824.98 83.13	6.52% 399.83	Aaa / AA+ AAA	3.89 3.68
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	30,000.00	09/14/2018 2.97%	29,707.20 29,735.03	100.69 2.58%	30,207.87 165.00	6.62% 472.84	Aaa / AA+ AAA	4.31 4.02
3130A0F70	FHLB Note 3.375% Due 12/8/2023	35,000.00	02/21/2019 2.62%	36,182.30 36,177.57	103.28 2.64%	36,147.16 272.34	7.94% (30.41)	Aaa / AA+ AAA	4.78 4.37
Total Agency		293,000.00	2.14%	291,887.53 292,681.06	2.55%	290,534.88 1,347.47	63.63% (2,146.18)	Aaa / AA+ AAA	3.00 2.84
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	3,811.80	Various 1.99%	3,811.80 3,811.80	1.00 1.99%	3,811.80 0.00	0.83% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		3,811.80	1.99%	3,811.80 3,811.80	1.99%	3,811.80 0.00	0.83% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UV0	US Treasury Note 1.125% Due 3/31/2020	30,000.00	05/07/2015 1.57%	29,379.01 29,862.54	98.49 2.54%	29,547.66 140.93	6.47% (314.88)	Aaa / AA+ AAA	1.09 1.06
912828WCO	US Treasury Note 1.75% Due 10/31/2020	30,000.00	11/04/2015 1.63%	30,166.51 30,055.75	98.69 2.56%	29,606.25 175.48	6.49% (449.50)	Aaa / AA+ AAA	1.67 1.62

Holdings Report

As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828WN6	US Treasury Note 2% Due 5/31/2021	30,000.00	07/11/2016 1.01%	31,406.35 30,647.99	98.89 2.51%	29,666.01 150.00	6.50% (981.98)	Aaa / AA+ AAA	2.25 2.18
912828G53	US Treasury Note 1.875% Due 11/30/2021	35,000.00	01/18/2017 1.89%	34,974.14 34,985.37	98.37 2.49%	34,429.89 164.06	7.54% (555.48)	Aaa / AA+ AAA	2.76 2.65
912828J43	US Treasury Note 1.75% Due 2/28/2022	10,000.00	04/24/2017 1.84%	9,960.58 9,975.60	97.88 2.49%	9,787.50 0.48	2.13% (188.10)	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 8/31/2022	30,000.00	09/18/2017 1.84%	30,051.66 30,036.57	97.90 2.51%	29,369.52 1.53	6.40% (667.05)	Aaa / AA+ AAA	3.51 3.36
Total US Treasury		165,000.00	1.61%	165,938.25 165,563.82	2.52%	162,406.83 632.48	35.54% (3,156.99)	Aaa / AA+ AAA	2.31 2.23
TOTAL PORTFOLIO		461,811.80	1.95%	461,637.58 462,056.68	2.54%	456,753.51 1,979.95	100.00% (5,303.17)	Aaa / AA+ AAA	2.73 2.60
TOTAL MARKET VALUE PLUS ACCRUED						458,733.46			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.34
Average Coupon	1.86%
Average Purchase YTM	1.59%
Average Market YTM	2.52%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.44 yrs
Average Life	2.44 yrs

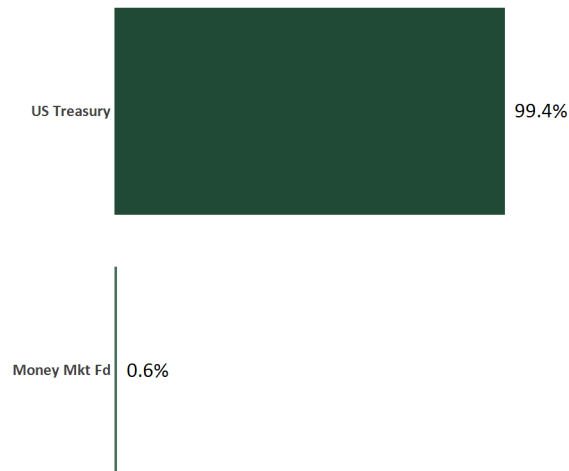
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	1,910,975	1,914,921
Accrued Interest	9,741	7,415
Total Market Value	1,920,716	1,922,335
Income Earned	2,450	2,289
Cont/WD		0
Par	1,931,154	1,941,842
Book Value	1,944,535	1,947,732
Cost Value	1,961,795	1,963,858

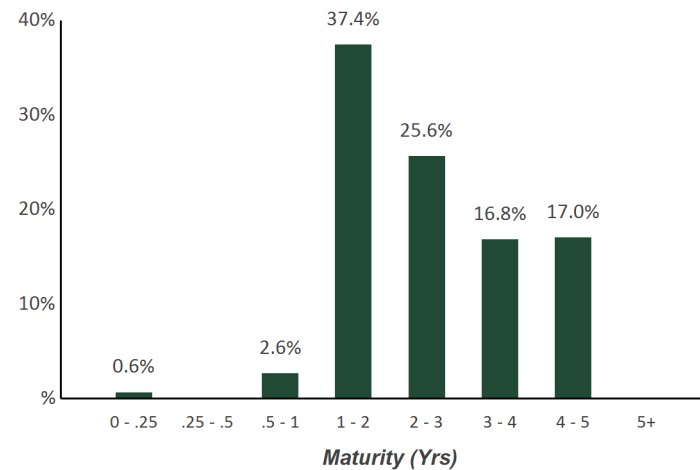
TOP ISSUERS

Government of United States	99.4%
Invesco Treasury Portfolio MMF	0.6%
Total	100.0%

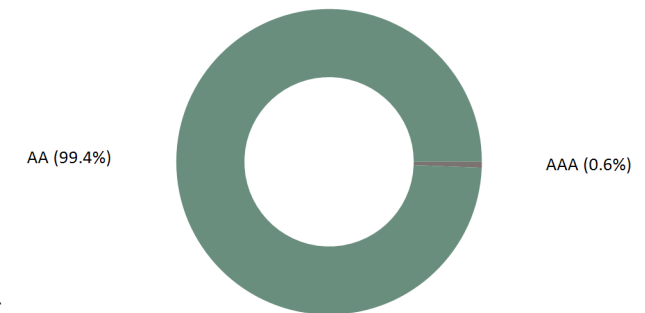
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				6/30/2009
					2YRS	3YRS	5YRS	10YRS	
Brea 2009 Water Revenue Bond Reserve Fund	0.08%	1.33%	0.37%	2.46%	1.03%	0.61%	1.23%	N/A	2.19%
ICE BAML 3-Month US Treasury Bill Index	0.18%	0.56%	0.38%	2.04%	1.51%	1.13%	0.70%	N/A	0.42%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$1,944,534.87
<u>Acquisition</u>		
+ Security Purchases	\$158,522.46	
+ Money Market Fund Purchases	\$5,568.81	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$164,091.27
<u>Dispositions</u>		
- Security Sales	\$114,088.09	
- Money Market Fund Sales	\$44,880.66	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$158,968.75
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$507.65)	
		(\$507.65)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$1,418.19)	
		(\$1,418.19)
ENDING BOOK VALUE		\$1,947,731.55

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$51,153.79
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$114,088.09	
Accrued Interest Received	\$398.08	
Interest Received	\$5,484.38	
Dividend Received	\$84.43	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$120,054.98	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$158,522.46	
Accrued Interest Paid	\$844.37	
Total Dispositions	\$159,366.83	
ENDING BOOK VALUE		\$11,841.94



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	11,841.94	Various 1.99%	11,841.94 11,841.94	1.00 1.99%	11,841.94 0.00	0.62% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		11,841.94	1.99%	11,841.94 11,841.94	1.99%	11,841.94 0.00	0.62% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828G61	US Treasury Note 1.5% Due 11/30/2019	50,000.00	08/24/2016 0.92%	50,933.76 50,214.64	99.23 2.54%	49,615.25 187.50	2.59% (599.39)	Aaa / AA+ AAA	0.75 0.74
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	135,000.00	Various 1.60%	132,834.83 134,544.83	98.73 2.55%	133,280.91 4.59	6.93% (1,263.92)	Aaa / AA+ AAA	1.00 0.98
912828UV0	US Treasury Note 1.125% Due 3/31/2020	100,000.00	05/07/2015 1.57%	97,930.02 99,541.80	98.49 2.54%	98,492.20 469.78	5.15% (1,049.60)	Aaa / AA+ AAA	1.09 1.06
912828XM7	US Treasury Note 1.625% Due 7/31/2020	165,000.00	08/24/2016 1.03%	168,796.84 166,369.61	98.71 2.56%	162,866.55 214.80	8.48% (3,503.06)	Aaa / AA+ AAA	1.42 1.39
912828WC0	US Treasury Note 1.75% Due 10/31/2020	160,000.00	Various 1.46%	161,991.55 160,755.73	98.69 2.56%	157,900.00 935.91	8.26% (2,855.73)	Aaa / AA+ AAA	1.67 1.62
912828A83	US Treasury Note 2.375% Due 12/31/2020	165,000.00	08/24/2016 1.08%	174,062.66 168,826.96	99.70 2.54%	164,510.12 649.52	8.59% (4,316.84)	Aaa / AA+ AAA	1.84 1.78
912828B90	US Treasury Note 2% Due 2/28/2021	165,000.00	08/24/2016 1.10%	171,516.76 167,886.67	98.97 2.53%	163,298.52 8.97	8.50% (4,588.15)	Aaa / AA+ AAA	2.00 1.95
912828WN6	US Treasury Note 2% Due 5/31/2021	160,000.00	Various 1.04%	167,290.77 163,373.25	98.89 2.51%	158,218.72 800.00	8.27% (5,154.53)	Aaa / AA+ AAA	2.25 2.18
912828F21	US Treasury Note 2.125% Due 9/30/2021	170,000.00	10/27/2016 1.38%	175,983.77 173,141.65	99.06 2.50%	168,399.62 1,508.52	8.84% (4,742.03)	Aaa / AA+ AAA	2.59 2.48
912828J43	US Treasury Note 1.75% Due 2/28/2022	165,000.00	04/24/2017 1.84%	164,349.58 164,597.39	97.88 2.49%	161,493.75 7.85	8.40% (3,103.64)	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 8/31/2022	165,000.00	09/18/2017 1.84%	165,284.15 165,201.12	97.90 2.51%	161,532.36 8.41	8.40% (3,668.76)	Aaa / AA+ AAA	3.51 3.36
9128284D9	US Treasury Note 2.5% Due 3/31/2023	165,000.00	06/13/2018 2.84%	162,518.55 162,887.01	99.95 2.51%	164,922.62 1,722.53	8.67% 2,035.61	Aaa / AA+ AAA	4.09 3.82



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	165,000.00	02/21/2019 2.52%	158,522.46 158,548.95	96.09 2.52%	158,548.17 896.22	8.29% (0.78)	Aaa / AA+ AAA	4.67 4.43
Total US Treasury		1,930,000.00	1.58%	1,952,015.70 1,935,889.61	2.53%	1,903,078.79 7,414.60	99.38% (32,810.82)	Aaa / AA+ AAA	2.45 2.35
TOTAL PORTFOLIO		1,941,841.94	1.59%	1,963,857.64 1,947,731.55	2.52%	1,914,920.73 7,414.60	100.00% (32,810.82)	Aaa / AA+ AAA	2.44 2.34
TOTAL MARKET VALUE PLUS ACCRUED						1,922,335.33			

Portfolio Summary

As of February 28, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.51
Average Coupon	1.89%
Average Purchase YTM	1.67%
Average Market YTM	2.52%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.63 yrs
Average Life	2.63 yrs

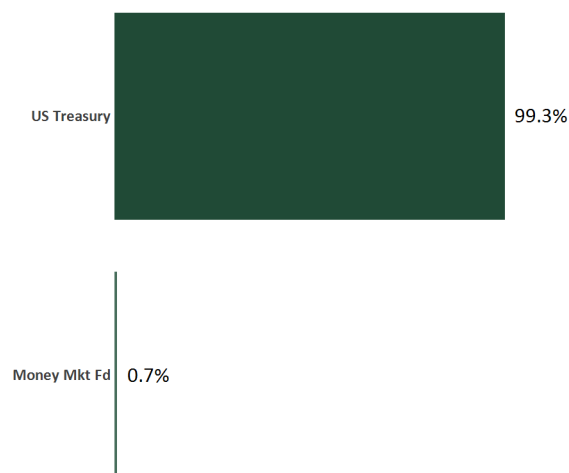
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	1,348,981	1,351,227
Accrued Interest	6,735	5,387
Total Market Value	1,355,716	1,356,614
Income Earned	1,856	1,724
Cont/WD		0
Par	1,363,795	1,370,620
Book Value	1,371,119	1,373,273
Cost Value	1,380,603	1,383,529

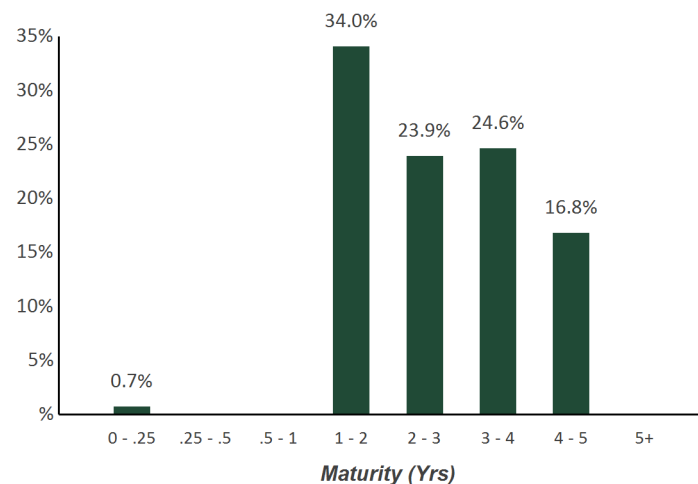
TOP ISSUERS

Government of United States	99.3%
Invesco Treasury Portfolio MMF	0.7%
Total	100.0%

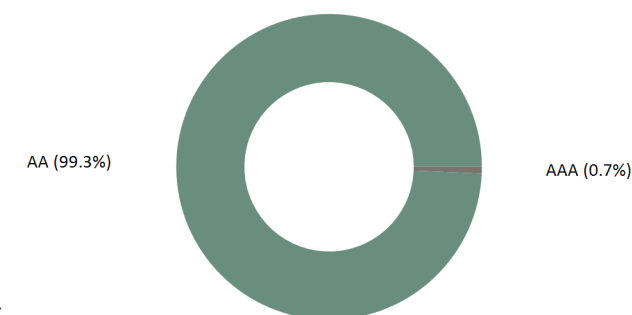
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	5/31/2010
Brea Water Revenue Bonds, Series B, Reserve Account	0.07%	1.41%	0.36%	2.52%	1.01%	0.61%	1.23%	N/A	1.83%
ICE BAML 3-Month US Treasury Bill Index	0.18%	0.56%	0.38%	2.04%	1.51%	1.13%	0.70%	N/A	0.44%

Reconciliation Summary

As of February 28, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$1,371,118.82
<u>Acquisition</u>		
+ Security Purchases	\$110,485.35	
+ Money Market Fund Purchases	\$3,453.05	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$113,938.40
<u>Dispositions</u>		
- Security Sales	\$78,962.50	
- Money Market Fund Sales	\$31,627.92	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$110,590.42
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$276.38)	
		(\$276.38)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$917.04)	
		(\$917.04)
ENDING BOOK VALUE		\$1,373,273.38

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$37,794.94
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$78,962.50	
Accrued Interest Received	\$483.43	
Interest Received	\$3,390.63	
Dividend Received	\$62.42	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$82,898.98	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$110,485.35	
Accrued Interest Paid	\$588.50	
Total Dispositions	\$111,073.85	
ENDING BOOK VALUE		\$9,620.07

Holdings Report

As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	9,620.07	Various 1.99%	9,620.07 9,620.07	1.00 1.99%	9,620.07 0.00	0.71% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		9,620.07	1.99%	9,620.07 9,620.07	1.99%	9,620.07 0.00	0.71% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	32,000.00	Various 1.40%	31,753.72 31,952.72	98.73 2.55%	31,592.51 1.09	2.33% (360.21)	Aaa / AA+ AAA	1.00 0.98
912828UV0	US Treasury Note 1.125% Due 3/31/2020	115,000.00	Various 1.47%	113,111.52 114,589.84	98.49 2.54%	113,266.03 540.26	8.39% (1,323.81)	Aaa / AA+ AAA	1.09 1.06
912828XM7	US Treasury Note 1.625% Due 7/31/2020	115,000.00	08/24/2016 1.03%	117,646.28 115,954.58	98.71 2.56%	113,513.05 149.71	8.38% (2,441.53)	Aaa / AA+ AAA	1.42 1.39
912828WC0	US Treasury Note 1.75% Due 10/31/2020	88,000.00	11/04/2015 1.63%	88,488.42 88,163.53	98.69 2.56%	86,845.00 514.75	6.44% (1,318.53)	Aaa / AA+ AAA	1.67 1.62
912828A83	US Treasury Note 2.375% Due 12/31/2020	115,000.00	08/24/2016 1.08%	121,316.40 117,667.28	99.70 2.54%	114,658.57 452.69	8.49% (3,008.71)	Aaa / AA+ AAA	1.84 1.78
912828B90	US Treasury Note 2% Due 2/28/2021	115,000.00	08/24/2016 1.10%	119,541.99 117,011.93	98.97 2.53%	113,814.12 6.25	8.39% (3,197.81)	Aaa / AA+ AAA	2.00 1.95
912828WN6	US Treasury Note 2% Due 5/31/2021	101,000.00	Various 1.03%	105,664.79 103,154.01	98.89 2.51%	99,875.57 505.00	7.40% (3,278.44)	Aaa / AA+ AAA	2.25 2.18
912828F21	US Treasury Note 2.125% Due 9/30/2021	110,000.00	10/27/2016 1.38%	113,871.85 112,032.83	99.06 2.50%	108,964.46 976.10	8.10% (3,068.37)	Aaa / AA+ AAA	2.59 2.48
912828J43	US Treasury Note 1.75% Due 2/28/2022	110,000.00	04/24/2017 1.84%	109,566.38 109,731.59	97.88 2.49%	107,662.50 5.23	7.94% (2,069.09)	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 8/31/2022	115,000.00	09/18/2017 1.84%	115,198.04 115,140.17	97.90 2.51%	112,583.16 5.86	8.30% (2,557.01)	Aaa / AA+ AAA	3.51 3.36
912828N30	US Treasury Note 2.125% Due 12/31/2022	115,000.00	01/09/2018 2.31%	113,993.75 114,223.70	98.59 2.51%	113,382.87 405.04	8.39% (840.83)	Aaa / AA+ AAA	3.84 3.65
9128284D9	US Treasury Note 2.5% Due 3/31/2023	115,000.00	06/13/2018 2.84%	113,270.51 113,527.32	99.95 2.51%	114,946.07 1,200.55	8.56% 1,418.75	Aaa / AA+ AAA	4.09 3.82

Holdings Report
As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	115,000.00	02/21/2019 2.52%	110,485.35 110,503.81	96.09 2.52%	110,503.27 624.64	8.19% (0.54)	Aaa / AA+ AAA	4.67 4.43
Total US Treasury		1,361,000.00	1.66%	1,373,909.00 1,363,653.31	2.52%	1,341,607.18 5,387.17	99.29% (22,046.13)	Aaa / AA+ AAA	2.65 2.53
TOTAL PORTFOLIO		1,370,620.07	1.67%	1,383,529.07 1,373,273.38	2.52%	1,351,227.25 5,387.17	100.00% (22,046.13)	Aaa / AA+ AAA	2.63 2.51
TOTAL MARKET VALUE PLUS ACCRUED						1,356,614.42			



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.51
Average Coupon	1.91%
Average Purchase YTM	1.65%
Average Market YTM	2.52%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.62 yrs
Average Life	2.62 yrs

