



FINANCE COMMITTEE AGENDA

Tuesday, March 26, 2019

8:30 AM

Executive Conference Room, Level Three
Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

MEMBERS: Mayor Pro Tem Marty Simonoff and Council Member Cecilia Hupp
ALTERNATE: Mayor Christine Marick

Materials related to an item on this agenda submitted to the Finance Committee after distribution of the agenda packet are available for public inspection in the third floor lobby of the Civic and Cultural Center 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.

CALL TO ORDER / ROLL CALL

1. Matters from the Audience

CONSENT

2. Approval of Minutes of February 26, 2019 Meeting

Attachments

Minutes

DISCUSSION

3. Water Main Replacement and Alley Rehabilitation Projects, CIP Project No.'s 7315, 7316, 7317, and 7461

Attachments

Resolution

Proposal

Agreement

4. 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

NOTE: This agenda is subject to amendments up to 72 hours prior to the meeting date.

Attachments

7454_CIP Map

7458_CIP Map

7466_CIP Map

7626_CIP Map

PSA

5. Comprehensive Annual Financial Report for the City of Brea for Fiscal Year Ended June 30, 2018

Attachments

CAFR

Audit Communication Letter

Management Letter

6. Schedule Next Meeting: April 9, 2019

cc: Council Member Glenn Parker
Council Member Steven Vargas

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)

City of Brea

FINANCE COMMITTEE COMMUNICATION

FROM: Bill Gallardo

DATE: 03/26/2019

SUBJECT: Approval of Minutes of February 26, 2019 Meeting

Attachments

Minutes



FINANCE COMMITTEE MINUTES

Tuesday, February 26, 2019

8:30 AM

Executive Conference Room, Level Three

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Mayor Christine Marick, Mayor Pro-Tem Marty Simonoff , Chris Emeterio, Tony Olmos, Cindy Russell, Bill Bowlus, Michael Ho, Faith Madrazo, Alicia Brenner and Raymond Contreras.

1. Matters from the Audience – *None*.

CONSENT

2. Approval of Minutes of February 12, 2019 Meeting – *Receive and file*.

DISCUSSION

3. Orange Avenue Pavement Improvements – *Recommended for City Council Approval*.
4. Arovista Park Slope Improvements, CIP 7922 – *Committee discussed item and requested staff to update staff report to clarify meaning of “informal bid” and to exclude any rounding. Recommended for City Council Approval*.
5. Schedule Next Meeting: Tuesday, March 12, 2019

Meeting adjourned: 8:36 am

cc: Council Member Cecilia Hupp
Council Member Glenn Parker
Council Member Steven Vargas

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 03/26/2019

SUBJECT: 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

RECOMMENDATION

1. Adopt Resolution 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;
2. Receive Bids and Award Contract to Sully Miller Contracting Company in the amount of \$2,694,000; and
3. Authorize 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.

BACKGROUND/DISCUSSION

The Miscellaneous Alley and Water Capital Improvement Projects 7315, 7316, 7317 and 7461 ("Project") were included as part of the Fiscal Year ("FY") 2016-2017 and FY 2017-2018 Capital Improvement Program (CIP).

These Projects will replace the waterlines and rehabilitate the pavement to the Cliffwood Industrial Park which includes Cliffwood Street (south of Lambert Road), Oak Place, Thor Place, and Telstar Way. The Projects will also rehabilitate the alley east of Redwood Avenue between Birch Street and Ash Street and the alley east of Puente Street between Joyce Drive and Walling Avenue. Due to similar type of work, combining these projects results in more competitive bids and will save time in project administration.

The detailed descriptions of these projects are as follows:

Cliffwood Industrial Park (South of Lambert Rd.) Water Improvements, Project 7461 – The water mains in this tract have experienced numerous leaks in the past several years and need replacement. The new water mains will provide reliable water service and better fire protection for the commercial properties. This project will replace approximately 5,500 linear feet of water main, services, gate valves, and appurtenances within the commercial tract.

Cliffwood Industrial Park (South of Lambert Rd.) Pavement Rehabilitation, Project 7317 – The existing pavement has experienced aging and poor drainage contributing to the aging process. The asphalt pavement is no longer recommended for slurry seal coating. This project will rehabilitate the existing pavement of the commercial streets in the Cliffwood

Industrial Park. In addition, damaged and/or uplifted sections of cross gutters, curb, gutter, sidewalk, and curb ramps will be replaced.