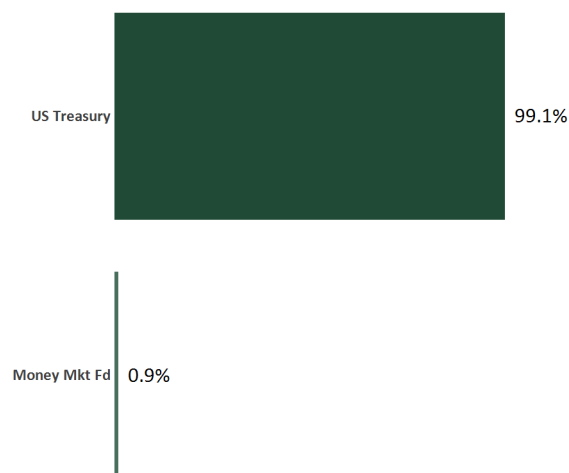
ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	262,305	262,756
Accrued Interest	1,342	1,058
Total Market Value	263,647	263,814
Income Earned	361	334
Cont/WD		0
Par	265,200	266,466
Book Value	266,746	267,220
Cost Value	268,654	269,368

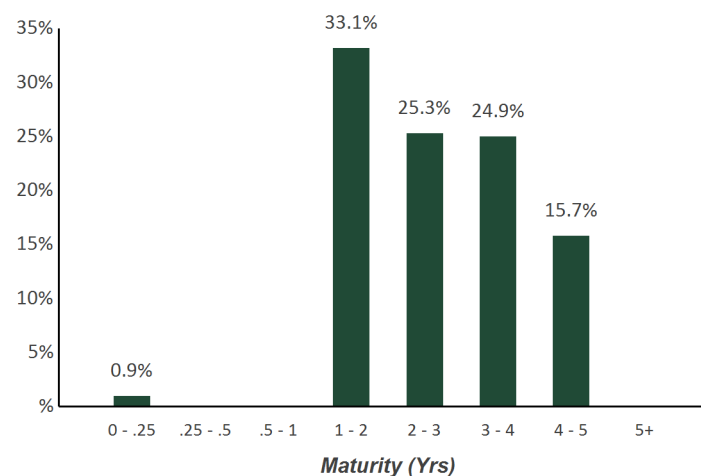
TOP ISSUERS

Government of United States	99.1%
Invesco Treasury Portfolio MMF	0.9%
Total	100.0%

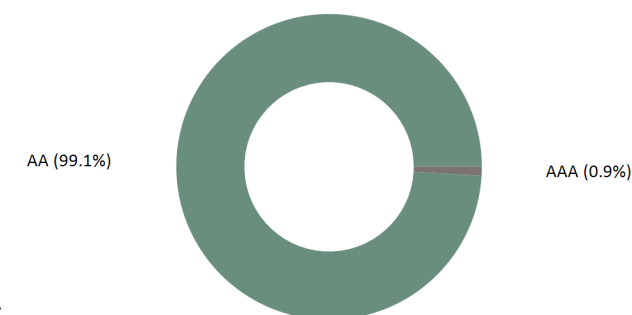
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	5/31/2010
Brea Lease Revenue Bonds, Reserve Account	0.06%	1.42%	0.36%	2.53%	1.01%	0.59%	1.23%	N/A	1.84%
ICE BAML 3-Month US Treasury Bill Index	0.18%	0.56%	0.38%	2.04%	1.51%	1.13%	0.70%	N/A	0.44%



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$266,746.43
<u>Acquisition</u>		
+ Security Purchases	\$19,214.84	
+ Money Market Fund Purchases	\$687.07	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$19,901.91
<u>Dispositions</u>		
- Security Sales	\$14,805.47	
- Money Market Fund Sales	\$4,421.08	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$19,226.55
<u>Amortization/Accretion</u>		
+/- Net Accretion	(\$57.49)	
		(\$57.49)
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	(\$144.62)	
		(\$144.62)
ENDING BOOK VALUE		\$267,219.68

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$6,200.28
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$14,805.47	
Accrued Interest Received	\$90.64	
Interest Received	\$676.88	
Dividend Received	\$10.19	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$15,583.18	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$19,214.84	
Accrued Interest Paid	\$102.35	
Total Dispositions	\$19,317.19	
ENDING BOOK VALUE		\$2,466.27



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	2,466.27	Various 1.99%	2,466.27 2,466.27	1.00 1.99%	2,466.27 0.00	0.93% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		2,466.27	1.99%	2,466.27 2,466.27	1.99%	2,466.27 0.00	0.93% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UQ1	US Treasury Note 1.25% Due 2/29/2020	5,000.00	Various 1.59%	4,922.14 4,983.68	98.73 2.55%	4,936.33 0.17	1.87% (47.35)	Aaa / AA+ AAA	1.00 0.98
912828UV0	US Treasury Note 1.125% Due 3/31/2020	17,000.00	05/07/2015 1.57%	16,648.10 16,922.11	98.49 2.54%	16,743.67 79.86	6.38% (178.44)	Aaa / AA+ AAA	1.09 1.06
912828XM7	US Treasury Note 1.625% Due 7/31/2020	22,000.00	08/24/2016 1.03%	22,506.25 22,182.62	98.71 2.56%	21,715.54 28.64	8.24% (467.08)	Aaa / AA+ AAA	1.42 1.39
912828WC0	US Treasury Note 1.75% Due 10/31/2020	22,000.00	Various 1.45%	22,276.59 22,105.05	98.69 2.56%	21,711.26 128.69	8.28% (393.79)	Aaa / AA+ AAA	1.67 1.62
912828A83	US Treasury Note 2.375% Due 12/31/2020	22,000.00	08/24/2016 1.08%	23,208.35 22,510.26	99.70 2.54%	21,934.68 86.60	8.35% (575.58)	Aaa / AA+ AAA	1.84 1.78
912828B90	US Treasury Note 2% Due 2/28/2021	22,000.00	08/24/2016 1.10%	22,868.90 22,384.89	98.97 2.53%	21,773.14 1.20	8.25% (611.75)	Aaa / AA+ AAA	2.00 1.95
912828WN6	US Treasury Note 2% Due 5/31/2021	20,000.00	07/11/2016 1.01%	20,937.57 20,432.00	98.89 2.51%	19,777.34 100.00	7.53% (654.66)	Aaa / AA+ AAA	2.25 2.18
912828F21	US Treasury Note 2.125% Due 9/30/2021	25,000.00	10/27/2016 1.38%	25,879.97 25,462.01	99.06 2.50%	24,764.65 221.84	9.47% (697.36)	Aaa / AA+ AAA	2.59 2.48
912828J43	US Treasury Note 1.75% Due 2/28/2022	24,000.00	04/24/2017 1.84%	23,905.39 23,941.44	97.88 2.49%	23,490.00 1.14	8.90% (451.44)	Aaa / AA+ AAA	3.00 2.90
912828L24	US Treasury Note 1.875% Due 8/31/2022	23,000.00	09/18/2017 1.84%	23,039.61 23,028.04	97.90 2.51%	22,516.63 1.17	8.54% (511.41)	Aaa / AA+ AAA	3.51 3.36
912828N30	US Treasury Note 2.125% Due 12/31/2022	20,000.00	01/09/2018 2.31%	19,825.00 19,864.99	98.59 2.51%	19,718.76 70.44	7.50% (146.23)	Aaa / AA+ AAA	3.84 3.65
912828D9	US Treasury Note 2.5% Due 3/31/2023	22,000.00	06/13/2018 2.84%	21,669.14 21,718.27	99.95 2.51%	21,989.68 229.67	8.42% 271.41	Aaa / AA+ AAA	4.09 3.82

Holdings Report
As of February 28, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T91	US Treasury Note 1.625% Due 10/31/2023	20,000.00	02/21/2019 2.52%	19,214.84 19,218.05	96.09 2.52%	19,217.96 108.63	7.33% (0.09)	Aaa / AA+ AAA	4.67 4.43
Total US Treasury		264,000.00	1.65%	266,901.85 264,753.41	2.52%	260,289.64 1,058.05	99.07% (4,463.77)	Aaa / AA+ AAA	2.64 2.53
TOTAL PORTFOLIO		266,466.27	1.65%	269,368.12 267,219.68	2.52%	262,755.91 1,058.05	100.00% (4,463.77)	Aaa / AA+ AAA	2.62 2.51
TOTAL MARKET VALUE PLUS ACCRUED						263,813.96			

Portfolio Summary

As of January 31, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.55
Average Coupon	1.96%
Average Purchase YTM	2.68%
Average Market YTM	2.45%
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.67 yrs
Average Life	2.67 yrs

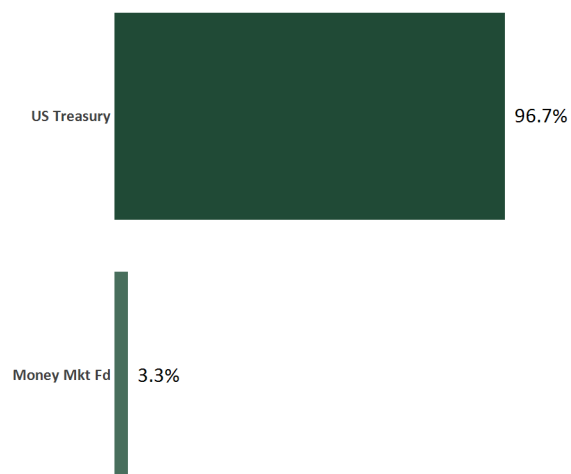
ACCOUNT SUMMARY

	Beg. Values as of 12/31/18	End Values as of 1/31/19
Market Value	674,453	675,459
Accrued Interest	2,978	4,082
Total Market Value	677,431	679,541
Income Earned	1,536	1,542
Cont/WD		0
Par	682,393	682,433
Book Value	670,110	670,547
Cost Value	667,556	667,596

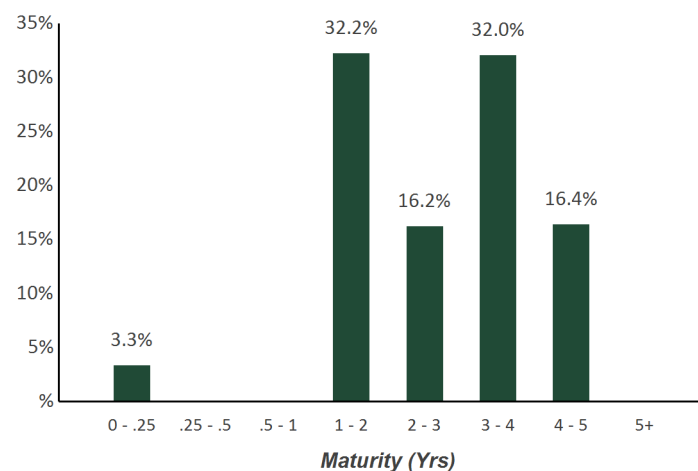
TOP ISSUERS

Government of United States	96.7%
Invesco Treasury Portfolio MMF	3.3%
Total	100.0%

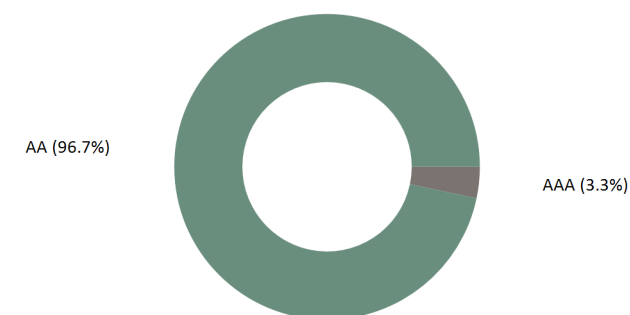
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	6/30/2018
Brea CFD 2008 2 17 Reserve Fund	0.31%	2.00%	0.31%	N/A	N/A	N/A	N/A	N/A	N/A
ICE BAML 3-5 Yr US Treasury/Agency Index	0.41%	2.69%	0.41%	N/A	N/A	N/A	N/A	N/A	N/A



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$670,109.50
<u>Acquisition</u>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$39.34	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$39.34
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$0.00
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$398.55	
		\$398.55
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$670,547.39

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$22,393.34
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$0.00	
Dividend Received	\$39.34	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$39.34	
<u>Dispositions</u>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$0.00	
ENDING BOOK VALUE		\$22,432.68

Holdings Report

As of January 31, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
825252109	Invesco Treasury MMFD Private Class	22,432.68	Various 1.98%	22,432.68 22,432.68	1.00 1.98%	22,432.68 0.00	3.30% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		22,432.68	1.98%	22,432.68 22,432.68	1.98%	22,432.68 0.00	3.30% 0.00	Aaa / AAA AAA	0.00 0.00
US TREASURY									
912828UV0	US Treasury Note 1.125% Due 3/31/2020	110,000.00	06/13/2018 2.57%	107,232.81 108,211.45	98.40 2.53%	108,238.24 421.57	15.99% 26.79	Aaa / AA+ AAA	1.16 1.14
912828A83	US Treasury Note 2.375% Due 12/31/2020	110,000.00	06/28/2018 2.58%	109,467.19 109,593.41	99.82 2.47%	109,798.04 230.94	16.19% 204.63	Aaa / AA+ AAA	1.92 1.86
912828F21	US Treasury Note 2.125% Due 9/30/2021	110,000.00	06/28/2018 2.64%	108,242.58 108,563.32	99.17 2.45%	109,084.80 796.29	16.17% 521.48	Aaa / AA+ AAA	2.67 2.55
912828J43	US Treasury Note 1.75% Due 2/28/2022	110,000.00	06/13/2018 2.79%	105,986.72 106,673.86	97.97 2.44%	107,769.97 818.92	15.98% 1,096.11	Aaa / AA+ AAA	3.08 2.95
912828L24	US Treasury Note 1.875% Due 8/31/2022	110,000.00	06/13/2018 2.82%	105,887.89 106,507.78	98.08 2.44%	107,885.91 877.42	16.01% 1,378.13	Aaa / AA+ AAA	3.58 3.41
9128284D9	US Treasury Note 2.5% Due 3/31/2023	110,000.00	06/13/2018 2.84%	108,345.70 108,564.89	100.23 2.44%	110,249.26 936.81	16.36% 1,684.37	Aaa / AA+ AAA	4.16 3.90
Total US Treasury		660,000.00	2.70%	645,162.89 648,114.71	2.46%	653,026.22 4,081.95	96.70% 4,911.51	Aaa / AA+ AAA	2.77 2.64
TOTAL PORTFOLIO		682,432.68	2.68%	667,595.57 670,547.39	2.45%	675,458.90 4,081.95	100.00% 4,911.51	Aaa / AA+ AAA	2.67 2.55
TOTAL MARKET VALUE PLUS ACCRUED						679,540.85			

City of Brea

COUNCIL COMMUNICATION

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: April 5 and 12, 2019 City Check Registers - Receive and file.

Attachments

04-05-19 Check Register

04-12-19 Check Register

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
180434	ARCTIC GLACIER USA, INC.	04/05/2019	26408	110404544	ICE FOR 2018 BREAFAST	\$424.33
ARCTIC GLACIER USA, INC.					Total Check Amount:	\$424.33
180435	ASCAP	04/05/2019	18811	110404311	2019 MUSIC LICNSE FEE	\$365.27
ASCAP					Total Check Amount:	\$365.27
180436	CALIFORNIA YELLOW CAB	04/05/2019	24712	110404525	SR TAXI RIDES FEB19	\$54.00
CALIFORNIA YELLOW CAB					Total Check Amount:	\$54.00
180437	CARNEY MEHR, A LEGAL CORP.	04/05/2019	28329	950000000	ILJAOC LGL SVCS FEB19	\$2,760.60
CARNEY MEHR, A LEGAL CORP.					Total Check Amount:	\$2,760.60
180438	NANCY CHIU ILLUSTRATION	04/05/2019	26344	110404541	ARTGALLERY CONS SALES	\$56.40
NANCY CHIU ILLUSTRATION					Total Check Amount:	\$56.40
180439	CINTAS	04/05/2019	24347	110404211	BCC FIRST AID RESTOCK	\$155.79
		04/05/2019	24347	110404542	THTR FRST AID RESTOCK	\$75.99
CINTAS					Total Check Amount:	\$231.78
180440	CITY OF BREA - WATER DEPT	04/05/2019	2039	341515112	WATER 2/6-3/7/19	\$373.89
		04/05/2019	2039	343515112	WATER 2/6-3/7/19	\$403.84
		04/05/2019	2039	345515112	WATER 2/6-3/7/19	\$509.11
		04/05/2019	2039	346515112	WATER 2/6-3/7/19	\$1,325.70
		04/05/2019	2039	347515112	WATER 2/6-3/7/19	\$191.52
		04/05/2019	2039	880515113	WATER 2/6-3/7/19	\$19.91
CITY OF BREA - WATER DEPT					Total Check Amount:	\$2,823.97
180441	COUNTY OF ORANGE	04/05/2019	4799	110212122	PRKNG CITATIONS FEB19	\$5,845.00
COUNTY OF ORANGE					Total Check Amount:	\$5,845.00
180442	CSUF-CAL STATE UNIVERSITY FULLERTON	04/05/2019	22792	110141481	LIVE SCAN FEB 2019	\$22.00
		04/05/2019	22792	110141481	LIVE SCAN JAN 2019	\$22.00
CSUF-CAL STATE UNIVERSITY FULLERTON					Total Check Amount:	\$44.00
180443	DELTA DENTAL INSURANCE COMPANY	04/05/2019	26074	110	05-R103125 DENTAL APR	\$1,943.45
DELTA DENTAL INSURANCE COMPANY					Total Check Amount:	\$1,943.45
180444	DELTA T HVAC, INC.	04/05/2019	28265	490515151	REPL BCC AC CONTROLLR	\$470.00
		04/05/2019	28265	490515151	TROUBLESHOOT BCC AC16	\$220.00
DELTA T HVAC, INC.					Total Check Amount:	\$690.00
180445	DJS PLUS	04/05/2019	8022	110404217	DJ - 6TH GRADE DANCE	\$400.00
DJS PLUS					Total Check Amount:	\$400.00
180446	SOUTHERN CALIFORNIA EDISON	04/05/2019	3343	110515121	ELECTRICITY FEB/MAR19	\$121.66
SOUTHERN CALIFORNIA EDISON					Total Check Amount:	\$121.66
180447	EMERGENCY SERVICES RESTORATION, INC	04/05/2019	19476	430515123	EMERG SEWER CLNUP:ELM	\$275.00
EMERGENCY SERVICES RESTORATION, INC					Total Check Amount:	\$275.00
180448	FRANCHISE TAX BOARD	04/05/2019	13287	110	CD912245780 032919 PR	\$200.14
FRANCHISE TAX BOARD					Total Check Amount:	\$200.14

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
180449	TERESA S GALLO	04/05/2019	24583	110404541	ARTGALLERY CONS SALES	\$35.00
TERESA S GALLO					Total Check Amount:	\$35.00
180450	THE GAS COMPANY	04/05/2019	3749	490515151	GAS FEB/MAR19-2	\$219.83
THE GAS COMPANY					Total Check Amount:	\$219.83
180451	GATEWAY URGENT CARE CENTER	04/05/2019	27352	110141481	MEDICAL SVCS FEB 2019	\$750.00
GATEWAY URGENT CARE CENTER					Total Check Amount:	\$750.00
180452	IN TIME SERVICES INC.	04/05/2019	20876	950000000	ILJAOC ISE APR-JUN19	\$51,525.00
IN TIME SERVICES INC.					Total Check Amount:	\$51,525.00
180453	INLAND WATER WORKS SUPPLY CO	04/05/2019	23904	420515131	READING LIDS	\$739.17
INLAND WATER WORKS SUPPLY CO					Total Check Amount:	\$739.17
180454	INTELLI-TECH	04/05/2019	8774	475141471	HP ELITE LED MONITOR	\$10,520.58
INTELLI-TECH					Total Check Amount:	\$10,520.58
180455	CHARLES KEELING	04/05/2019	4274	110404541	ARTGALLERY CONS SALES	\$112.00
CHARLES KEELING					Total Check Amount:	\$112.00
180456	FRED LAI	04/05/2019	27281	110000000	DEPOSIT REFUND	\$12.00
FRED LAI					Total Check Amount:	\$12.00
180457	LAW OFFICES OF JONES & MAYER	04/05/2019	12144	110111112	LEGAL:CODE ENF FEB19	\$1,762.91
LAW OFFICES OF JONES & MAYER					Total Check Amount:	\$1,762.91
180458	LIFE-ASSIST, INC.	04/05/2019	10530	174222222	PM MEDS FIRE STN #3	\$1,357.37
		04/05/2019	10530	174222222	PM SUPPLIES FS3	\$132.53
LIFE-ASSIST, INC.					Total Check Amount:	\$1,489.90
180459	LIMBACH COMPANY LP	04/05/2019	21671	510707942	REPL CARRIER AHU2 @P2	\$16,884.00
LIMBACH COMPANY LP					Total Check Amount:	\$16,884.00
180460	TINA MAKRIS	04/05/2019	28366	110404311	TEAM BLDG EVENT 3/6	\$100.00
TINA MAKRIS					Total Check Amount:	\$100.00
180461	ORANGE COUNTY WINWATER WORKS	04/05/2019	28030	420515131	GASKET	\$105.60
		04/05/2019	28030	420515131	PLUMBING SUPPLIES	\$4,715.13
ORANGE COUNTY WINWATER WORKS					Total Check Amount:	\$4,820.73
180462	OFFICE DEPOT, INC	04/05/2019	4743	110111143	OFFICE SUPPLIES	\$94.30
		04/05/2019	4743	110111152	OFFICE SUPPLIES	\$57.30
		04/05/2019	4743	110404311	OFFICE SUPPLIES	\$278.55
OFFICE DEPOT, INC					Total Check Amount:	\$430.15
180463	ORANGE COUNTY ROMANCE WRITERS	04/05/2019	28271	830	RENTAL DEPOSIT REFUND	\$300.00
ORANGE COUNTY ROMANCE WRITERS					Total Check Amount:	\$300.00
180464	ORANGE COUNTY STRIPING SERVICE	04/05/2019	10223	510707219	ST COLLEGE STRIPING	\$4,606.11
ORANGE COUNTY STRIPING SERVICE					Total Check Amount:	\$4,606.11
180465	PETTY CASH CUSTODIAN	04/05/2019	15657	110	PETTY CASH REPL 3/28	\$170.00
PETTY CASH CUSTODIAN					Total Check Amount:	\$170.00
180466	PETTY CASH CUSTODIAN	04/05/2019	15835	110	PETTY CASH REPL 3/26	\$226.32

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
PETTY CASH CUSTODIAN						Total Check Amount:
180467	JENNIFER DIANE SIGLIN	04/05/2019	17663	110404542	BYT LOGO DESIGN	\$75.00
JENNIFER DIANE SIGLIN						Total Check Amount:
180468	TAMS-WITMARK MUSIC LIBRARY, INC.	04/05/2019	10463	110404542	EDWIN DROOD 11/2019	\$3,464.38
TAMS-WITMARK MUSIC LIBRARY, INC.						Total Check Amount:
180469	TRAFFIC MANAGEMENT, INC.	04/05/2019	28282	510707442	57/IMP TRAFFC CONTROL	\$6,228.00
TRAFFIC MANAGEMENT, INC.						Total Check Amount:
180470	TURNOUT MAINTENANCE COMPANY, LLC	04/05/2019	19898	174222222	CLOTHING	\$452.55
TURNOUT MAINTENANCE COMPANY, LLC						Total Check Amount:
180471	UNIFIRST CORPORATION	04/05/2019	27988	110515121	UNIFORM SVCS MAR 2019	\$54.72
		04/05/2019	27988	110515125	UNIFORM SVCS MAR 2019	\$30.95
		04/05/2019	27988	110515141	UNIFORM SVCS MAR 2019	\$74.97
		04/05/2019	27988	110515143	UNIFORM SVCS MAR 2019	\$16.32
		04/05/2019	27988	110515144	UNIFORM SVCS MAR 2019	\$54.12
		04/05/2019	27988	360515145	UNIFORM SVCS MAR 2019	\$41.80
		04/05/2019	27988	420515131	UNIFORM SVCS MAR 2019	\$180.48
		04/05/2019	27988	430515123	UNIFORM SVCS MAR 2019	\$41.16
		04/05/2019	27988	440515126	UNIFORM SVCS MAR 2019	\$11.52
		04/05/2019	27988	480515161	UNIFORM SVCS MAR 2019	\$135.46
		04/05/2019	27988	490515151	UNIFORM SVCS MAR 2019	\$236.34
UNIFIRST CORPORATION						Total Check Amount:
						Check Subtotal
						\$122,037.07
V31986	AESTHETIC CONCRETE	04/05/2019	28089	110404541	ARTGALLERY CONS SALES	\$47.60
AESTHETIC CONCRETE						Total Check Amount:
V31987	A-LINE INC	04/05/2019	24598	110515121	REMOVAL OF LIGHT POLE	\$795.00
A-LINE INC						Total Check Amount:
V31988	ERIN ALTHEA	04/05/2019	27896	110404541	ARTGALLERY CONS SALES	\$51.00
ERIN ALTHEA						Total Check Amount:
V31989	ANAHEIM ICE MANAGEMENT	04/05/2019	15170	110404145	ICE SKATING CLASS	\$154.00
ANAHEIM ICE MANAGEMENT						Total Check Amount:
V31990	JANET BIRCH	04/05/2019	25982	110404521	SR CTR YOGA MAR 2019	\$100.00
JANET BIRCH						Total Check Amount:
V31991	PIERRE BOUNAUD	04/05/2019	23814	110404541	ARTGALLERY CONS SALES	\$65.80
PIERRE BOUNAUD						Total Check Amount:
V31992	BPSEA MEMORIAL FOUNDATION	04/05/2019	14990	110	DED:4050 MEMORIAL	\$232.00
BPSEA MEMORIAL FOUNDATION						Total Check Amount:
V31993	BREA CITY EMPLOYEES ASSOCIATION	04/05/2019	3236	110	DED:4005 BCEA MEMBFEE	\$570.00
BREA CITY EMPLOYEES ASSOCIATION						Total Check Amount:
						\$570.00

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V31994	BYRNE SOFTWARE TECHNOLOGIES, INC.	04/05/2019	27471	110323241	ACCELA IMPL 3/9-3/15	\$330.00
BYRNE SOFTWARE TECHNOLOGIES, INC.					Total Check Amount:	\$330.00
V31995	C. WELLS PIPELINE MATERIALS INC	04/05/2019	13055	420515131	PLUMBING SUPPLIES	\$6,847.68
C. WELLS PIPELINE MATERIALS INC					Total Check Amount:	\$6,847.68
V31996	CALIFORNIA FOUNDATION	04/05/2019	28259	110404214	PIANO KEYBOARD CLASS	\$315.00
CALIFORNIA FOUNDATION					Total Check Amount:	\$315.00
V31997	CANNINGS ACE HARDWARE	04/05/2019	15828	410515124	CATCH BASIN MATERIALS	\$30.27
CANNINGS ACE HARDWARE					Total Check Amount:	\$30.27
V31998	CANON FINANCIAL SERVICES, INC.	04/05/2019	20648	110141441	13-COPIER LEASE MAR19	\$3,480.64
CANON FINANCIAL SERVICES, INC.					Total Check Amount:	\$3,480.64
V31999	CORE & MAIN LP	04/05/2019	27049	420515131	REBILL INV #K097656	(\$228.97)
		04/05/2019	27049	420515131	SPOOL	\$199.34
		04/05/2019	27049	420515131	WATER METER ENCODERS	\$2,719.95
		04/05/2019	27049	420515131	WATER METERS	\$6,078.52
		CORE & MAIN LP				
V32000	DANGELO CO	04/05/2019	4562	420515131	GASKET	\$175.03
DANGELO CO					Total Check Amount:	\$175.03
V32001	AMANDA DIAZ DBA PANACHE	04/05/2019	27402	110404541	ARTGALLERY CONS SALES	\$467.27
AMANDA DIAZ DBA PANACHE					Total Check Amount:	\$467.27
V32002	DOG DEALERS, INC	04/05/2019	3573	110404145	DOG MANNERS	\$42.00
		04/05/2019	3573	110404145	DOG OBEDIENCE TRNG	\$196.00
DOG DEALERS, INC					Total Check Amount:	\$238.00
V32003	EQUIPMENT DIRECT INC	04/05/2019	4522	110515121	SAFETY MATERIAL	\$129.14
		04/05/2019	4522	110515125	SAFETY GLOVES	\$106.96
		04/05/2019	4522	110515125	SAFETY VEST	\$26.47
		04/05/2019	4522	410515124	RAIN GEAR	\$62.87
		04/05/2019	4522	420515131	CLOTHING	\$213.75
		04/05/2019	4522	420515131	RAIN JACKET	\$45.02
EQUIPMENT DIRECT INC					Total Check Amount:	\$584.21
V32004	ERIN VAUGHAN ILLUSTRATION	04/05/2019	26610	110404541	ARTGALLERY CONS SALES	\$195.50
ERIN VAUGHAN ILLUSTRATION					Total Check Amount:	\$195.50
V32005	KIYOMI FUKUI	04/05/2019	28086	110404541	ARTGALLERY CONS SALES	\$45.50
KIYOMI FUKUI					Total Check Amount:	\$45.50
V32006	FUN WITH HORSES	04/05/2019	15171	110404145	HORSE FUN CLASS	\$127.50
FUN WITH HORSES					Total Check Amount:	\$127.50
V32007	DON GOLDEN	04/05/2019	10729	110000000	INSP SVCS 3/14-3/27	\$8,141.26
		04/05/2019	10729	110323242	INSP SVCS 3/14-3/27	\$337.21
DON GOLDEN					Total Check Amount:	\$8,478.47

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V32008	GRAINGER	04/05/2019	13634	420515131	CR TO INV #9106321293	(\$90.94)
		04/05/2019	13634	420515131	PLUMBING SUPPLIES	\$2,672.22
GRAINGER					Total Check Amount:	\$2,581.28
V32009	HCI SYSTEMS INC	04/05/2019	25112	490515151	BCC ALARM REPAIR	\$2,842.62
HCI SYSTEMS INC					Total Check Amount:	\$2,842.62
V32010	THERESA HILL	04/05/2019	15610	110212111	TRAINING EXPENSES	\$64.72
THERESA HILL					Total Check Amount:	\$64.72
V32011	HITECH SOFTWARE INC	04/05/2019	19937	110515125	CAR COUNT SYS MNT MAR	\$920.00
HITECH SOFTWARE INC					Total Check Amount:	\$920.00
V32012	JAMES LEE HOWE	04/05/2019	5953	110404145	ADULT GOLF CLASS	\$60.00
		04/05/2019	5953	110404145	JUNIOR GOLF CLASS	\$120.00
JAMES LEE HOWE					Total Check Amount:	\$180.00
V32013	INFOSEND, INC.	04/05/2019	19016	110111151	INSERT:LOVE BREA 2019	\$54.94
		04/05/2019	19016	110404214	INSERT:SPRNG BOUTIQUE	\$54.94
		04/05/2019	19016	110404521	INSERT:SR CTR WRKSHOP	\$54.93
		04/05/2019	19016	420141421	WATER:FEB19 POSTAGE	\$4,246.59
		04/05/2019	19016	420141421	WATER:FEB19 PRNT/MAIL	\$1,517.24
		04/05/2019	19016	440515126	INSERT/SWEEPNG/PARKNG	\$54.93
INFOSEND, INC.					Total Check Amount:	\$5,983.57
V32014	ITRON, INC.	04/05/2019	3773	420515131	ELECT.READNG TRNSMTTR	\$4,654.80
ITRON, INC.					Total Check Amount:	\$4,654.80
V32015	LUCY KRUSE	04/05/2019	16529	110212111	TRAINING MILEAGE	\$102.66
LUCY KRUSE					Total Check Amount:	\$102.66
V32016	DANYELL LAGRAFFE	04/05/2019	27892	110404541	ARTGALLERY CONS SALES	\$141.16
DANYELL LAGRAFFE					Total Check Amount:	\$141.16
V32017	MEREDITH K LASKOW	04/05/2019	5178	110404541	ARTGALLERY CONS SALES	\$87.50
MEREDITH K LASKOW					Total Check Amount:	\$87.50
V32018	ELIZABETH LUSK	04/05/2019	16911	110212111	TRAINING MILEAGE	\$106.22
ELIZABETH LUSK					Total Check Amount:	\$106.22
V32019	PAMELA MASICK	04/05/2019	28359	110404541	ARTGALLERY CONS SALES	\$35.00
PAMELA MASICK					Total Check Amount:	\$35.00
V32020	MAYTAG SPECIALIST	04/05/2019	21269	490515151	FS3 DISHWASHER REPAIR	\$200.00
MAYTAG SPECIALIST					Total Check Amount:	\$200.00
V32021	TAWNY MCCANN	04/05/2019	27895	110404541	ARTGALLERY CONS SALES	\$88.20
TAWNY MCCANN					Total Check Amount:	\$88.20
V32022	DAWN MENDELSON	04/05/2019	16701	110404541	ARTGALLERY CONS SALES	\$35.00
		04/05/2019	16701	110404541	MOSAIC PANELS WRKSHOP	\$800.00
DAWN MENDELSON					Total Check Amount:	\$835.00

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V32023	TINA MEYER	04/05/2019	12786	110212111	TRAINING MILEAGE	\$102.66
TINA MEYER					Total Check Amount:	\$102.66
V32024	AVESHA MICHAEL	04/05/2019	28088	110404541	ARTGALLERY CONS SALES	\$35.00
AVESHA MICHAEL					Total Check Amount:	\$35.00
V32025	MINER, LTD	04/05/2019	27173	490515151	SCOUT CTR DOOR REPAIR	\$356.50
MINER, LTD					Total Check Amount:	\$356.50
V32026	EVE MARIE MOBLEY	04/05/2019	28356	110404541	ARTGALLERY CONS SALES	\$57.95
EVE MARIE MOBLEY					Total Check Amount:	\$57.95
V32027	MUNICIPAL WATER DISTRICT	04/05/2019	3784	420515131	WATER DELIVERY FEB19	\$15,997.65
MUNICIPAL WATER DISTRICT					Total Check Amount:	\$15,997.65
V32028	MYERS AND SONS	04/05/2019	21624	510707702	"NO OUTLET" SIGN	\$109.60
MYERS AND SONS					Total Check Amount:	\$109.60
V32029	NORDIC FOX DESIGN CO., LLC	04/05/2019	28087	110404541	ARTGALLERY CONS SALES	\$202.93
NORDIC FOX DESIGN CO., LLC					Total Check Amount:	\$202.93
V32030	ORANGE COUNTY UNITED WAY	04/05/2019	3451	110	DED:5005 UNITED WAY	\$12.40
ORANGE COUNTY UNITED WAY					Total Check Amount:	\$12.40
V32031	OZUNA ELECTRIC CO.INC.	04/05/2019	18504	110515121	WIRE REPAIR	\$1,610.00
		04/05/2019	18504	110515121	WIRING REPAIR	\$1,209.00
OZUNA ELECTRIC CO.INC.					Total Check Amount:	\$2,819.00
V32032	PARACLETE FIRE AND SAFETY, INC.	04/05/2019	17760	110222223	FIRE EXT SVC @ FS3	\$64.79
PARACLETE FIRE AND SAFETY, INC.					Total Check Amount:	\$64.79
V32033	SCARLET PEÑALOZA	04/05/2019	27890	110404541	ARTGALLERY CONS SALES	\$267.93
SCARLET PEÑALOZA					Total Check Amount:	\$267.93
V32034	PLACEWORKS, INC.	04/05/2019	26720	110000000	PROF SVCS FEB 2019	\$37,694.96
PLACEWORKS, INC.					Total Check Amount:	\$37,694.96
V32035	READWRITE EDUCATIONAL, INC.	04/05/2019	3444	110404145	READING DEV CLASS	\$250.00
READWRITE EDUCATIONAL, INC.					Total Check Amount:	\$250.00
V32036	CATHERINE REX	04/05/2019	28150	110404541	ARTGALLERY CONS SALES	\$49.00
CATHERINE REX					Total Check Amount:	\$49.00
V32037	MONICA RINCON	04/05/2019	27401	110404541	ARTGALLERY CONS SALES	\$301.00
MONICA RINCON					Total Check Amount:	\$301.00
V32038	CHARLES ROBERT	04/05/2019	24585	110404145	YOUTH KUNG-FU	\$25.00
CHARLES ROBERT					Total Check Amount:	\$25.00
V32039	ROTH STAFFING COMPANIES LP	04/05/2019	27579	110141431	TEMP STAFF 3/4-3/10	\$969.73
		04/05/2019	27579	420141431	TEMP STAFF 3/4-3/10	\$290.92
		04/05/2019	27579	430141431	TEMP STAFF 3/4-3/10	\$290.91
		04/05/2019	27579	630141432	TEMP STAFF 3/4-3/10	\$387.89
ROTH STAFFING COMPANIES LP					Total Check Amount:	\$1,939.45
V32040	SAGECREST PLANNING & ENVIRONMENTAL	04/05/2019	27578	110000000	SR PLANNER JAN 2019	\$5,223.75

City Check Register for: Apr 5, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
SAGECREST PLANNING & ENVIRONMENTAL						Total Check Amount: \$5,223.75
V32041	MARYAM SANATI	04/05/2019	28355	110404541	ARTGALLERY CONS SALES	\$38.50
MARYAM SANATI						Total Check Amount: \$38.50
V32042	ROBERT SCHULTZ	04/05/2019	28354	110404542	ARTGALLERY CONS SALES	\$130.25
ROBERT SCHULTZ						Total Check Amount: \$130.25
V32043	DONNA SMITH	04/05/2019	26136	110404145	LINE DANCING CLASS	\$352.50
DONNA SMITH						Total Check Amount: \$352.50
V32044	AIMEE SONES	04/05/2019	24801	110404541	ARTGALLERY CONS SALES	\$116.10
AIMEE SONES						Total Check Amount: \$116.10
V32045	SPECTRUM GAS PRODUCTS, INC.	04/05/2019	16060	174222222	OXYGEN	\$43.50
SPECTRUM GAS PRODUCTS, INC.						Total Check Amount: \$43.50
V32046	STAGELIGHT PERFORMING ARTS	04/05/2019	25172	110404145	GROUP VOCAL LESSONS	\$65.00
STAGELIGHT PERFORMING ARTS						Total Check Amount: \$65.00
V32047	SUPERION, LLC	04/05/2019	26879	475141471	ASP BACKUP SVCS APR19	\$1,908.30
SUPERION, LLC						Total Check Amount: \$1,908.30
V32048	LI SHA TAN	04/05/2019	28085	110404541	ARTGALLERY CONS SALES	\$40.65
LI SHA TAN						Total Check Amount: \$40.65
V32049	JACKIE TEMPLIN	04/05/2019	24802	110404541	ARTGALLERY CONS SALES	\$114.10
JACKIE TEMPLIN						Total Check Amount: \$114.10
V32050	THOMSON REUTERS - WEST	04/05/2019	22020	110111112	431851 CHGS 2/5-3/4	\$125.00
THOMSON REUTERS - WEST						Total Check Amount: \$125.00
V32051	TMK INDUSTRIAL FASTENERS	04/05/2019	20181	420515131	NUTS & BOLTS	\$153.01
TMK INDUSTRIAL FASTENERS						Total Check Amount: \$153.01
V32052	TRANS UNION LLC	04/05/2019	8371	110141481	HR SVCS 1/26-2/25/19	\$27.78
TRANS UNION LLC						Total Check Amount: \$27.78
V32053	TROPICAL PLAZA NURSERY, INC	04/05/2019	2062	110515141	PARK/MSM MNT MAR 2019	\$2,529.61
		04/05/2019	2062	110515143	CITY LANDSCAPE MAR19	\$12,483.10
		04/05/2019	2062	110515148	TRACKS SEG 2 MAR 2019	\$899.44
		04/05/2019	2062	110515148	TRACKS SEG 3 MAR 2019	\$2,428.03
		04/05/2019	2062	110515148	TRACKS SEG 4 MAR 2019	\$1,985.50
		04/05/2019	2062	341515112	MNT DISTRICT #1 MAR19	\$1,166.91
		04/05/2019	2062	343515112	MNT DISTRICT #3 MAR19	\$1,979.91
		04/05/2019	2062	345515112	MNT DISTRICT #5 MAR19	\$2,377.29
		04/05/2019	2062	346515112	MNT DISTRICT #6 MAR19	\$6,432.23
		04/05/2019	2062	347515112	MNT DISTRICT #7 MAR19	\$1,047.53
		04/05/2019	2062	361515148	TRACKS SEG 5 MAR 2019	\$19.26
		04/05/2019	2062	420515131	CITY RESERVOIRS MAR19	\$1,353.37
		04/05/2019	2062	880515113	GATEWAY CTR MNT MAR19	\$1,204.66
TROPICAL PLAZA NURSERY, INC						Total Check Amount: \$35,906.84