Rehabilitation of Alley east of Redwood Avenue between Birch Street and Ash Street, Project 7315 – The pavement has exceeded its service life and is in poor condition. Also, the selection of this alley for rehabilitation is based on the ranking in accordance with the City's Pavement Management Plan. This project will reconstruct the pavement in the alley east of Redwood Avenue between Birch Street and Ash Street. The approximate length of this project is 500 feet.

Rehabilitation of Alley east of Puente Street between Joyce Drive and Walling Avenue, Project 7316 – The pavement has exceeded its service life and is in poor condition. Also, the selection of this alley for rehabilitation is based on the ranking in accordance with the City's Pavement Management Plan. This project will reconstruct the pavement in the alley east of Puente Street between Joyce Drive and Walling Avenue. The approximate length of this project is 700 feet.

On February 19, 2019, 9 bids were received with the following results:

	Contractor	Amount
1.	Sully Miller Contracting Company	\$2,694,000.00
2.	PALP, Inc.	\$2,776,810.45
3.	GRFCO, Inc.	\$2,856,623.75
4.	Hardy & Harper, Inc.	\$2,899,000.00
5.	All American Asphalt	\$2,915,853.50
6.	Sequel Contractors, Inc.	\$2,934,178.45
7.	Big Ben, Inc.	\$2,980,638.25
8.	Gwinco Construction & Engineering, Inc.	\$3,370,131.00
9.	YAKAR	\$3,904,030.25

The lowest responsive bidder was Sully Miller Contracting Company of Brea, CA in the amount of \$2,694,000. The company has a valid contractor's license and has been in the construction business for 96 years. Sully Miller Contracting Company has successfully completed similar projects for the Cities of Irvine, Newport Beach, and Fullerton. These projects were completed satisfactorily according to the references. If awarded, construction could begin in May 2019, and take approximately six (6) months to complete; weather permitting.

SUMMARY/FISCAL IMPACT

Current funding for the project is from Fund 220 - Gas Tax (\$50,485), Fund 221 - Road Maintenance and Rehabilitation Account (\$246,966), Fund 260 - Measure M (\$587,523), and Fund 420 - Water (\$869,973) for a total original estimated cost of \$1,754,947. This was a programmatic estimate as created within the CIP budget. However, as the design continued into fully developed plans and specifications, there were several additional improvements necessary to accommodate the nearby businesses that were not captured in the original programmatic Project costs. The following table provides a breakdown of the original Project

budget, along with the estimated total project costs:

Project No.	Project Description	Fund 220	Fund 221	Fund 260	Fund 420	Total
7315	Alley Rehab	\$26,320	\$0	\$138,680	\$0	\$165,000
7316	Alley Rehab	\$11,157	\$0	\$153,843	\$0	\$165,000
7317	Street Rehab	\$13,008	\$246,966	\$295,000	\$0	\$544,974
7461	Waterline Replacement	\$0	\$0	\$0	\$869,973	\$869,973
	Total	\$50,485	246,966	\$587,523	\$869,973	\$1,754,947

Estimated Total Project Costs	Total
Design	\$102,753
Construction Contract	\$2,694,000
Contingency (10%)	\$269,400
Construction Engineering	\$237,072
Legal, Misc.	\$1,722
Expenditure Total	\$3,304,947
Adopted Project Budget	\$1,754,947
Shortfall (Grand Total - Expenditure Total)	\$(1,550,000)

As seen above, the shortfall for the Project is found to be \$1,550,000. Since the original budget was prepared, several items have contributed to the increase in cost. One of the contributing factors is that over the last couple years there has been an experience of a busy bidding environment, which has resulted in high construction costs. It is anticipated that \$200,000 from Fund 260 - Measure M and \$1,350,000 from Fund 420 - Water Fund will provide the additional funding needed. Therefore, there will be no General Fund Impact.