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
V32054	LETICIA TRUJILLO	04/05/2019	22054	110404521	SR CTR ZUMBA JAN-MAR	\$270.00
LETICIA TRUJILLO					Total Check Amount:	\$270.00
V32055	JORDAN TYSON	04/05/2019	27893	110404541	ARTGALLERY CONS SALES	\$352.51
JORDAN TYSON					Total Check Amount:	\$352.51
V32056	UNICORN CRAFTS	04/05/2019	27894	110404541	ARTGALLERY CONS SALES	\$74.39
UNICORN CRAFTS					Total Check Amount:	\$74.39
V32057	WALTERS WHOLESALE ELECTRIC	04/05/2019	1667	110	LIGHT:CENTENNIAL TREE	\$346.96
		04/05/2019	1667	110515121	ELECTRICAL WIRE NUTS	\$31.79
		04/05/2019	1667	490515151	LAMPS	\$76.14
		04/05/2019	1667	490515151	ZIP TIES	\$32.44
WALTERS WHOLESALE ELECTRIC					Total Check Amount:	\$487.33
V32058	WEBBY DANCE COMPANY	04/05/2019	25323	110404214	WEBBY TUMBLING CLASS	\$450.00
WEBBY DANCE COMPANY					Total Check Amount:	\$450.00
V32059	WEST-LITE SUPPLY CO., INC.	04/05/2019	5192	490515151	LIGHTING	\$483.71
WEST-LITE SUPPLY CO., INC.					Total Check Amount:	\$483.71
V32060	SUNG YANG	04/05/2019	18036	110404145	TAE KWON DO CLASS	\$50.00
SUNG YANG					Total Check Amount:	\$50.00
V32061	ZUMAR INDUSTRIES, INC.	04/05/2019	3802	510707212	INTERSECTN SIGN UPGRDE	\$2,370.50
		04/05/2019	3802	510707703	NEW SIGNS-ARTS DRIVE	\$1,010.70
		04/05/2019	3802	510707703	NEW ST NAME SIGNS	\$4,909.09
ZUMAR INDUSTRIES, INC.					Total Check Amount:	\$8,290.29
Voucher Subtotal						\$165,911.37

TOTAL \$287,948.44

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
180472	AKM CONSULTING ENGINEERS	04/12/2019	10006	110000000	SWR STUDY RVW FEB/MAR	\$4,742.00
AKM CONSULTING ENGINEERS					Total Check Amount:	\$4,742.00
180473	AT&T CALNET	04/12/2019	20391	420515131	9391011964 3/28/19	\$39.80
		04/12/2019	20391	420515131	9391011967 3/28/19	\$0.21
		04/12/2019	20391	420515131	9391011977 3/28/19	\$247.49
		04/12/2019	20391	475141471	9391011961 3/28/19	\$230.80
		04/12/2019	20391	475141471	9391011962 3/13/19	\$20.72
		04/12/2019	20391	475141471	9391011963 3/28/19	\$20.72
		04/12/2019	20391	475141471	9391011965 3/28/19	\$39.88
		04/12/2019	20391	475141471	9391011966 3/28/19	\$58.87
		04/12/2019	20391	475141471	9391011968 3/22/19	\$21.25
		04/12/2019	20391	475141471	9391011970 3/15/19	\$80.14
		04/12/2019	20391	475141471	9391011971 3/28/19	\$39.80
		04/12/2019	20391	475141471	9391011972 3/28/19	\$131.77
		04/12/2019	20391	475141471	9391011973 3/28/19	\$41.44
		04/12/2019	20391	475141471	9391011974 3/28/19	\$0.30
		04/12/2019	20391	475141471	9391011975 3/28/19	\$3,391.48
		04/12/2019	20391	475141471	9391011976 3/28/19	\$909.05
		04/12/2019	20391	475141471	9391011978 3/28/19	\$777.71
		04/12/2019	20391	475141471	9391011979 3/28/19	\$84.38
		04/12/2019	20391	475141471	9391023157 3/28/19	\$20.72
		04/12/2019	20391	475141471	9391023158 3/28/19	\$54.65
		04/12/2019	20391	475141471	9391052504 3/28/19	\$274.87
		04/12/2019	20391	475141471	9391052507 3/28/19	\$274.87
		04/12/2019	20391	475141471	9391057787 3/28/19	\$365.18
		04/12/2019	20391	475141471	9391060716 3/28/19	\$25.99
		04/12/2019	20391	475141471	9391063120 3/28/19	\$216.43
		04/12/2019	20391	475141471	9391063276 3/28/19	\$28.70
		04/12/2019	20391	475141471	9391063405 3/28/19	\$99.98
		04/12/2019	20391	475141471	9391064048 3/28/19	\$32.34
AT&T CALNET					Total Check Amount:	\$7,529.54
180474	BC TRAFFIC SPECIALIST	04/12/2019	17405	410515124	GRAVEL BAGS	\$963.38
BC TRAFFIC SPECIALIST					Total Check Amount:	\$963.38
180475	BERRY BUILDING LLC	04/12/2019	28447	420000000	CLOSED WATER ACCOUNT	\$90.00
BERRY BUILDING LLC					Total Check Amount:	\$90.00
180476	BUSINESS CARD	04/12/2019	18749	110	BSCARD CS 032319	(\$1.62)
		04/12/2019	18749	110141481	BSCARD HR 032319	\$111.56
		04/12/2019	18749	110212111	BSCARD PD 032319	\$1,038.67

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
180476	BUSINESS CARD	04/12/2019	18749	110212131	BSCARD PD 032319	\$1,198.07
		04/12/2019	18749	110212134	BSCARD PD 032319	\$3,495.81
		04/12/2019	18749	110222223	BSCARD FIRE 032319	\$59.58
		04/12/2019	18749	110222231	BSCARD FIRE 032319	\$758.60
		04/12/2019	18749	110404214	BSCARD CS 032319	\$43.04
		04/12/2019	18749	110404217	BSCARD CS 032319	\$28.77
		04/12/2019	18749	110404224	BSCARD CS 032319	\$204.00
		04/12/2019	18749	110404425	BSCARD CS 032319	\$223.96
		04/12/2019	18749	110404428	BSCARD CS 032319	\$2,500.00
		04/12/2019	18749	110404429	BSCARD CS 032319	\$550.50
		04/12/2019	18749	420515131	BSCARD WATER 032319	\$39.52
		04/12/2019	18749	950000000	ILJAOC BSCARD JM 0319	\$473.93
		04/12/2019	18749	950000000	ILJAOC BSCARD MJ 0319	\$61.59
BUSINESS CARD					Total Check Amount:	\$10,785.98
180477	CALIF FORENSIC PHLEBOTOMY INC.	04/12/2019	4488	110212131	BLOOD TESTS MAR 2019	\$2,140.00
CALIF FORENSIC PHLEBOTOMY INC.					Total Check Amount:	\$2,140.00
180478	COUNTY OF ORANGE HOUSING	04/12/2019	19283	290000000	CDBG PROG INC 2019 Q1	\$6,915.00
COUNTY OF ORANGE HOUSING					Total Check Amount:	\$6,915.00
180479	CREATE A PARTY RENTALS	04/12/2019	7113	110404523	STAGE FOR LOVE BREA	\$383.00
CREATE A PARTY RENTALS					Total Check Amount:	\$383.00
180480	DISPENSING TECHNOLOGY CORPORATION	04/12/2019	28449	110515121	ASPHALT BAG MIX	\$2,765.21
DISPENSING TECHNOLOGY CORPORATION					Total Check Amount:	\$2,765.21
180481	SOUTHERN CALIFORNIA EDISON	04/12/2019	3343	110515121	ELECTRICITY FEB/MAR19	\$13,233.11
		04/12/2019	3343	110515125	ELECTRICITY FEB/MAR19	\$5,766.74
		04/12/2019	3343	110515141	ELECTRICITY FEB/MAR19	\$2,277.31
		04/12/2019	3343	110515143	ELECTRICITY FEB/MAR19	\$454.34
		04/12/2019	3343	110515144	ELECTRICITY FEB/MAR19	\$2,460.54
		04/12/2019	3343	341515112	ELECTRICITY FEB/MAR19	\$79.94
		04/12/2019	3343	343515112	ELECTRICITY FEB/MAR19	\$104.77
		04/12/2019	3343	345515112	ELECTRICITY FEB/MAR19	\$43.49
		04/12/2019	3343	346515112	ELECTRICITY FEB/MAR19	\$94.06
		04/12/2019	3343	360515145	ELECTRICITY FEB/MAR19	\$570.40
		04/12/2019	3343	420515131	ELECTRICITY FEB/MAR19	\$18,277.81
		04/12/2019	3343	430515123	ELECTRICITY FEB/MAR19	\$422.93
		04/12/2019	3343	490515151	ELECTRICITY FEB/MAR19	\$1,020.81
		04/12/2019	3343	880515113	ELECTRICITY FEB/MAR19	\$10.93
SOUTHERN CALIFORNIA EDISON					Total Check Amount:	\$44,817.18
180482	G & G TROPHY CO.	04/12/2019	1709	110404211	EMPLYEE MONTH PLAQUES	\$148.70

City Check Register for: Apr 12, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
G & G TROPHY CO.					Total Check Amount:	\$148.70
180483	APRIL GARCEZ	04/12/2019	28457	110	ACCT BALANCE REFUND	\$58.00
APRIL GARCEZ					Total Check Amount:	\$58.00
180484	JAMIE GILBERT	04/12/2019	28454	110	ACCT BALANCE REFUND	\$182.50
JAMIE GILBERT					Total Check Amount:	\$182.50
180485	HOWARD INDUSTRIES	04/12/2019	5182	490515151	HVAC FILTERS	\$392.44
HOWARD INDUSTRIES					Total Check Amount:	\$392.44
180486	IN TIME SERVICES INC.	04/12/2019	20876	950000000	ILJAOC ISE TEXT MAR19	\$2,164.48
IN TIME SERVICES INC.					Total Check Amount:	\$2,164.48
180487	VERN KAUFFMAN	04/12/2019	28451	110000000	CITATION REFUND	\$278.00
VERN KAUFFMAN					Total Check Amount:	\$278.00
180488	KEYSTONE UNIFORMS OC	04/12/2019	24713	110222231	CLOTHING	\$198.22
KEYSTONE UNIFORMS OC					Total Check Amount:	\$198.22
180489	WILLIAM F. KIMBLE	04/12/2019	28072	420000000	CLOSED WATER ACCOUNT	\$29.64
WILLIAM F. KIMBLE					Total Check Amount:	\$29.64
180490	THE KNOT	04/12/2019	26150	110404213	FACILITY ADVERTISING	\$2,753.94
THE KNOT					Total Check Amount:	\$2,753.94
180491	LACEY CUSTOM LINENS, INC.	04/12/2019	2772	110141441	MAY GAS SURCHARGE	\$17.00
		04/12/2019	2772	110141441	OCTOBER GAS SURCHARGE	\$42.50
LACEY CUSTOM LINENS, INC.					Total Check Amount:	\$59.50
180492	OLGA LAH	04/12/2019	25589	110404541	ARTIST:IMMERSION EXH	\$150.00
OLGA LAH					Total Check Amount:	\$150.00
180493	PAUL AND/OR RENEE LEE	04/12/2019	28444	420000000	CLOSED WATER ACCOUNT	\$9.96
PAUL AND/OR RENEE LEE					Total Check Amount:	\$9.96
180494	LIFE-ASSIST, INC.	04/12/2019	10530	174222222	MED SUPPLIES FS3	\$1,357.37
		04/12/2019	10530	174222222	PM MEDS FIRE STN #1	\$1,262.15
		04/12/2019	10530	174222222	PM MEDS FIRE STN #2	\$1,923.16
		04/12/2019	10530	174222222	PM MEDS FIRE STN #4	\$916.82
		04/12/2019	10530	174222222	PM SUPPLIES FS1	\$807.34
		04/12/2019	10530	174222222	PM SUPPLIES FS2	\$550.12
		04/12/2019	10530	174222222	REFUND INV 909782	(\$1,357.37)
LIFE-ASSIST, INC.					Total Check Amount:	\$5,459.59
180495	LIMBACH COMPANY LP	04/12/2019	21671	510707942	REPL P2 AH2:FINAL PAY	\$9,916.00
LIMBACH COMPANY LP					Total Check Amount:	\$9,916.00
180496	YEVGENIYA MIKHAILIK	04/12/2019	28440	110404541	JUROR:MICA JURIED EXH	\$350.00
YEVGENIYA MIKHAILIK					Total Check Amount:	\$350.00
180497	VIRGINIA MOON	04/12/2019	28445	420000000	CLOSED WATER ACCOUNT	\$21.14
VIRGINIA MOON					Total Check Amount:	\$21.14
180498	HOLLY MUHLSTEFF	04/12/2019	28456	110	ACCT BALANCE REFUND	\$28.00

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Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
HOLLY MUHLSTEFF						Total Check Amount: \$28.00
180499	OFFICE DEPOT, INC	04/12/2019	4743	110111143	OFFICE SUPPLIES	\$542.61
		04/12/2019	4743	110212111	COFFEE SUPPLIES	\$41.73
		04/12/2019	4743	110212111	OFFICE SUPPLIES	\$176.55
		04/12/2019	4743	110515171	OFFICE SUPPLIES	\$100.43
		04/12/2019	4743	110515171	REFUND #284246865001	(\$14.99)
OFFICE DEPOT, INC						Total Check Amount: \$846.33
180500	NARI OZAKI	04/12/2019	28446	420000000	CLOSED WATER ACCOUNT	\$58.25
NARI OZAKI						Total Check Amount: \$58.25
180501	YESENIA PAYAN	04/12/2019	28458	110	ACCT BALANCE REFUND	\$67.00
YESENIA PAYAN						Total Check Amount: \$67.00
180502	RYAN AND/OR MICHELLE PERALEJO	04/12/2019	28443	420000000	CLOSED WATER ACCOUNT	\$37.19
RYAN AND/OR MICHELLE PERALEJO						Total Check Amount: \$37.19
180503	KARYN REED	04/12/2019	28438	110	ACCT BALANCE REFUND	\$160.00
KARYN REED						Total Check Amount: \$160.00
180504	LIDIA RODRIGUEZ	04/12/2019	28453	110000000	CITATION REFUND	\$281.00
LIDIA RODRIGUEZ						Total Check Amount: \$281.00
180505	SCOTT SEPULVEDA	04/12/2019	28448	420000000	CLOSED WATER ACCOUNT	\$71.50
SCOTT SEPULVEDA						Total Check Amount: \$71.50
180506	RASHEED SIMJEE	04/12/2019	27133	420000000	CLOSED WATER ACCOUNT	\$56.67
RASHEED SIMJEE						Total Check Amount: \$56.67
180507	SPARKLETTS	04/12/2019	3001	110141441	5G WTR BOTTLES FEB19	\$455.00
		04/12/2019	3001	110141441	WTR DISP RENTAL FEB19	\$94.64
SPARKLETTS						Total Check Amount: \$549.64
180508	SPIFFY REBEL LLC	04/12/2019	28441	110404541	SOAP MAKING WORKSHOP	\$200.00
SPIFFY REBEL LLC						Total Check Amount: \$200.00
180509	ST. JUDE MEDICAL CENTER	04/12/2019	3503	174222222	PM MEDS JAN-MAR 2019	\$1,690.19
ST. JUDE MEDICAL CENTER						Total Check Amount: \$1,690.19
180510	CAROL SUMMERS AND/OR CHARLES EARLL	04/12/2019	28376	420000000	CLOSED WATER ACCOUNT	\$8.37
CAROL SUMMERS AND/OR CHARLES EARLL						Total Check Amount: \$8.37
180511	SUN RUN	04/12/2019	28442	110000000	PERMIT CANCELLATION	\$88.00
SUN RUN						Total Check Amount: \$88.00
180512	U.S. POSTAL SERVICE	04/12/2019	3284	110111151	BREA LINE MAY/JUN2019	\$3,108.59
U.S. POSTAL SERVICE						Total Check Amount: \$3,108.59
180513	URBAN GRAFFITI ENTERPRISES INC.	04/12/2019	4352	110515121	GRAFFTI REMOVAL FEB19	\$2,000.00
URBAN GRAFFITI ENTERPRISES INC.						Total Check Amount: \$2,000.00
180515	VERIZON WIRELESS	04/12/2019	21122	110111111	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110111143	9826683308 2/23-3/22	\$137.16
		04/12/2019	21122	110111151	9826683308 2/23-3/22	\$107.14

City Check Register for: Apr 12, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
180515	VERIZON WIRELESS	04/12/2019	21122	110111161	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110141411	9826683308 2/23-3/22	\$30.02
		04/12/2019	21122	110141424	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110141441	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110141481	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110212121	9826683308 2/23-3/22	\$3,876.80
		04/12/2019	21122	110222223	9826683308 2/23-3/22	\$1,295.07
		04/12/2019	21122	110323212	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110323231	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110323241	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110323242	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110323243	9826683308 2/23-3/22	\$53.57
		04/12/2019	21122	110404311	9826683308 2/23-3/22	\$566.20
		04/12/2019	21122	110404525	9826683308 2/23-3/22	\$107.14
		04/12/2019	21122	110515171	9826683308 2/23-3/22	\$215.35
		04/12/2019	21122	174222222	9826683308 2/23-3/22	\$585.71
		04/12/2019	21122	410515124	9826683308 2/23-3/22	\$30.02
		04/12/2019	21122	420515131	9826683308 2/23-3/22	\$925.65
		04/12/2019	21122	430515123	9826683308 2/23-3/22	\$742.49
		04/12/2019	21122	460141474	9826683308 2/23-3/22	\$321.42
		04/12/2019	21122	475141471	9826683308 2/23-3/22	\$620.59
VERIZON WIRELESS					Total Check Amount:	\$10,096.46
180516	XEROX CORPORATION	04/12/2019	3349	110141441	ADDRESS/LABL SW MAR19	\$108.00
		04/12/2019	3349	110141441	BACK COPIER/PRNTR MAR	\$493.54
		04/12/2019	3349	110141441	HI PERF COLOR CPR MAR	\$220.27
		04/12/2019	3349	110141441	HISPEED PRNTR/CPR MAR	\$2,293.30
		04/12/2019	3349	110141441	PROD COLOR CPR/PR MAR	\$1,773.14
		04/12/2019	3349	110141441	SOFTWARE MNT MAR19	\$116.00
XEROX CORPORATION					Total Check Amount:	\$5,004.25
180517	AMANDA YAMASHITA	04/12/2019	26164	110404541	ARTIST:IMMERSION EXH	\$75.00
AMANDA YAMASHITA					Total Check Amount:	\$75.00
180518	YU-CHIEH YANG	04/12/2019	28455	110	ACCT BALANCE REFUND	\$30.00
YU-CHIEH YANG					Total Check Amount:	\$30.00
Check Subtotal						\$127,759.84
V32062	3SI SECURITY SYSTEM INC	04/12/2019	24530	110212121	CELLULAR TRACKING	\$1,080.00
3SI SECURITY SYSTEM INC					Total Check Amount:	\$1,080.00
V32063	ADAMSON POLICE PRODUCTS	04/12/2019	4023	110212131	VEST	\$727.32
		04/12/2019	4023	110212134	CONVRSN BOLT VARIANTS	\$713.31

City Check Register for: Apr 12, 2019

Check #	Vendor Name	Check Date	Vendor #	Budget Unit	Description	Amount
ADAMSON POLICE PRODUCTS					Total Check Amount:	\$1,440.63
V32064	ADLERHORST INT'L INC	04/12/2019	2223	110212131	ON-SITE TRNG MAR 2019	\$385.00
ADLERHORST INT'L INC					Total Check Amount:	\$385.00
V32065	ALBERT GROVER & ASSOCIATES	04/12/2019	23588	510707218	TFCSGNL CAB INVTY FEB	\$3,475.00
		04/12/2019	23588	510707218	TFCSGNL CAB INVTY JAN	\$3,285.00
		04/12/2019	23588	510707709	BIRCH ST TSSP FEB19	\$1,380.00
ALBERT GROVER & ASSOCIATES					Total Check Amount:	\$8,140.00
V32066	ALL CITY MANAGEMENT SERVICES INC	04/12/2019	6604	110212132	CRSNG GRDS 2/24-3/9	\$3,290.00
		04/12/2019	6604	110212132	CRSNG GRDS 3/10-3/23	\$2,961.00
ALL CITY MANAGEMENT SERVICES INC					Total Check Amount:	\$6,251.00
V32067	JUDY ALLEN	04/12/2019	20447	110404215	PILATES/BODY PUMP BCC	\$225.00
JUDY ALLEN					Total Check Amount:	\$225.00
V32068	ALLSTAR FIRE EQUIPMENT	04/12/2019	8353	110222221	FF EQPT/SUPPLIES FS2	\$3,908.62
ALLSTAR FIRE EQUIPMENT					Total Check Amount:	\$3,908.62
V32069	AVCOGAS PROPANE SALES & SERVICES	04/12/2019	22047	480515161	PETROLEUM 281.1 GAL	\$793.91
		04/12/2019	22047	480515161	PETROLEUM 330.6 GAL	\$882.72
AVCOGAS PROPANE SALES & SERVICES					Total Check Amount:	\$1,676.63
V32070	B & M LAWN AND GARDEN CENTER	04/12/2019	4699	110222221	CHAINSAW PARTS	\$560.19
B & M LAWN AND GARDEN CENTER					Total Check Amount:	\$560.19
V32071	CORRINE BARRIOS GAMINO	04/12/2019	28084	110404215	YOGA:BCC MAR 2019	\$25.00
CORRINE BARRIOS GAMINO					Total Check Amount:	\$25.00
V32072	BASTANCHURY PLUMBING INC.	04/12/2019	18765	490515151	REPL FS3 SHWR VALVES	\$3,875.00
BASTANCHURY PLUMBING INC.					Total Check Amount:	\$3,875.00
V32073	BEN'S ASPHALT, INC..	04/12/2019	1808	110515121	WTR UTIL RPR:PALM ST	\$30,555.25
		04/12/2019	1808	510707442	WATER UTIL RPR:POPLAR	\$10,015.69
		04/12/2019	1808	510707442	WTR MAIN RPR:IMP HWY	\$9,420.92
BEN'S ASPHALT, INC..					Total Check Amount:	\$49,991.86
V32074	JANET BIRCH	04/12/2019	25982	110404215	YOGA:BCC MAR 2019	\$25.00
JANET BIRCH					Total Check Amount:	\$25.00
V32075	CHRISTINE BOATNER	04/12/2019	18460	110404215	BECKMAN ADMIN MAR19	\$493.00
		04/12/2019	18460	110404215	BECKMAN FITNESS MAR19	\$78.00
		04/12/2019	18460	110404215	LOW IMPACT BCC MAR19	\$425.00
CHRISTINE BOATNER					Total Check Amount:	\$996.00
V32076	BREA DISPOSAL, INC	04/12/2019	3330	440515122	REFUSE COLLECTN MAR19	\$151,224.48
BREA DISPOSAL, INC					Total Check Amount:	\$151,224.48
V32077	BREA/ORANGE COUNTY PLUMBING	04/12/2019	3781	490515151	SCOUT CTR DRAIN SVC	\$255.00
BREA/ORANGE COUNTY PLUMBING					Total Check Amount:	\$255.00
V32078	BUTLER CHEMICALS, INC.	04/12/2019	6515	490515151	SR CTR DW SVC MAR19	\$167.01
BUTLER CHEMICALS, INC.					Total Check Amount:	\$167.01

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V32079	CALIFORNIA DOMESTIC WATER CO	04/12/2019	3388	420515131	WTR CONSUMPTION MAR19	\$116,573.55
CALIFORNIA DOMESTIC WATER CO					Total Check Amount:	\$116,573.55
V32080	CANON SOLUTIONS AMERICA, INC	04/12/2019	15260	110141441	COPIER MNT MAR/APR19	\$600.00
		04/12/2019	15260	110141441	COPIER USAGE FEB/MAR	\$250.35
CANON SOLUTIONS AMERICA, INC					Total Check Amount:	\$850.35
V32081	ARLINDA CANTU	04/12/2019	26312	110404215	BECKMAN FITNESS MAR19	\$100.00
		04/12/2019	26312	110404215	PSNL TRAINR BCC MAR19	\$790.38
		04/12/2019	26312	110404215	SILVER SNEAKERS BCC	\$100.00
ARLINDA CANTU					Total Check Amount:	\$990.38
V32082	CHANDLER ASSET MANAGEMENT, INC.	04/12/2019	4375	110000000	INV MGMT SVCS APR19	\$18.93
		04/12/2019	4375	420141424	INV MGMT SVCS APR19	\$235.24
		04/12/2019	4375	875000000	INV MGMT SVCS APR19	\$48.78
		04/12/2019	4375	890000000	INV MGMT SVCS APR19	\$32.78
		04/12/2019	4375	930000000	INV MGMT SVCS APR19	\$4,200.29
CHANDLER ASSET MANAGEMENT, INC.					Total Check Amount:	\$4,536.02
V32083	CIGNA BEHAVIORAL HEALTH, INC.	04/12/2019	26628	110141481	EAP SERVICES APR 2019	\$1,140.03
CIGNA BEHAVIORAL HEALTH, INC.					Total Check Amount:	\$1,140.03
V32084	CIVICPLUS	04/12/2019	23925	110111151	SSL CERT-SETUP/ANNUAL	\$205.00
CIVICPLUS					Total Check Amount:	\$205.00
V32085	CPSI - PROPERTY SPECIALISTS, INC.	04/12/2019	26951	510707251	57/LAMBERT INT FEB19	\$580.00
CPSI - PROPERTY SPECIALISTS, INC.					Total Check Amount:	\$580.00
V32086	JOEL DACANAY	04/12/2019	28068	110404215	MSG THERAPIST BCC MAR	\$145.00
JOEL DACANAY					Total Check Amount:	\$145.00
V32087	DANIELS TIRE SERVICE	04/12/2019	3133	480515161	POLICE VEHICLE TIRES	\$629.28
DANIELS TIRE SERVICE					Total Check Amount:	\$629.28
V32088	DE LAGE LANDEN FINANCIAL SERVICES	04/12/2019	23311	110141441	DISPATCH 3/15-4/14	\$238.50
		04/12/2019	23311	110141441	FIRE STN #1 3/15-4/14	\$88.13
		04/12/2019	23311	110141441	FIRE STN #2 3/15-4/14	\$255.06
		04/12/2019	23311	110141441	FIRE STN #4 3/15-4/14	\$88.13
		04/12/2019	23311	110141441	SR CTR 3/15-4/14	\$238.51
DE LAGE LANDEN FINANCIAL SERVICES					Total Check Amount:	\$908.33
V32089	DENNIS GRUBB & ASSOCIATES, LLC.	04/12/2019	25568	110000000	PLAN CHECK FEES MAR19	\$940.00
DENNIS GRUBB & ASSOCIATES, LLC.					Total Check Amount:	\$940.00
V32090	MICHAEL DURALDE	04/12/2019	25228	110404215	BREA MOVEMENT MAR19	\$906.60
		04/12/2019	25228	110404215	FIT U BEG GUIDE MAR19	\$333.60
		04/12/2019	25228	110404215	PSNL TRAINR BCC MAR19	\$265.94
		04/12/2019	25228	110404215	SILVER SNEAKERS BCC	\$112.00
MICHAEL DURALDE					Total Check Amount:	\$1,618.14
V32091	MYRA DUVAL	04/12/2019	18083	110404215	YOGA:BCC MAR 2019	\$225.00

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MYRA DUVAL					Total Check Amount:	\$225.00
V32092	CLAMPETT INDUSTRIES LLC DBA EMG	04/12/2019	26703	490515151	FAC ASSMNT:BREA CREEK	\$3,886.00
CLAMPETT INDUSTRIES LLC DBA EMG					Total Check Amount:	\$3,886.00
V32093	FILARSKY & WATT LLP	04/12/2019	2043	110141481	PROF SVCS MARCH 2019	\$9,377.50
FILARSKY & WATT LLP					Total Check Amount:	\$9,377.50
V32094	MELISSA GIFFORD	04/12/2019	10645	110404215	BODY PUMP BCC MAR19	\$325.00
MELISSA GIFFORD					Total Check Amount:	\$325.00
V32095	MARITZA GONZALEZ	04/12/2019	28459	110404215	ZUMBA BCC MARCH 2019	\$50.00
MARITZA GONZALEZ					Total Check Amount:	\$50.00
V32096	HAAKER EQUIPMENT CO.	04/12/2019	4297	480515161	PRESSURE WASHR REPAIR	\$321.48
HAAKER EQUIPMENT CO.					Total Check Amount:	\$321.48
V32097	HCI SYSTEMS INC	04/12/2019	25112	490515151	BCC FIRE SYSTM REPAIR	\$1,140.00
HCI SYSTEMS INC					Total Check Amount:	\$1,140.00
V32098	LUIS FERNANDO HERNANDEZ	04/12/2019	28069	110404215	MSG THERAPIST BCC MAR	\$150.00
LUIS FERNANDO HERNANDEZ					Total Check Amount:	\$150.00
V32099	MONA HERNANDEZ	04/12/2019	23114	110404215	MSG THERAPIST BCC MAR	\$901.60
MONA HERNANDEZ					Total Check Amount:	\$901.60
V32100	CARRIE HOSOZAWA	04/12/2019	28452	110323231	REIMB:VOICE RECORDER	\$4.99
CARRIE HOSOZAWA					Total Check Amount:	\$4.99
V32101	INFOSEND, INC.	04/12/2019	19016	420141421	ENVELOPES	\$77.58
INFOSEND, INC.					Total Check Amount:	\$77.58
V32102	INK LINK INC	04/12/2019	22423	110404214	SPRG BOUTIQUE PATCHES	\$53.88
INK LINK INC					Total Check Amount:	\$53.88
V32103	ITRON, INC.	04/12/2019	3773	420141421	ITRON HWMNT APR-JUN18	\$1,075.59
		04/12/2019	3773	420141421	ITRON HWMNT JUL-SEP18	\$1,285.59
		04/12/2019	3773	420141421	ITRON SWMNT APR-JUN18	\$994.73
		04/12/2019	3773	420141421	ITRON SWMNT JUL-SEP18	\$1,094.40
ITRON, INC.					Total Check Amount:	\$4,450.31
V32104	JACKSON'S AUTO SUPPLY	04/12/2019	1143	420515131	AUTO SUPPLIES MAR19	\$25.64
		04/12/2019	1143	480515161	AUTO SUPPLIES MAR19	\$3,210.26
JACKSON'S AUTO SUPPLY					Total Check Amount:	\$3,235.90
V32105	KELLY PAPER	04/12/2019	7039	110141441	PAPER	\$269.38
KELLY PAPER					Total Check Amount:	\$269.38
V32106	KAREN KIESS	04/12/2019	21414	110404215	BODY PUMP/CYCLE BCC	\$250.00
KAREN KIESS					Total Check Amount:	\$250.00
V32107	KREUZER CONSULTING GROUP	04/12/2019	22072	510707311	ENGG DESGN SVCS JAN19	\$20,141.44
		04/12/2019	22072	510707311	ENGG DESIGN SVCS 2/28	\$10,704.04
		04/12/2019	22072	510707453	ENGG DESGN SVCS JAN19	\$10,700.14
		04/12/2019	22072	510707453	ENGG DESIGN SVCS 2/28	\$6,649.36

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V32107	KREUZER CONSULTING GROUP	04/12/2019	22072	510707464	ENGG DESGN SVCS JAN19	\$14,476.66
		04/12/2019	22072	510707464	ENGG DESIGN SVCS 2/28	\$5,987.13
		04/12/2019	22072	510707627	ENGG DESGN SVCS JAN19	\$17,623.76
		04/12/2019	22072	510707627	ENGG DESIGN SVCS 2/28	\$1,637.52
KREUZER CONSULTING GROUP					Total Check Amount:	\$87,920.05
V32108	DOLLY LAI	04/12/2019	18084	110404215	YOGA:BCC MAR19	\$120.00
DOLLY LAI					Total Check Amount:	\$120.00
V32109	RENEE F. LAVACOT	04/12/2019	6754	110404215	ZUMBA:BCC MAR 2019	\$325.00
RENEE F. LAVACOT					Total Check Amount:	\$325.00
V32110	MICHELLE LE	04/12/2019	27953	110404215	BECKMAN ADMIN MAR19	\$408.00
		04/12/2019	27953	110404215	YOGA:BECKMAN MAR19	\$200.00
MICHELLE LE					Total Check Amount:	\$608.00
V32111	BERRY LIANG	04/12/2019	25640	110404215	CYCLE BCC MAR 2019	\$133.00
		04/12/2019	25640	110404215	PSNL TRAINR BCC MAR19	\$348.00
BERRY LIANG					Total Check Amount:	\$481.00
V32112	LIBERTY PAINTING & RESTORATION, INC	04/12/2019	25899	490515151	PAINT BCC FRONTCOUNTR	\$480.00
LIBERTY PAINTING & RESTORATION, INC					Total Check Amount:	\$480.00
V32113	LIEBERT CASSIDY WHITMORE	04/12/2019	2489	110141481	HARASSMENT WORKSHOP	\$1,800.00
LIEBERT CASSIDY WHITMORE					Total Check Amount:	\$1,800.00
V32114	LINEGEAR	04/12/2019	23894	110222221	BOOTS	\$159.35
LINEGEAR					Total Check Amount:	\$159.35
V32115	LOS ANGELES TRUCK CENTERS, LLC	04/12/2019	7300	480515161	TURN SGNL SWTCH/WIRNG	\$225.99
LOS ANGELES TRUCK CENTERS, LLC					Total Check Amount:	\$225.99
V32116	TANYA LOSCUTOFF	04/12/2019	22092	110404215	CYCLE/SUPERSCULPT BCC	\$208.00
		04/12/2019	22092	110404215	PSNL TRAINR BCC MAR19	\$1,494.90
TANYA LOSCUTOFF					Total Check Amount:	\$1,702.90
V32117	MAKE IT "PERSONAL"	04/12/2019	19203	110212131	MAILBOX PLATES	\$15.53
MAKE IT "PERSONAL"					Total Check Amount:	\$15.53
V32118	KRIS MARUMOTO	04/12/2019	17803	110404215	YOGA BCC MAR19	\$300.00
		04/12/2019	17803	110404215	YOGA BECKMAN MAR19	\$100.00
KRIS MARUMOTO					Total Check Amount:	\$400.00
V32119	ANDREA MCGRANAHAN	04/12/2019	26046	110404215	BECKMAN FITNESS MAR19	\$260.00
		04/12/2019	26046	110404215	LOW IMPACT BCC MAR19	\$702.00
		04/12/2019	26046	110404215	PSNL TRAINR BCC MAR19	\$338.60
ANDREA MCGRANAHAN					Total Check Amount:	\$1,300.60
V32120	NOAH MCGRANAHAN	04/12/2019	27906	110404215	BECKMAN FITNESS MAR19	\$96.00
NOAH MCGRANAHAN					Total Check Amount:	\$96.00
V32121	CESAR MENDOZA	04/12/2019	28460	110404215	ZUMBA BCC MARCH 2019	\$25.00
CESAR MENDOZA					Total Check Amount:	\$25.00

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V32122	TERRY MILLER	04/12/2019	27998	110404215	ZUMBA BCC MAR19	\$50.00
TERRY MILLER					Total Check Amount:	\$50.00
V32123	JENNIFER MONZON-SCROFINI	04/12/2019	20158	110404215	CLASS INSTR BCC MAR19	\$182.00
JENNIFER MONZON-SCROFINI					Total Check Amount:	\$182.00
V32124	NATASHA MOORE	04/12/2019	10711	110404215	BODY PUMP:BCC MAR19	\$100.00
NATASHA MOORE					Total Check Amount:	\$100.00
V32125	NINYO & MOORE	04/12/2019	22134	510707873	TRCKS S4 CONSULT 2/22	\$694.00
NINYO & MOORE					Total Check Amount:	\$694.00
V32126	ONWARD ENGINEERING	04/12/2019	22106	510707219	INSP SVCS FEB 2019	\$133.50
		04/12/2019	22106	510707936	INSP SVCS FEB 2019	\$1,513.00
ONWARD ENGINEERING					Total Check Amount:	\$1,646.50
V32127	PACIFIC TELEMAGEMENT SERVICES	04/12/2019	19696	475141471	7147920398 APR 2019	\$75.00
PACIFIC TELEMAGEMENT SERVICES					Total Check Amount:	\$75.00
V32128	PARSONS TRANSPORTATION GROUP	04/12/2019	25626	510707251	57/LMBRT PP26 SEP-OCT	\$56,411.77
PARSONS TRANSPORTATION GROUP					Total Check Amount:	\$56,411.77
V32129	PIERRE PASA	04/12/2019	11096	110404215	CARDIO KICK:BCC MAR19	\$217.00
PIERRE PASA					Total Check Amount:	\$217.00
V32130	HERMAN PERDOMO JR,	04/12/2019	20265	110404215	BODY PUMP BCC MAR19	\$150.00
HERMAN PERDOMO JR,					Total Check Amount:	\$150.00
V32131	IRACEMA PERDOMO	04/12/2019	14135	110404215	BODY PUMP BCC MAR19	\$250.00
		04/12/2019	14135	110404215	CYCLE BECKMAN MAR19	\$25.00
IRACEMA PERDOMO					Total Check Amount:	\$275.00
V32132	BRIANA PERLSON	04/12/2019	28024	110404215	YOGA BCC MAR 2019	\$23.00
BRIANA PERLSON					Total Check Amount:	\$23.00
V32133	MICHAEL PETRI	04/12/2019	27856	110323242	BOOKS/CERT EXAM FEE	\$943.00
MICHAEL PETRI					Total Check Amount:	\$943.00
V32134	PLUMBERS DEPOT INC.	04/12/2019	14542	430515123	CCTV CAMERA REPAIR	\$1,418.29
		04/12/2019	14542	430515123	NOZZLE	\$3,017.00
		04/12/2019	14542	430515123	OVERHAUL KIT	\$455.49
PLUMBERS DEPOT INC.					Total Check Amount:	\$4,890.78
V32135	RUBILENA ROJAS	04/12/2019	27996	110404215	BECKMAN FITNESS MAR19	\$78.00
RUBILENA ROJAS					Total Check Amount:	\$78.00
V32136	NATALIA ANN ROSENFELD	04/12/2019	28279	110404215	POUND CLASS:BCC MAR19	\$115.00
NATALIA ANN ROSENFELD					Total Check Amount:	\$115.00
V32137	ROTH STAFFING COMPANIES LP	04/12/2019	27579	110141431	TEMP STAFF 3/11-3/17	\$644.09
		04/12/2019	27579	110141431	TEMP STAFF 3/18-3/25	\$1,010.42
		04/12/2019	27579	420141431	TEMP STAFF 3/11-3/17	\$193.23
		04/12/2019	27579	420141431	TEMP STAFF 3/18-3/25	\$303.12
		04/12/2019	27579	430141431	TEMP STAFF 3/11-3/17	\$193.23