Staff is recommending to receive bids, adopt attached resolution authorizing the additional funding in the amount of \$1,550,000, award the Contract to the lowest responsible and responsive bidder Sully Miller Contracting Company in the amount of \$2,694,000, and authorize 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.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Raymond Contreras, Associate Engineer

Concurrence: Michael S. Ho, P.E., Deputy Director of Public Works/City Engineer and Tony Olmos, P.E., Public Works Director

Attachments

Resolution

Proposal

RESOLUTION NO. 2019-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BREA TO AMEND THE FISCAL YEAR 2018-19 OF THE CAPITAL IMPROVEMENT PROGRAM BUDGET AND APPROPRIATE ADDITIONAL FUNDS FROM THE MEASURE M FUND (260) AND WATER FUND (420) TO THE CAPITAL IMPROVEMENT PROGRAM FUND (510) FOR PROJECTS 7315, 7316, 7317, AND 7461, WATER MAIN REPLACEMENT AND ALLEY REHABILITATION PROJECTS

A. RECITALS:

(i) The City Council has determined that it is in the best interest of the City of Brea to appropriate funds from the Water Fund (420) and Measure M Fund (260), to the Capital Improvement Program Fund (510), for Projects 7315, 7316, 7317, and 7461, Water Main Replacement and Alley Rehabilitation Projects, for the fiscal year 2018-19.

(ii) The Capital Improvement Program Budget, Resolution No. 2018-039, and subsequent amendments, did not appropriate funds for this unanticipated adjustment.

B. RESOLUTION:

NOW, THEREFORE, be it found, determined and resolved by the City Council of the City of Brea that Capital Improvement Program Budget, Resolution No. 2018-039, as heretofore amended, be further amended to:

1. Increase funding by \$200,000 from the Measure M Fund (260) to the Capital Improvement Program Fund (510) for Projects 7315 (\$75,000), 7316 (\$75,000), and 7317 (\$50,000), Alley Rehabilitation Projects and Cliffwood Industrial Park Pavement Rehabilitation Project;

2. Increase funding by \$1,350,000 from the Water Fund (420) to Capital Improvement Program Fund (510) for Project 7461, Cliffwood Tract Water Improvements; and

3. Appropriate an additional \$1,550,000 to the Capital Improvement Program Fund (510) for Projects 7315 (\$75,000), 7316 (\$75,000), 7317 (\$50,000), and 7461 (\$1,350,000), Water Main Replacement and Alley Rehabilitation Projects.

APPROVED AND ADOPTED this 2nd 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 2nd 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-XXX
April 2, 2019

SECTION C

PROPOSAL

for the

**MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK
PROJECTS 7315, 7316, 7317 & 7461**

in the

CITY OF BREA

TO THE HONORABLE MAYOR AND MEMBERS OF THE COUNCIL OF BREA:

In compliance with the Notice Inviting Sealed Bids, the undersigned hereby proposes and agrees to perform all the work therein described, and to furnish all labor, material, equipment and incident insurance necessary therefor, in accordance with the plans and specifications on file in the office of the City Engineer of the City of Brea. The undersigned agrees to perform the work therein to the satisfaction of and under the supervision of the City Engineer of the City of Brea, and to enter into a contract at the following prices. The undersigned agrees to complete the work within 120 working days, starting from the date of the Notice to Proceed.

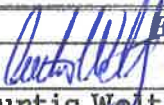
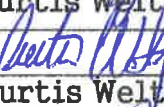
BIDDER declares that this proposal is based upon careful examination of the work site, plans, specifications, Instructions to Bidders and all other contract documents. If this proposal is accepted for award, BIDDER agrees to enter into a contract with AGENCY at the unit and/or lump sum prices set forth in the following Bid Schedule. BIDDER understands that failure to enter into a contract in the manner and time prescribed will result in forfeiture to AGENCY of the guaranty accompanying this proposal.

BIDDER understands that a bid is required for the entire work that the estimated quantities set forth in the Bid Schedule are solely for the purpose of comparing bids and that final compensation under the contract will be based upon the actual quantities of work satisfactorily completed. THE AGENCY RESERVES THE RIGHT TO DELETE ANY ITEM FROM THE CONTRACT. It is agreed that the unit and/or lump sum prices bid include all appurtenant expenses, taxes, royalties, fees, etc., and will be guaranteed for a period of sixty days from the bid opening date. If at such time the contract is not awarded, the AGENCY will reject all bids and will readvertise the project. In the case of discrepancies in the amounts bid, unit prices shall govern over extended amounts, and words shall govern over figures.