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V32137	ROTH STAFFING COMPANIES LP	04/12/2019	27579	430141431	TEMP STAFF 3/18-3/25	\$303.12
		04/12/2019	27579	630141432	TEMP STAFF 3/11-3/17	\$257.63
		04/12/2019	27579	630141432	TEMP STAFF 3/18-3/25	\$404.17
ROTH STAFFING COMPANIES LP					Total Check Amount:	\$3,309.01
V32138	SAFETY DRIVERS ED	04/12/2019	19906	110404145	DRIVERS ED WINTER2019	\$93.60
SAFETY DRIVERS ED					Total Check Amount:	\$93.60
V32139	SANDLER BROTHERS	04/12/2019	18004	110515121	SHOP RAGS	\$288.34
SANDLER BROTHERS					Total Check Amount:	\$288.34
V32140	JOSHUA SAZDANOFF	04/12/2019	21272	110404215	PSNL TRAINR BCC MAR19	\$133.10
JOSHUA SAZDANOFF					Total Check Amount:	\$133.10
V32141	LAURENE SCHULZE	04/12/2019	18034	110404215	YOGA BCC MAR 2019	\$23.00
LAURENE SCHULZE					Total Check Amount:	\$23.00
V32142	SIERRA-CEDAR, INC	04/12/2019	23086	950000000	ILJAOC CONSULT MAR19	\$5,175.00
SIERRA-CEDAR, INC					Total Check Amount:	\$5,175.00
V32143	ISMAEL O SILVA	04/12/2019	24370	110404215	ZUMBA BCC MAR19	\$360.00
ISMAEL O SILVA					Total Check Amount:	\$360.00
V32144	SMART & FINAL	04/12/2019	3269	110404429	ASP CAFE SUPPLIES	\$215.50
SMART & FINAL					Total Check Amount:	\$215.50
V32145	SOUTH COAST EMERGENCY VEHICLE SVC	04/12/2019	18619	480515161	BELTS/CAP/BRACKET	\$223.72
SOUTH COAST EMERGENCY VEHICLE SVC					Total Check Amount:	\$223.72
V32146	STAGELIGHT PERFORMING ARTS	04/12/2019	25172	110404145	DANCE CLASSES-WINTER	\$203.25
STAGELIGHT PERFORMING ARTS					Total Check Amount:	\$203.25
V32147	STATE INDUSTRIAL PRODUCTS	04/12/2019	8572	490515151	CHEMCLS FOR FIRE STNS	\$214.31
STATE INDUSTRIAL PRODUCTS					Total Check Amount:	\$214.31
V32148	EMI TANAKA	04/12/2019	28116	110404215	BARRE BCC MAR19	\$25.00
		04/12/2019	28116	110404215	PILATES BECKMAN MAR19	\$100.00
EMI TANAKA					Total Check Amount:	\$125.00
V32149	TENNIS ANYONE ACADEMY	04/12/2019	12688	110404145	TENNIS ACADEMY:WINTER	\$1,002.00
TENNIS ANYONE ACADEMY					Total Check Amount:	\$1,002.00
V32150	TIFCO INDUSTRIES	04/12/2019	8995	480515161	ELECTRC TERMNALS/NUTS	\$159.84
TIFCO INDUSTRIES					Total Check Amount:	\$159.84
V32151	TITAN WATER TECHNOLOGY, INC.	04/12/2019	25776	490515151	SVC:COOLING TOWERS	\$1,800.00
TITAN WATER TECHNOLOGY, INC.					Total Check Amount:	\$1,800.00
V32152	TRG LAND, INC.	04/12/2019	11723	110000000	CONSULTANT RVW FEB19	\$10,987.45
		04/12/2019	11723	110000000	PROF SVCS JAN 2019	\$9,246.08
TRG LAND, INC.					Total Check Amount:	\$20,233.53
V32153	LETICIA TRUJILLO	04/12/2019	22054	110404215	SILVER SNEAKERS BCC	\$120.00
LETICIA TRUJILLO					Total Check Amount:	\$120.00
V32154	EDEN TURNER	04/12/2019	21951	110404215	BODY PUMP BCC MAR19	\$175.00

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EDEN TURNER						Total Check Amount: \$175.00
V32155	UNITED ROTARY BRUSH CORPORATION	04/12/2019	16649	480515161	SWEeper BROOM	\$117.85
UNITED ROTARY BRUSH CORPORATION						Total Check Amount: \$117.85
V32156	VALVERDE CONSTRUCTION, INC.	04/12/2019	14201	410515124	CATCH BASIN REPAIR	\$4,884.00
VALVERDE CONSTRUCTION, INC.						Total Check Amount: \$4,884.00
V32157	JUANA VENTURA	04/12/2019	17752	110404215	CYCLE BCC MAR 2019	\$75.00
		04/12/2019	17752	110404215	CYCLE BECKMAN MAR19	\$78.00
JUANA VENTURA						Total Check Amount: \$153.00
V32158	VIRTUAL PROJECT MANAGER	04/12/2019	23508	510707315	CIP SW BCKUP/ST FEB19	\$150.00
		04/12/2019	23508	510707315	CIP SW BCKUP/ST MAR19	\$150.00
		04/12/2019	23508	510707621	CIP SW BCKUP/ST FEB19	\$100.00
		04/12/2019	23508	510707621	CIP SW BCKUP/ST MAR19	\$100.00
		04/12/2019	23508	510707922	CIP SW BCKUP/ST FEB19	\$150.00
		04/12/2019	23508	510707922	CIP SW BCKUP/ST MAR19	\$150.00
		04/12/2019	23508	510707929	CIP SW BCKUP/ST FEB19	\$100.00
		04/12/2019	23508	510707929	CIP SW BCKUP/ST MAR19	\$100.00
VIRTUAL PROJECT MANAGER						Total Check Amount: \$1,000.00
V32159	LINDA WATSON	04/12/2019	11871	110404215	YOGA BCC MAR19	\$210.00
LINDA WATSON						Total Check Amount: \$210.00
V32160	KAREN WELCH	04/12/2019	27434	110404215	PILATES BCC MAR19	\$120.00
KAREN WELCH						Total Check Amount: \$120.00
V32161	WEST-LITE SUPPLY CO., INC.	04/12/2019	5192	490515151	LIGHTING	\$233.00
WEST-LITE SUPPLY CO., INC.						Total Check Amount: \$233.00
V32162	WILLDAN ENGINEERING	04/12/2019	12445	110000000	PLAN CHECK SVCS 2/22	\$447.00
		04/12/2019	12445	110515171	CITY TFC ENG'G 2/22	\$9,022.14
		04/12/2019	12445	110515171	PLAN CHECK SVCS 2/22	\$1,415.50
		04/12/2019	12445	510515171	CITY TFC ENG'G 2/22	\$3,455.86
WILLDAN ENGINEERING						Total Check Amount: \$14,340.50
V32163	ELEANOR YBARRA	04/12/2019	27904	110404215	CLASS INSTR BCC MAR19	\$275.00
ELEANOR YBARRA						Total Check Amount: \$275.00
Voucher Subtotal						\$600,759.14

TOTAL \$728,518.98

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: Monthly Report of Investments for the Successor Agency to the Brea Redevelopment Agency for Period Ending February 28, 2019

RECOMMENDATION

Receive and file.

BACKGROUND/DISCUSSION

The Monthly Report of Investments is in accordance with Government Code Section 53607 and contains information on the investment activities for the month of February 2019. Funds received by the Successor Agency are typically spent within three to six months; therefore are not invested long-term. The Successor Agency's Local Agency Investment Fund (LAIF) is used for short-term investments and functions like a savings account until funds are required to meet expenditures needs. Attachment A includes a Portfolio Summary and Holdings Report prepared by Chandler Asset Management for the funds invested on behalf of the Successor Agency. As of February 28, 2019, the market value, including accrued interest on the Successor Agency's Local Agency Investment Fund (LAIF), was \$1,871,352.04 in comparison to \$1,867,930.11 at January 31, 2019. The Successor Agency to the Brea Redevelopment Agency has sufficient cash flow to meet its expected expenditures for the next six months.

The Successor Agency also has restricted (fiscal agent) cash and investment accounts related to its various bond reserve accounts which are managed by Chandler Asset Management. Attachment A includes a portfolio report from Chandler Asset Management for each bond reserve account that is invested. As of February 28, 2019, the market value of these funds, including short-term cash and accrued interest was \$12,841,114.30 as compared to \$14,964,764.66 as of January 1, 2019.

FISCAL IMPACT/SUMMARY

During the month of February, the total value of the Successor Agency to the Brea Redevelopment Agency's investment portfolio increased by \$3,721.93 and the total value of the restricted cash and investments decreased by \$2,123,650.36. This decrease is primarily due to debt services payments for the 2013 Tax Allocation Bonds and the 2017 Tax Allocation Refunding Bonds.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Cindy Russell, Administrative Services Director

Attachments

Attachment A

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
February 28, 2019

		Cost Value	Market Value*
Demand and Interest-Bearing Checking Accounts	Citizen's Bank	\$ 127,946.30	\$ 127,946.30
Local Agency Investment Fund	LAIF	\$ 1,866,416.17	\$ 1,871,352.04
<u>Fiscal Agent Cash & Investments</u>			
2004 Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$ 343,629.94	\$ 343,629.94
2010 Brea Public Financing Authority Lease Revenue Bond	Chandler/BNY	\$ 1,007,912.00	\$ 1,007,912.00
2013 Tax Allocation Bonds	Chandler/BNY	\$ 9,090,669.36	\$ 9,090,669.36
2016 Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$ 1,347,768.29	\$ 1,347,768.29
2017 Tax Allocation Refunding Bonds, Series A & B	Chandler/BNY	\$ 1,051,134.71	\$ 1,051,134.71
Sub-total - Fiscal Agent Cash & Investments		\$ 12,841,114.30	\$ 12,841,114.30
Grand Total		\$ 14,835,476.77	\$ 14,840,412.64

* Includes accrued interest on invested funds

Successor Agency to the Brea Redevelopment Agency
Cash and Investment Information
February 28, 2019

ATTACHMENT A

Fiscal Agent Cash & Investments Detail	Cost Value	Market Value
2004 Brea Public Financing Authority Lease Revenue Bond - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 343,629.94	\$ 343,629.94
Sub-total	\$ 343,629.94	\$ 343,629.94
2010 Brea Public Financing Authority Lease Revenue Bond - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,007,912.00	\$ 1,007,912.00
Sub-total	\$ 1,007,912.00	\$ 1,007,912.00
2013 Tax Allocation Bonds - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 9,090,669.36	\$ 9,090,669.36
Sub-total	\$ 9,090,669.36	\$ 9,090,669.36
2016 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,347,768.29	\$ 1,347,768.29
Sub-total	\$ 1,347,768.29	\$ 1,347,768.29
2017 Tax Allocation Refunding Bonds, Series A & B - CHANDLER	\$ -	\$ -
Short-Term Treasury Funds - BNY	\$ 1,051,134.71	\$ 1,051,134.71
Sub-total	\$ 1,051,134.71	\$ 1,051,134.71
 Report Grand Total	 \$ 12,841,114.30	 \$ 12,841,114.30



PORTFOLIO CHARACTERISTICS

Average Modified Duration	0.00
Average Coupon	2.39%
Average Purchase YTM	2.39%
Average Market YTM	2.39%
Average S&P/Moody Rating	NR/NR
Average Final Maturity	0.00 yrs
Average Life	0.00 yrs

ACCOUNT SUMMARY

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	1,866,416	1,866,416
Accrued Interest	1,514	4,936
Total Market Value	1,867,930	1,871,352
Income Earned	1,698	3,422
Cont/WD		0
Par	1,866,416	1,866,416
Book Value	1,866,416	1,866,416
Cost Value	1,866,416	1,866,416

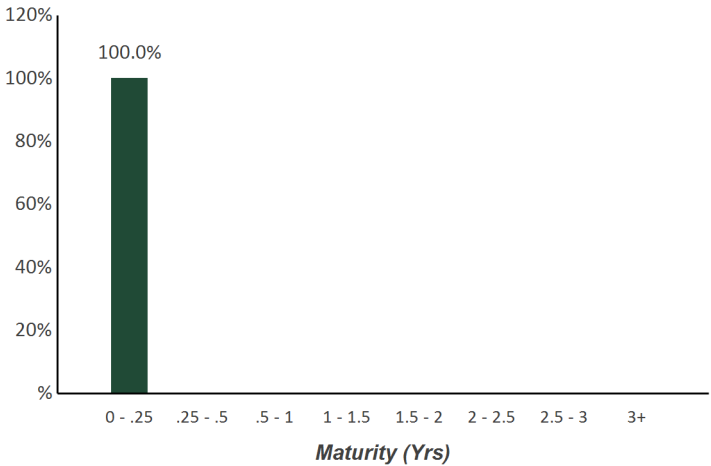
TOP ISSUERS

Local Agency Investment Fund	100.0%
Total	100.0%

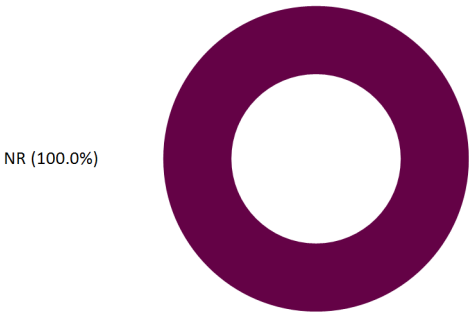
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	1,866,416.17	Various 2.39%	1,866,416.17 1,866,416.17	1.00 2.39%	1,866,416.17 4,935.87	100.00% 0.00	NR / NR NR	0.00 0.00
Total LAIF		1,866,416.17	2.39%	1,866,416.17	2.39%	1,866,416.17 4,935.87	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		1,866,416.17	2.39%	1,866,416.17	2.39%	1,866,416.17 4,935.87	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						1,871,352.04			

City of Brea

COUNCIL COMMUNICATION

TO: Honorable Mayor and City Council Members

FROM: Bill Gallardo, City Manager

DATE: 04/16/2019

SUBJECT: Public Hearing to Consider a Solid Waste Services Rate Increase for Commercial Customers for Commercial Organics Recycling Program; Amendment No. 1 to Brea Disposal (Republic) Contract

RECOMMENDATION

Receive public input, adopt Resolution No. 2019-024 approving the proposed solid waste services rate increase of 3.06% for commercial customers, and approve Amendment No.1 to agreement with Brea Disposal (Republic).

BACKGROUND/DISCUSSION

In 1989, the City executed a contract with Taormina Industries (Taormina) (d.b.a. Brea Disposal) to grant an exclusive franchise for the collection, transportation, recycling, composting, and disposal of solid waste, recyclable, and compostable materials. In 1996, the City consented to Taormina's acquisition by Republic Services, Inc. (Republic). The current contract is a September 3, 2002 restated and amended agreement. Although the contract is with Taormina, discussions regarding the contract commonly refer to Republic due to its status as the parent company. Last December, City Council authorized the City Manager to issue a non-extension notice to Republic. Absent earlier termination by either party, the contract will expire on December 31, 2039.

California Assembly Bill AB 1826 (signed into law on September 28, 2014) requires local governments to establish and implement additional recycling programs. The purpose of this law is to achieve separation of commercial organic waste from the waste stream and diversion from landfills. AB 1826 recycling requirements are phased in over several years and are intended to help the State meet its goal to recycle 75% of its waste by 2020.

Since early 2016, the City has been working diligently to adopt and implement a Commercial Organics Recycling Program (CORP). The following is a summary of prior City Council meetings that included discussion on this topic:

- February 2, 2016 – City Council adopts program, but did not include fees
- January 17, 2017 – City Council Study Session
- May 21, 2017 – City Council Study Session
- January 16, 2018 – City Council Study Session
- May 1, 2018 – City Council Meeting
- July 17, 2018 – City Council Meeting
- February 5, 2019 – City Council Meeting

At those meetings, staff provided information regarding two implementation fee options, Single User "Generator" or "Sector Wide" pricing. After discussion at the February 5, 2019 meeting, City Council selected the Sector Wide implementation option. To conform to Proposition 218 requirements regarding public noticing and protest vote thresholds, that option included: setting a Public Hearing for April 16, 2019; direction to staff to mail out formal Public Hearing notices to all businesses; and direction to staff to prepare a contract amendment and fee resolution for consideration at the April 16, 2019 meeting.

Proposition 218 requires a mailed notice to each property owner and property tenant directly responsible for paying the proposed fee increase (collectively, "rate payers"), followed by a Public Hearing not less than 45 days after the mailing. A notice to rate payers was sent out on February 26, 2019. A copy is provided as Attachment 1.

A Public Hearing is being held for City Council to review the results of the Proposition 218 process, and to consider adopting the solid waste services rates increase for commercial customers for the CORP. Unless protests are received from a majority of rate payers (50% + 1) prior to the conclusion of the Public Hearing, the City Council can adopt Resolution No. 2019-024 to impose this rate increase. In accordance with state law (Government Code § 36936), at least three Council Members must vote in favor of the Resolution for it to be adopted.

20 protests were received by staff at the time this report was prepared. In order for there to be a majority protest on this item, there needs to be 265 protest votes. All protest votes received to date were submitted by Tomlinson Management on behalf of multi-family dwellings they manage.

Program Pricing

At the February 5, 2019 meeting, City Council asked Republic to consider a limited term for the CORP. In subsequent discussions with staff, Republic stated that it will not agree to a limited term because it already has an exclusive franchise to collect all trash, which includes organics. Republic emphasized that the proposed solid waste services rate increase simply pays for the separating and recycling of commercial organics material.

In an effort of good faith, Republic has agreed to reduce the proposed rate increase from 3.55% (which was identified in the Public Hearing notice) to 3.06%. This was accomplished by lowering the City's tonnage threshold from 1,825 to 1,551. This results in a savings to businesses of approximately \$33,100 per year. In addition, Republic has agreed to phase in the proposed 3.06% rate increase over two equal increments: 1.53% on May 1, 2019 and the additional 1.53% on January 1, 2020. This results in an additional savings of approximately \$68,450 in the first 14 months of the CORP. The total combined savings to businesses in the first 14 months is approximately \$101,500 and \$33,100 every year thereafter. The revised proposed rate schedule is included as Exhibit B1 of Amendment No.1.

If approved tonight, the CORP is scheduled to begin May 1, 2019. The most common commercial service level is one 3-yard trash bin serviced three times per week. At this service rate, the sector wide increase would be approximately \$10.55 per month at the full 3.06% increase. Participating in the CORP will also give businesses the opportunity to reduce the number of weekly trash pickups, and container size, resulting in an overall offset of costs. The proposed commercial rates are shown in Exhibit B1 of the attached Amendment No.1.

Staff had previously shared a couple of examples of how businesses would be impacted by the

proposed fees. The two examples included the Downtown and Embassy Suites. Staff has updated these examples with the proposed full rate of 3.06% and also added a new example to show how a small business that generates very little organics may be impacted. Please see Attachment 2a-2c for the examples. As you can see, businesses that add organic containers and reduce their regular trash service by a proportional amount will see an offset towards the cost of CORP.

Contract Amendment

A contract amendment is required to update service needs for the CORP into the contract with Republic. The contract amendment will require Republic to make commercial organics recycling services available to all businesses, including multi-family customers. Republic will also tailor the program to fit the waste generation and space constraints of each commercial customer.

The following are highlights of important points included in the proposed amendment:

- **Outreach and Business Coordination:**

Republic will be responsible for initially contacting all businesses and for contacting out-of-compliance businesses on a semi-annual basis. Republic will also be responsible for ongoing outreach once a business signs up for organic recycling.

- **Reporting Requirements:**

Republic will collect all recycling data and address any and all inquiries from CalRecycle. Republic will also provide all information required by CalRecycle for the City's annual report.

- **Rate Schedule (Rate Phasing):**

Republic will phase-in the proposed 3.06% rate increase over the first 14 months in two equal (1.53%) phases. If approved on April 16th, the first phase will be applied on May 1, 2019 and the second phase will be applied on January 1, 2020.

- **Rate Adjustment Methodology:**

Republic will be eligible for an annual rate adjustment per methodology in the existing contract, which uses the Consumer Price Index (CPI). In addition, Republic will be eligible for an additional Disposal Cost increase in the event of excessive cost increases from its third-party disposal site operator. If the proposed disposal cost exceeds the CPI increase, then Republic and the City will negotiate a fair increase in good faith. See Exhibit 2 of Amendment No.1.

If Republic makes changes to the processing or disposal methods that results in savings to Republic, then Republic shall provide the City with a 90-day advance notice and shall meet in good faith to negotiate a fair rate adjustment credit to commercial customers.

- **Rebalancing Adjustment:**

Republic will have until end of 2022 to meet or exceed the tonnage threshold of 1,551 tons of organic material per year. If the tonnage threshold is not met, effective July 1, 2023, the rates on Republic's non-fixed costs will be reduced according to the Rate Adjustment Methodology shown in Exhibit 3 of Amendment No.1.

- **Program Termination:**

City Council has expressed concern with the future of organics recycling and with limiting the City's ability to adjust to future technology and potential changes in legislation. The contract amendment allows either Republic or the City to terminate the CORP after 60 days advanced notice. Termination will restore organics recycling to how it is handled today without a CORP. As long as Republic retains its exclusive franchise, the City will not be able to seek another hauler or entity to implement a CORP.

If City Council approves the solid waste services rate increase for commercial customers for the CORP, then staff recommends that City Council approve Amendment No.1 to include the program requirements in the solid waste contract with Republic.

FISCAL IMPACT/SUMMARY

The cost to businesses for organic recycling for the first 14 months is \$171,140 after applying a proposed savings of \$68,458 due to the mentioned phase-in of the proposed rate of 3.06% during this period. After July 1, 2020, the annual cost to businesses is expected to be \$205,370 (not including any CPI increases from 2019). This amount includes a permanent annual savings of \$33,093 due to the reduction in the rate increase from 3.55% to 3.06%. Commercial services are directly billed by Republic.

There will be some additional in-house staff coordination required along with some possible assistance from the City's refuse consultant firm, HF&H Consultants. Additional in-house and contractor costs are not expected to exceed \$10,000 per year. All funds for this program would come from the Sanitation Fund and there is no impact to the General Fund.

RESPECTFULLY SUBMITTED:

William Gallardo, City Manager

Prepared by: Tony Olmos, Public Works Director

Attachments

1. Public Hearing Notice
 - 2a. Embassy Suites Example
 - 2b. Downtown Example
 - 2c. Small Business Example
 3. Amendment No.1
 4. Resolution
-



**CITY OF BREA NOTICE OF PUBLIC HEARING FOR PROPOSED INCREASE TO SOLID WASTE
SERVICE RATES FOR COMMERCIAL CUSTOMERS**

The Brea City Council will hold a public hearing on April 16, 2019 at 7:00 PM, or as soon as the matter may be heard, in City Council Chambers to consider a proposed increase to the solid waste service rates for commercial customers.

Why am I receiving this notice?

On February 5, 2019, the City Council directed staff to send out a public notice regarding a public hearing to consider adding a commercial organics recycling program for businesses to the City's solid waste contract with Brea Disposal (Republic Services, Inc.) and increasing the solid waste service rates for businesses to reflect the cost of providing such program. If the City Council approves this item, the program and increased rates will begin on May 1, 2019. The proposed increased rates are shown on the attached exhibit and, commencing July 1, 2020, may be increased annually in accordance with the proposed contract amendment with Brea Disposal.

NOTICE IS HEREBY GIVEN that the City Council will hold a public hearing on the proposed increase to solid waste service rates for commercial customers on April 16, 2019 at 7:00 PM, or as soon as the matter may be heard, at 1 Civic Center Circle, Brea in City Council Chambers.

At the public hearing, the City Council will hear and consider all objections or protests to the proposed increase to solid waste service rates for commercial customers. Any property owner or property tenant that is directly responsible for payment of solid waste service rates (each, a "solid waste customer") may submit a written protest against the proposed increase to solid service rates for commercial customers. Written protests may be delivered to the City Clerk at City Hall. Protests that are mailed or delivered to City Hall must be received by the City Clerk before 5:00 PM on April 16, 2019.

To be counted, a written protest must: (1) identify the parcel of property subject to the proposed increase to solid waste service rates for commercial customers, (2) identify the solid waste customer, and (3) include the signature of the solid waste customer. A majority protest exists if, at the end of the public hearing, there are written protests submitted by a majority of the solid waste customers subject to the proposed increase to solid waste service rates for commercial customers. No more than one written protest per parcel of property will be counted in calculating a majority protest. The City Council cannot adopt the proposed solid waste service rate increase if a majority protest exists.

When will the new rates go into effect? When will I see the new rates reflected in my utility bill?

If approved by City Council, the increased rates will go into effect for all commercial customers on or after May 1, 2019. The new rates will be reflected in the billings sent on May 31, 2019.

City Council	Christine Marick <i>Mayor</i>	Marty Simonoff <i>Mayor Pro Tem</i>	Cecilia Hupp <i>Council Member</i>	Glenn Parker <i>Council Member</i>	Steven Vargas <i>Council Member</i>
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Can I challenge the fees in court?

Yes. You may be limited to raising only the issues you or someone else raise at the public hearing described in this notice, or in a written correspondence delivered to the City Clerk by the date and time above.

I would like to learn more. Who do I call or email my questions to?

For more information about the commercial organics recycling program or the proposed increase to solid waste service rates for commercial customers, please visit organicsrecycling@cityofbrea.net or contact the Public Works Department at (714) 990-7760.

Brea Commercial- Current Rates

Direct Billed by Republic Services

Effective July 1, 2018

DIRECT BILLED Permanent Service										
Container	Type	1X	2X	3X	4X	5X	6X	7X	1 st Extra P/U	2nd Extra P/U @ same time
FL 2.00	Trash	91.73	158.91	226.09	293.27	360.45	427.63	507.24	69.45	38.20
FL 2.00	Manure	103.23	181.91	260.59	339.27	417.95	496.63	587.74	79.44	79.44
FL 3.00	Trash	147.57	246.26	344.95	443.64	542.33	641.02	752.14	69.45	38.20
FL 3.00	Manure	162.24	275.60	388.96	502.32	615.68	729.04	854.83	79.44	79.44
FL 3.00 C	Mini Packer	216.52	391.41	566.30	741.19	916.08	1,090.97	1,265.86	116.42	116.42
FL 3.00	30 Day Temp Construction	190.00	293.39	396.78	500.17	603.56	706.95	810.34	103.39	103.39
FL 3.00	Brea Olinda School District	87.60	155.73	223.86	291.99	360.12	428.25	N/A	68.13	68.13
FR 3.00	Recycle	110.64	221.28	331.92	More than 3x week requires Mgmt approval				110.64	110.64
HP	Pull Out Svc	58.92	117.84	176.76	235.68	294.60	353.52	424.87	58.92	58.92
CA 0.48	Comm Carts	23.66	Rate is per cart – Limit 4 cart – supervisor approval required							
Lock Latch	Monthly Rate (Code UNL)	2.22	4.44	6.66	8.88	11.10	13.32	27.97	2.22	2.22
ALL BINS	Special Access (Keys/Codes)	11.07	Monthly charge for any bin access that requires keys, gate codes, remotes, etc. CODE = ACC (Description on invoice is CONTAINER ACCESS)							
ALL BINS	Overage Charge	38.74	Billed for each occurrence							

*Sunday Service - Any service rate frequency less than 7X per week, may add Sunday collection service for an additional **\$40.26** per month premium.

EXTRA SERVICES				
Service Type	Svc Code	EXT Flag	Rate	Notes
Exchange Bin - No Charge	EXC	N	-	One time per year – No Charge
Exchange Bin	EXC	Y	83.03	Per container - After one free per calendar year
Extra Pickup	REG	Y	Varies	See Rates above
2 nd Extra Pickup (@ same time)	EP1	Y	Varies	More than one extra pick up @ the same time
Relocation	REL	Y	53.41	
Redeliver Bins (removed as a result of non-payment bin pull)	DEL	Y	83.36	After delinquent payment has been received, enter <u>ADTB</u> F2 Note to charge
Lock Latch Installation	LLK	Y	98.94	One-time fee
Steam Clean Container(s)	WAS	Y	110.69	Per Container - After one free per calendar year

COMMERCIAL & MULTI-FAMILY BULKY PICK UP					
Type	Service Days	Svc Code	EXT Flag	Rate	Notes
No limit; Max 20 items per collection	Tues/Thurs	BUL	Y	50.02	Includes first 2 items No building materials, auto parts, tires, e-waste, universal or hazardous waste
Items after 2	Tues/Thurs	BU1	Y	6.66	Per item charge; <u>Limit 20 items per collection</u>
Refrigerator	Thursday	APN	Y	63.98	Gas Recovery Fee This rate is IN ADDITION to the standard Bulky Item Charge
A/C unit					
Freezer					
Water Heater – All Sizes	Tues/Thurs	AP1	Y	50.02	Per item charge
E-waste	Thursday	ELP	N	-	Limit 10 items per collection

Brea Commercial - Proposed Rates (current + 3.55% increase)

Direct Billed by Republic Services

DIRECT BILLED Permanent Service										
Container	Type	1X	2X	3X	4X	5X	6X	7X	1 st Extra P/U	2nd Extra P/U @ same time
FL 2.00	Trash	94.99	164.55	234.12	303.68	373.25	442.81	525.25	71.92	39.56
FL 2.00	Manure	106.89	188.37	269.84	351.31	432.79	514.26	608.60	82.26	82.26
FL 3.00	Trash	152.81	255.00	357.20	459.39	561.58	663.78	778.84	71.92	39.56
FL 3.00	Manure	168.00	285.38	402.77	520.15	637.54	754.92	885.18	82.26	82.26
FL 3.00 C	Mini Packer	224.21	405.31	586.40	767.50	948.60	1,129.70	1,310.80	120.55	120.55
FL 3.00	30 Day Temp Construction	196.75	303.81	410.87	517.93	624.99	732.05	839.11	107.06	107.06
FL 3.00	Brea Olinda School District	87.60	155.73	223.86	291.99	360.12	428.25	N/A	68.13	68.13
FR 3.00	Recycle	114.57	229.14	343.70	More than 3x week requires Mgmt approval				114.57	114.57
HP	Pull Out Svc	61.01	122.02	183.03	244.05	305.06	366.07	439.95	61.01	61.01
CA 0.48	Comm Carts	24.50	Rate is per cart – Limit 4 cart – supervisor approval required							
Lock Latch	Monthly Rate (Code UNL)	2.22	4.44	6.66	8.88	11.10	13.32	27.97	2.22	2.22
ALL BINS	Special Access (Keys/Codes)	11.07	Monthly charge for any bin access that requires keys, gate codes, remotes, etc. CODE = ACC (Description on invoice is CONTAINER ACCESS)							
ALL BINS	Overage Charge	40.12	Billed for each occurrence							
*Sunday Service - Any service rate frequency less than 7X per week, may add Sunday collection service for an additional \$40.26 per month premium.										

EXTRA SERVICES				
Service Type	Svc Code	EXT Flag	Rate	Notes
Exchange Bin - No Charge	EXC	N	-	One time per year – No Charge
Exchange Bin	EXC	Y	83.03	Per container - After one free per calendar year
Extra Pickup	REG	Y	Varies	See Rates above
2 nd Extra Pickup (@ same time)	EP1	Y	Varies	More than one extra pick up @ the same time
Relocation	REL	Y	53.41	
Redeliver Bins (removed as a result of non-payment bin pull)	DEL	Y	83.36	After delinquent payment has been received, enter <u>ADTB</u> F2 Note to charge
Lock Latch Installation	LLK	Y	98.94	One-time fee
Steam Clean Container(s)	WAS	Y	110.69	Per Container - After one free per calendar year

COMMERCIAL & MULTI-FAMILY BULKY PICK UP					
Type	Service Days	Svc Code	EXT Flag	Rate	Notes
No limit; Max 20 items per collection	Tues/Thurs	BUL	Y	50.02	Includes first 2 items No building materials, auto parts, tires, e-waste, universal or hazardous waste
Items after 2	Tues/Thurs	BU1	Y	6.66	Per item charge; <u>Limit 20 items per collection</u>
Refrigerator	Thursday	APN	Y	63.98	Gas Recovery Fee This rate is IN ADDITION to the standard Bulky Item Charge
A/C unit					
Freezer					
Water Heater – All Sizes	Tues/Thurs	AP1	Y	50.02	Per item charge
E-waste	Thursday	ELP	N	-	Limit 10 items per collection

Attachment 2a Embassy Suites Example

Embassy Suites: Monthly Service

Existing:

- 1 - 3 cubic yard Mini Packer serviced 4X/wk (\$741.19 per month)

Proposed:

- 1 - 3 cubic yard Mini Packer serviced 3X/wk (\$566.30 per month)
- 1 – 2 cubic yard bin serviced 3X/wk (organics: \$233.01 per month)

<u>Sector Wide</u>	Monthly Regular Trash Service	3.06% Rate Increase (on trash service)	Organics Container	Total
Existing	\$741.19	\$0.00	\$0.00	\$741.19
Proposed	\$566.30	\$17.33	\$233.01	\$816.64
				\$75.45

Note: This was one possible scenario for organics recycling at this site. Final set up per actual organics volume may require changes to the container size and trash service frequency.

Attachment 2b Downtown Example

Downtown: Monthly Service

Existing:

- 1 - 40 cubic yard Compactor serviced 1X/wk - 52 times per year (\$670.31 per haul or \$2,904.67 per month)

Proposed:

- 1 - 40 cubic yard Compactor serviced 41 times per year (\$670.31 per haul or \$2,290.22 per month)
- 2 – 2 cubic yard bin serviced 4X/wk (organics: \$302.24 per month * 2)

<u>Sector Wide</u>	Monthly Regular Trash Service	3.06% Rate Increase (on trash service)	Organics Container	Total
Existing	\$2,904.67	\$0.00	\$0.00	\$2,904.67
Proposed	\$2,290.22	\$70.08	\$604.48	\$2,964.78
				\$60.11

Note: This was one possible scenario for organics recycling at this site. Final set up per actual organics volume may require changes to the container size and trash service frequency.

Attachment 2c Small Business Example

Small Business: Monthly Service

Existing:

- 1 - 3 cubic yard bin serviced 3X/wk (\$344.95 per month)

Proposed:

- 1 - 2 cubic yard bin serviced 4X / wk (\$293.27 per month)
- 1 – 64 gallon organic container serviced 2X/wk (organics - \$90 per month)

Sector Wide	Monthly Regular Trash Service	3.06% Rate Increase (on trash service)	Organics Container	Total
Existing	\$344.95	\$0.00	\$0.00	\$344.95
Proposed	\$293.27	\$8.97	\$90.00	\$392.24
				\$47.29

Note: This was one possible scenario for organics recycling at this site. Final set up per actual organics volume may require changes to the container size and trash service frequency.

**AMENDMENT NO. 1 TO
RESTATED AND AMENDED AGREEMENT FOR THE COLLECTION,
TRANSPORTATION, RECYCLING, COMPOSTING AND DISPOSAL OF SOLID
WASTE, RECYCLABLE AND COMPOSTABLE MATERIALS**

This Amendment No. 1 (“First Amendment”) to the September 3, 2002 Restated and Amended Agreement for the Collection, Transportation, Recycling, Composting and Disposal of Solid Waste, Recyclable and Compostable Materials (“Agreement”) executed by the City of Brea, a municipal corporation (“City”), and Taormina Industries, LLC, a wholly owned subsidiary of Republic Services, Inc. d.b.a. Brea Disposal (“Franchisee”), is dated April 16, 2019 for references purposes.

R E C I T A L S

- A. The parties executed the Agreement to restate and amend their contractual obligations in connection with an exclusive franchise for collection, transportation, recycling, composting, and disposal of solid waste, recyclable, and compostable materials.
- B. In 2014, the Legislature enacted AB 1826 (Chesbro, Chapter 727) to establish a multi-tier compliance schedule for businesses to arrange for organic waste recycling services.
- C. The parties desire to amend the Agreement to: (i) provide for Franchisee’s implementation of a commercial organics recycling program in compliance with AB 1826; and (ii) increase the rate schedule for businesses to reflect the cost of providing such program.

NOW, THEREFORE, the parties agree as follows:

- 1. Amendment of Section 2.** The first paragraph of Section 2 (Definitions) of the Agreement is amended to read as follows:

“Whenever any term used in this Agreement has been defined by Chapter 8.28 of the Brea City Code or by Division 30 (commencing with § 40000) of the California Public Resources Code, the definition in the Brea City Code or the California Public Resources Code shall apply unless the term is otherwise defined in this Agreement.”

- 2. Amendment of Section 2.** Section 2 (Definitions) of the Agreement is amended by adding new Subsections U through Z to read as follows:

“U. ‘CalRecycle’ means California Department of Resources Recycling and Recovery.

V. ‘Commercial Organics Recycling Law’ means Division 30, Part 3, Chapter 12.9 (commencing with § 42649.8) (commonly referred to as AB 1826) of the California Public Resources Code, and as implemented by CalRecycle.

W. ‘Food Waste’ means: (i) kitchen and table food scraps; (ii) animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs; (iii) discarded paper that is contaminated with such waste; and (iv) fruit waste, grain waste, dairy

waste, meat, and fish waste that has been source separated from other solid waste. Food waste is a subset of organic waste.

X. 'Organic Waste' has the meaning set forth in the Commercial Organics Recycling Law.

Y. 'Organic Waste Processing Facility' means a permitted facility where organic waste is sorted, mulched, or separated for the purposes of recycling, reuse, or composting.

Z. 'Multifamily Residential Dwelling' means a premises containing more than one (1) residential dwelling unit (including a premises incorporating residential dwelling units and nonresidential uses) at which FRANCHISEE determines, with the City Manager's concurrence (which may be granted or withheld in the City Manager's absolute discretion), that the residential dwelling units must receive solid waste, recycling, and green waste services through the use of shared bins because the premises is not reasonably able to store containers or otherwise receive individualized solid waste handling service through the use of the automated collection system utilizing containers contemplated by this Agreement for residential premises. Multifamily residential dwelling always includes a residential dwelling that consists of five or more units.

3. **Amendment of Section 6.** Section 6 (Services To Be Provided By Franchisee) of the Agreement is amended by adding a new Subsection Q to read as follows:

"Q. **Commercial Organics Recycling Program.** Commencing May 1, 2019, FRANCHISEE shall implement a commercial organics recycling program as follows:

1. FRANCHISEE shall ensure that the commercial organics recycling program will meet the requirements of the Commercial Organics Recycling Law. In the event of a change to the Commercial Organics Recycling Law, including any amendments, adoption or repeal of regulations or judicial interpretation, the Parties shall meet and confer regarding any necessary or appropriate modifications to this Agreement or the commercial organics recycling program.

2. FRANCHISEE shall make available to customers information related to the commercial organics recycling program and shall promote such program through its website, mailers, brochures, billing inserts, e-mail content, social media, and online announcements.

3. FRANCHISEE shall cause all organic waste deposited into bins or carts of commercial subscribers, multifamily residential dwellings, and CITY facilities to be managed using methods approved by CalRecycle for diversion credit.

4. FRANCHISEE shall offer commercial organics recycling program services to commercial subscribers, multifamily residential dwellings, and CITY facilities. There shall be no cost for organic waste recycling for CITY facilities.

5. FRANCHISEE shall offer commercial organics recycling program services based on the receptacle size and service frequency as contained in the Rate Schedule in Exhibit 1 (as adjusted pursuant to § 8.G). The services offered shall allow customers to choose from either a two (2) cubic yard bin or a sixty-four (64) gallon cart, and shall allow customers to choose whether the service shall be provided once, twice, or three (3) times per week. If CalRecycle determines that mandatory commercial organics service shall be provided on or after January 1, 2020 to

businesses that subscribe to two (2) cubic yards or more of solid waste service per week, then FRANCHISEE will also offer a 35-gallon cart at the rate identified in Exhibit 1 (as adjusted pursuant to § 8.G) for businesses that generate a small amount of organic waste.

6. Unless otherwise specified, FRANCHISEE may contact customers through direct mail, e-mail, telephone calls, site visits and/or other methods in FRANCHISEE's discretion, provided that such methods meet CalRecycle requirements.

7. Upon encountering a contaminated organic waste receptacle, FRANCHISEE shall document such receptacle using a driver on-board system, shall forward the message to its dispatch personnel, and shall photograph such receptacle. FRANCHISEE shall advise the customer that FRANCHISEE will return the following business day to provide service for the contaminated receptacle. FRANCHISEE shall contact and provide education materials to the customer on appropriate items to be placed in an organic waste receptacle. For each instance of a contaminated organic waste receptacle, FRANCHISEE may charge the customer the fee identified in Exhibit 1 (as adjusted pursuant to § 8.G).

8. FRANCHISEE shall target outreach to commercial subscribers that create large amounts of organic waste, such as hotels, business parks, and multifamily residential dwellings with significant landscaping waste. FRANCHISEE shall also target commercial subscribers that have food service operations such as restaurants, grocery stores, hospitals, corporate cafes, bakeries, etc.

9. If necessary or requested by CalRecycle, FRANCHISEE shall conduct visual waste audits of commercial premises and multifamily residential dwellings to evaluate their organic waste service requirements and service level needs. FRANCHISEE shall provide the subscribers with training materials for employees such as servers, food preparers, and hospitality and maintenance staff, taking into consideration employee turnover and shift changes.

10. If necessary or requested by CalRecycle, on an annual basis, FRANCHISEE shall conduct customer surveys and onsite waste assessments of commercial premises and multifamily residential dwellings that: (i) are subject to the Commercial Organics Recycling Law; (ii) do not receive FRANCHISEE-provided commercial organics recycling program services; and (iii) either utilize an in-house program, donate edible foods to a charitable organization, or recycle using a third party vendor. FRANCHISEE shall provide copies of waste assessments performed each quarter until January 2021, or later if requested by CalRecycle or CITY, and shall submit copies of all waste assessments as part of the annual report to CITY in accordance with § 15.F. In the event a customer subject to the Commercial Organics Recycling Law refuses FRANCHISEE-provided commercial organic recycling program services and does not report to FRANCHISEE that it achieves organic waste recycling via an in-house program, food donations, or through a compliant third party recycling program, FRANCHISEE shall provide to CITY information including such customer's name, address, and contact information on a CITY approved template for inclusion with State reporting. City shall manage any survey or assessment information submitted by FRANCHISEE as confidential and proprietary account information to the extent permitted by California law when designated as such by FRANCHISEE in its reporting. City may share such information with its third party consultants as necessary.

11. FRANCHISEE shall contact and provide outreach to commercial premises and multifamily residential dwelling subscribers as follows:

a. Initial Direct Mailing. FRANCHISEE shall prepare a multi-lingual letter on CITY letterhead regarding the requirements of the Commercial Organics Recycling Law. The letter shall inform customers of the FRANCHISEE-provided commercial organics recycling program and the Commercial Organics Recycling Law requirements. Upon CITY approval, FRANCHISEE shall mail or deliver the letter to all commercial and multifamily residential dwelling customers.

b. Out of Compliance Outreach. On a semi-annual basis, FRANCHISEE shall prepare a multi-lingual letter on CITY letterhead to notify noncompliant customers of their noncompliance and the annual reporting requirements to CalRecycle. Upon CITY approval, FRANCHISEE shall mail or deliver the letter to all noncompliant customers identified using FRANCHISEE's database. For reporting to CalRecycle, FRANCHISEE shall provide CITY with a list of all noncompliant customers including their contact person, service and billing addresses, phone number, e-mail, account notes and any information relating to the previous refusal of commercial organics recycling program services.

c. Ongoing Outreach.

i. FRANCHISEE shall provide ongoing commercial organics recycling program information to all existing and new commercial premises and multifamily residential dwelling customers. Such information shall include: step by step process; guidelines for new employee training; do's and don'ts of separation; signage examples; source reduction suggestions; links to online FRANCHISEE and CITY programs/resources; information on environmentally preferable purchasing policies; and resource list of sustainability programs and toolkits from trade organizations (e.g., National Restaurant Association and US Composting Council Curb to Compost Toolkit) and government agencies (e.g. EPA toolkit for Reducing Food Waste and Packaging and FTC Guidelines on compostable and degradable claims).

ii. FRANCHISEE shall provide samples of indoor and outdoor receptacle options and signage.

iii. FRANCHISEE shall contact or provide information to help identify the customer's startup team to implement the program and provide long term support.

iv. If necessary or requested by customers, FRANCHISEE shall conduct comprehensive, in-house, multi-lingual trainings with kitchen and janitorial staff at no additional charge.

v. FRANCHISEE shall follow-up and monitor to ensure successful participation, which shall include visual audits and additional training when necessary.

vi. FRANCHISEE shall create solutions for the identified challenges and waste stream specifics, and shall provide customers with samples of receptacle options and signage to identify receptacles.

vii. FRANCHISEE shall connect customers with food donation programs where applicable.

viii. FRANCHISEE shall produce, keep current, and provide information to the public on the Commercial Organics Recycling Law and identification of commercial premises and multifamily residential dwelling customers affected by the legislation.”

4. Amendment of Section 8. Section 8 (Compensation For Services) of the Agreement is amended by adding a new Subsection G to read as follows:

“G. **Commercial Organics Recycling Program.** Notwithstanding § 8.B and Exhibit B, commencing May 1, 2019, FRANCHISEE may charge commercial and multifamily residential dwelling accounts as follows to facilitate implementation of the commercial organics recycling program.

1. **Sector Wide Rates.** FRANCHISEE may charge the rates specified in Exhibit B1 for commercial/industrial services provided hereunder. The parties acknowledge that Exhibit B1 provides a 3.06% rate adjustment without a corresponding franchise fee or administrative fee for CITY. This rate shall be phased-in with two equal increments as follows: (i) beginning May 1, 2019, FRANCHISEE shall implement a one-time rate increase of 1.53% for commercial rates; and (ii) beginning January 1, 2020, FRANCHISEE shall implement a one-time rate increase of 1.53% for commercial rates. Additionally, on July 1, 2019, commercial rates shall be adjusted in accordance with Section § 8.E.

2. **User Rates.** FRANCHISEE may charge the rates specified in Exhibit 1 for commercial organics recycling program services.

3. **Adjustment for Organic Waste Recycling Costs.** The parties acknowledge that FRANCHISEE is using its own organic waste processing facility as of May 1, 2019, and that the rates specified in Exhibit B1 have been set using the total amount of \$23.94 per cubic yard as the cost for organic waste recycling cost incurred by FRANCHISEE based on a tonnage threshold of 1,551 tons of organic materials per yard and 12,410 cubic yards of organic container capacity per year. FRANCHISEE shall remain competitive with local market rates for similar organic waste processing solutions. FRANCHISEE shall notify CITY at least ninety (90) days in advance of any plans to change FRANCHISEE’s processing or disposal methods. If the proposed changes result in savings to FRANCHISEE, then the parties shall meet to negotiate in good faith an adjustment to the organic waste processing cost that reflects the proposed facility’s costs, and a method of adjusting the organic waste processing and disposal costs. Upon CITY’s request, FRANCHISEE shall provide data and documentation to verify the proposed savings.

4. **Adjustment for Organic Waste Disposal/Processing Fee Costs.** Effective July 1, 2020 and annually thereafter, commercial rates will be adjusted for changes in the organic waste disposal and processing fee per ton based on the formula in Exhibit 2. Notwithstanding the preceding, this adjustment shall not be performed in any year that the rebalancing adjustment is performed in accordance with Paragraph 5 below.

5. **Rebalancing Adjustment.** Effective July 1, 2023, the sector wide rates shall be adjusted based on the formula set forth in Exhibit 3 to reflect the actual level of participation in

the commercial organics recycling program if the tonnage threshold of 1,551 tons has not been met. FRANCHISEE will provide for CITY review all data and documentation requested by CITY supporting the number of units and related calculations in Exhibit 3. Such data shall include any allocation methods used to allocate tons or volume of organic material to CITY from shared organics collection routes in other municipalities.

Notwithstanding the preceding, if the actual number of tons for the organic waste collected under the commercial organics recycling program in calendar year 2020 exceeds 1,551 tons, and if FRANCHISEE submits a written request to CITY prior to February 1, 2021, then the rebalancing adjustment instead shall be performed effective July 1, 2021, July 1, 2022, and July 1, 2023. The rebalancing adjustment will not be performed again after July 1, 2023.

6. **Program Termination.** If there are changes to state law (including amendment or repeal of the Commercial Organics Recycling Law) or technological advances that modify or eliminate the need for a commercial organics recycling program as currently structured, then the parties shall renegotiate in good faith the commercial organics recycling program provisions of this Agreement. If the parties cannot reach a consensus, either party may terminate the commercial organics recycling program on sixty (60) days notice to the other party. In such event, notwithstanding any other provision of this Agreement, as of the termination date FRANCHISEE shall cease implementing the commercial organics recycling program and shall cease charging commercial and multifamily residential dwelling accounts for commercial organics recycling program services.”

5. **Amendment of Section 15.** Section 15 (Reports And Adverse Information) of the Agreement is amended by adding a new Subsection F to read as follows:

“F. **Quarterly Organics Reports.**

1. FRANCHISEE shall provide to CITY on a quarterly basis until January 2021, and annually thereafter, in a format approved by CITY:

a. The total number of commercial premises and multifamily residential dwelling customers serviced by FRANCHISEE that meet the thresholds of the Commercial Organics Recycling Law.

b. The number of these customers that:

- i. Subscribe to FRANCHISEE-provided commercial organics recycling program;
- ii. Recycle organic waste via an in-house program;
- iii. Donate edible food to charitable organizations;
- iv. Use a third-party vendor for organic waste recycling; and,
- v. Are without a known organic waste recycling program.

c. A list of all contact, surveys and onsite waste assessments performed for customers that are required under State law, but which customers refuse organics service or refuse onsite waste assessments.

d. Contact information for commercial premises and multifamily residential dwelling customers (as available in FRANCHISEE's database) that do not currently have an organic waste recycling program.

e. All the reports provided to CITY shall, upon request of CITY or CalRecycle, include supporting documentation for the information provided in the report."

6. Amendment of Section 26. Subsection R (Exhibits Incorporated) of Section 26 (General Provisions) of the Agreement is amended to read as follows:

"R. **Exhibits Incorporated.** Exhibits A through E, B1, and 1 through 3 are attached to and incorporated in this Agreement by reference."

7. Addition of Exhibits. The attached Exhibits B1 and 1 through 3 are added to the Agreement.

8. Preservation of Agreement. Except as expressly modified by this First Amendment (including the attached Exhibits B1 and 1 through 3), all of the provisions of the Agreement shall remain unaltered and in full force and effect. In the event of a conflict between the provisions of this First Amendment (including the attached Exhibits B1 and 1 through 3) and the provisions of the Agreement, the provisions of this First Amendment (including the attached Exhibits B1 and 1 through 3) shall control.

[SIGNATURES ON FOLLOWING PAGE]

TO EXECUTE THIS FIRST AMENDMENT, the parties have caused their authorized representatives to sign below.

City of Brea

Christine Marick, Mayor

Attest:

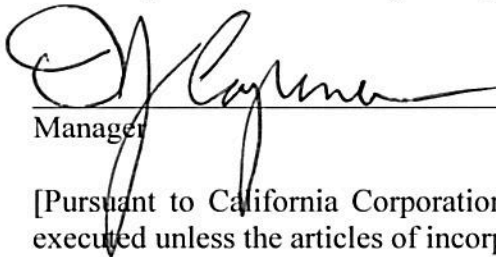
Lillian Harris-Neal, City Clerk

Approved as to form:

Terence Boga, City Attorney

Taormina Industries LLC

A Wholly Owned Subsidiary of Republic Services, Inc.



Manager

Manager

[Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

Approved as to form:

Scott W. Gordon, Esq.

EXHIBIT B1
Schedule of Commercial Billing Rates - May 1, 2019

(attached)

Exhibit B1

Commercial - Proposed Rates (current + 3.06% increase)

Direct Billed by Republic Services

1.53% Effective May 1, 2019

3.06% Effective January 1, 2020

DIRECT BILLED Permanent Service										
Container	Type	1X	2X	3X	4X	5X	6X	7X	1 st Extra P/U	2nd Extra P/U @ same time
FL 2.00	Trash	94.54	163.77	233.01	302.24	371.48	440.72	522.76	71.58	39.37
FL 2.00	Manure	106.39	187.48	268.56	349.65	430.74	511.83	605.72	81.87	81.87
FL 3.00	Trash	152.09	253.80	355.51	457.22	558.93	660.64	775.16	71.58	39.37
FL 3.00	Manure	167.20	284.03	400.86	517.69	634.52	751.35	880.99	81.87	81.87
FL 3.00 C	Mini Packer	223.15	403.39	583.63	763.87	944.11	1,124.35	1,304.60	119.98	119.98
FL 3.00	30 Day Temp Construction	195.81	302.37	408.92	515.48	622.03	728.58	835.14	106.55	106.55
FL 3.00	Brea Olinda School District	87.60	155.73	223.86	291.99	360.12	428.25	N/A	68.13	68.13
FR 3.00	Recycle	114.03	228.05	342.08	More than 3x week requires Mgmt approval				114.03	114.03
HP	Pull Out Svc	60.72	121.45	182.17	242.89	303.61	364.34	437.87	60.72	60.72
CA 0.48	Comm Carts	0.00	Rate is per cart – Limit 4 cart – supervisor approval required							
Lock Latch	Monthly Rate (Code UNL)	2.22	4.44	6.66	8.88	11.10	13.32	27.97	2.22	2.22
ALL BINS	Special Access (Keys/Codes)	11.07	Monthly charge for any bin access that requires keys, gate codes, remotes, etc. CODE = ACC (Description on invoice is CONTAINER ACCESS)							
ALL BINS	Overage Charge	39.93	Billed for each occurrence							
*Sunday Service - Any service rate frequency less than 7X per week, may add Sunday collection service for an additional \$40.26 per month premium.										

EXTRA SERVICES				
Service Type	Svc Code	EXT Flag	Rate	Notes
Exchange Bin - No Charge	EXC	N	-	One time per year – No Charge
Exchange Bin	EXC	Y	83.03	Per container - After one free per calendar year
Extra Pickup	REG	Y	Varies	See Rates above
2 nd Extra Pickup (@ same time)	EP1	Y	Varies	More than one extra pick up @ the same time
Relocation	REL	Y	53.41	
Redeliver Bins (removed as a result of non-payment bin pull)	DEL	Y	83.36	After delinquent payment has been received, enter ADTB F2 Note to charge
Lock Latch Installation	LLK	Y	98.94	One-time fee
Steam Clean Container(s)	WAS	Y	110.69	Per Container - After one free per calendar year

COMMERCIAL & MULTI-FAMILY BULKY PICK UP					
Type	Service Days	Svc Code	EXT Flag	Rate	Notes
No limit; Max 20 items per collection	Tues/Thurs	BUL	Y	50.02	Includes first 2 items No building materials, auto parts, tires, e-waste, universal or hazardous waste
Items after 2	Tues/Thurs	BU1	Y	6.66	Per item charge; Limit 20 items per collection
Refrigerator	Thursday	APN	Y	63.98	Gas Recovery Fee This rate is IN ADDITION to the standard Bulky Item Charge
A/C unit					
Freezer					
Water Heater – All Sizes	Tues/Thurs	AP1	Y	50.02	Per item charge
E-waste	Thursday	ELP	N	-	Limit 10 items per collection

EXHIBIT 1
Refuse and Organic Collection Rates

(attached)

EXHIBIT 1
Refuse and Organic Collection Rates

CITY OF BREa				
Receptacle Size	Monthly Rate based on Collection Frequency			Contamination Fee per Occurrence
	1X	2X	3X	
2 Cubic Yard Bin - Refuse or Organics	\$94.54	\$163.77	\$233.01	\$100.00
64 Gallon Organics Cart	\$45.00	\$90.00	\$135.00	\$50.00
35 Gallon Organics Cart ⁽¹⁾	See footnote #1 below.			

Footnotes:

(1) If CalRecycle determines that mandatory commercial organics service shall be provided to customers on or after January 1, 2020 that subscribe to two-cubic yards or more of solid waste service per week, then Franchisee will also offer a 35-gallon organics cart collected one to three times per week at the same rate for commercial "Barrel Service" for customers who generate a small amount of organic waste.

Note:

Rates reflect full increase of 3.06%. Rate increase will be phased in over the following timeline:

On May 1, 2019, 1.53% rate increase over existing commercial rates will be applied. On January 1, 2020, additional 1.53% rate increase will be applied.

EXHIBIT 2
Organics Material Disposal Component Adjustment

(attached)

EXHIBIT 2
Organics Material Disposal Component Adjustment
Example Brea Calculation

Note: This formula is only to be applied if the disposal cost per ton for organic waste changes from previous year and if the rebalancing procedure in Exhibit 3 is not implemented that year.

Calculate the organics disposal price increase per ton by inputting CPI from the previous 12 months (per Section 8 of the Original Agreement) and comparing the proposed cost from 3rd party disposal operator.

Row	Adjustment Factor	A	B	C	D*	E
1	Organic Waste Disposal Cost per Ton	Existing Organic Waste Processing Cost per Ton 50.00	Input Most Recent CPI Adjustment % to Commercial rates ⁽¹⁾ 3%	Adjusted Cost per Ton with CPI Adjustment (Column C = Column A x (1 + Column B)) 51.50	New Organic Waste Cost per Ton (from 3rd Party) effective July 1, 2020 53.00	Change In Cost per Ton (Column D - Column C) 1.50

Row	Rate Category	F	G	H	I	J
2	Organic Waste Recycling Program	Higher of Organics Tonnage Threshold or Actual Collected Tonnage ⁽²⁾ 1,551	Change In Cost per Ton (From Column E) 1.50	Additional Processing Costs (Column F x Column G) 2,327	Commercial / Industrial Annual Rate Revenue from Contractor ⁽³⁾ 6,711,431	Total Percent Change to be applied to Commercial / Industrial Rates ((Column H ÷ Column I) +1) ⁽⁴⁾ 0.03%

Footnotes:

⁽¹⁾ CPI increase per Section 8 of the Agreement.

⁽²⁾ Initial tonnage based on City of Brea's proposed organics tonnage threshold.

⁽³⁾ Contractor to provide annual rate revenue for the commercial and industrial sectors.

⁽⁴⁾ To be applied to Commercial and Industrial rates at the time of next rate adjustment by adding the percentage in Column J to the regular annual adjustment.

* Proposed cost per ton from 3rd party is a pass-through to the organics recycling program. If the increased cost shown in Column E exceeds the CPI in Column B, CITY and FRANCHISEE shall meet and confer in good faith to determine a fair and reasonable adjustment for the year.

Any ambiguity between this exhibit and the text of the Amendment shall be governed by the text of the Amendment.

EXHIBIT 3
Rate Adjustment Rebalancing Formula

(attached)

Exhibit 3
Rate Adjustment Rebalancing Formula
Brea Example

		A	B	C	D=(B-A)/A
		Tonnage Threshold	Estimated 2022 Tons	Variance	Change
	Annual Organic Tonnage	1551	1200	351	-23%
E	Sector Wide % Increase	3.06%			
F	PI to be adjusted for lower tons	-0.69%	(E* D=3.06% x -23%)		
	Variable Component Of PI				
	Disposal	22%			
	Labor	13%			
	Equip Operating & Maint	11%			
	Container Maint	1%			
G	Total	47%			
	Net PI adjustment for Variable component	-0.33%	(F*G=0.69% x 47%)		

RESOLUTION NO. 2019-024

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA, CALIFORNIA ADJUSTING SOLID WASTE SERVICES RATES FOR COMMERCIAL CUSTOMERS TO IMPLEMENT A COMMERCIAL ORGANICS RECYCLING PROGRAM

A. RECITALS:

(i) Taormina Industries, LLC (d.b.a. Brea Disposal), a wholly owned subsidiary of Republic Services, Inc., provides refuse collection, recycling, and disposal services in the City of Brea pursuant to an exclusive franchise agreement.

(ii) In 2014, the Legislature enacted AB 1826 to require local governments to establish and implement additional recycling programs in order to achieve separation of commercial organic waste from the waste stream and diversion from landfills.

(iii) AB 1826 recycling requirements are phased in over several years and are intended to help the State meet its goal to recycle 75% of its waste by 2020.

(iv) Pursuant to Public Resources Code Section 42649.85, AB 1826 authorizes local governments to charge and collect a fee from organic waste generators to recover the costs incurred with complying with the statute.

(v) The City Council has established a commercial organics recycling program ("CORP") in compliance with AB 1826 and has chosen to implement such program through sector wide pricing.

RESO NO. 2019-024

April 16, 2019

(vi) In accordance with Proposition 218, on February 26, 2019, the City issued a mailed notice to each commercial property owner and property tenant directly responsible for paying a proposed 3.55% increase of solid waste service rates for the CORP (collectively, “rate payers”).

(vii) Subsequent to the issuance of such notice, the City negotiated with Brea Disposal to reduce the proposed increase from 3.55% to 3.06% and to phase in the proposed increase in two equal increments: 1.53% on May 1, 2019 and the additional 1.53% on January 1, 2020.

(viii) In accordance with Proposition 218, on April 16, 2019, the City Council conducted a public hearing on the proposed increased solid waste service rates for commercial customers.

(ix) The City did not receive written protests from a majority of rate payers (50% + 1) prior to the conclusion of the public hearing.

(x) All legal prerequisites to the adoption of this Resolution have occurred.

B. RESOLUTION:

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED by the City Council of the City of Brea that:

1. In all respects as set forth in the Recitals, Part A., above.
2. The attached Exhibit A is incorporated herein by reference.
3. Based upon staff reports, data, and oral comments that have been received, the City Council finds that the rates forth in the attached Exhibits B and C do not exceed the estimated amount required to provide commercial

organics recycling program services in compliance with AB 1826.

4. Effective May 1, 2019, subject to execution of a corresponding amendment to its franchise agreement with the City, Brea Disposal is authorized to charge solid waste service rates for commercial customers in accordance with the attached Exhibit A.

APPROVED AND ADOPTED this 16th day of April 2019.

Christine Marick, Mayor

ATTEST: _____
Lillian Harris-Neal, City Clerk

I, Lillian Harris-Neal, City Clerk of the City of Brea, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Brea held on the 16th day of April 2019, by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTAINED:	COUNCIL MEMBERS:

Dated: _____

Lillian Harris-Neal, City Clerk

RESO NO. 2019-024
April 16, 2019