If awarded the Contract, the undersigned agrees that in the event of the BIDDER'S default in executing the required contract and filing the necessary bonds and insurance certificates within 10 working days after the date of the AGENCY'S notice of award of contract to the BIDDER, the proceeds of the security accompanying this bid shall become the property of the AGENCY and this bid and the acceptance hereof may, at the AGENCY'S option, be considered null and void.

Accompanying this proposal of bid, find **Bid Bond** in the amount of \$ 10% which said amount is not less than 10% of the aggregate of the total bid price, as required by the Notice Inviting Sealed Bids, payable to the AGENCY. (Please insert the words "Cash", "Certified Check", or "Bidder's Bond", as the case may be).

Bidder shall signify receipt of all Addenda here, if any:

<i>Addenda No.</i>	<i>Date Received</i>	<i>Bidder's Signature</i>
#1	02/09/19	 Curtis Weitz, Assistant Secretary
#2	02/15/19	 Curtis Weitz, Assistant Secretary



**MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK
PROJECTS 7315, 7316, 7317, & 7461
CITY OF BREA, CALIFORNIA**

**ADDENDUM NUMBER 01
February 7, 2019**

Notice to All Bidders:

Please note the following **changes/revisions** have been made to the subject Bid Documents:

CONTRACT DOCUMENTS SPECIFICATIONS:

Bid Opening

Change Bid Due Date to **Tuesday, February 19, 2019**, at 2:00 P.M.

Section 6-2 Prosecution of Work

The following shall be added to Section 6-2 PROSECUTION OF WORK on page E-10 of the specifications.

The phasing for this project shall be as follows:

Phase 1 shall be Projects 7317 and 7461, Phase 2 shall be Project 7315, and Phase 3 shall be Project 7316. Contractor may start on either Phase 1, Phase 2, or Phase 3, but all pertinent work must be completed prior to moving on to the next phase of work. No work shall be allowed to be conducted in either phases concurrently at any time. Although should the Contractor propose to complete all the final cap of asphalt work in one mobilization as part of the final item of work, the City will take the proposal into consideration. Work to be considered included, but not limited to in each phase is detailed below in the order of work.

The order of work for this project shall be as follows:

Phase 1: CIP 7317 & 7461

- 1. Tie out existing centerline ties and/or front property corners monuments*
- 2. Traffic control and construction phasing plan submitted and approved*
- 3. Haul route plan submitted and approved*
- 4. Install water mains, gate valves and fire hydrants*
- 5. Pressure test and disinfect new water mains*
- 6. Connect new water main tie-in(s) to existing main*
- 7. Reconnect/install all water services (Provide residents/business owners 48 hour notice of upcoming interruption of service)*
- 8. Remove and salvage existing fire hydrants to the City Yard including stem (bury to be removed/abandoned in place - cut just above the concrete kicker)*
- 9. Remove and salvage existing valves & appurtenances*
- 10. Abandon existing water main*

11. PCC replacements – including curb ramps, curb & gutter, cross gutters, sidewalk, etc.
12. Asphalt concrete pavement base repairs
13. Cold mill AC pavement
14. Pavement preparation, including routing, cleaning, sweeping and crack sealing
15. Rubberized asphalt overlay
16. Adjust utility covers and manholes to grade
17. Replace traffic striping and pavement markings
18. Re-establish centerline ties and other monuments and file related documents

Phase 2: CIP 7315

1. Tie out existing centerline ties and/or front property corners monuments
2. Traffic control and construction phasing plan submitted and approved
3. Haul route plan submitted and approved
4. PCC replacements – including curb ramps, curb & gutter, cross gutters, sidewalk, etc.
5. Asphalt concrete pavement base repairs
6. Cold mill AC pavement
7. Pavement preparation, including routing, cleaning, sweeping and crack sealing
8. Asphalt overlay
9. Adjust utility covers and manholes to grade
10. Replace traffic striping and pavement markings
11. Re-establish centerline ties and other monuments and file related documents

Phase 3: CIP 7316

1. Tie out existing centerline ties and/or front property corners monuments
2. Traffic control and construction phasing plan submitted and approved
3. Haul route plan submitted and approved
4. PCC replacements – including curb ramps, curb & gutter, cross gutters, sidewalk, etc.
5. Asphalt concrete pavement base repairs
6. Cold mill AC pavement
7. Pavement preparation, including routing, cleaning, sweeping and crack sealing
8. Asphalt overlay
9. Adjust utility covers and manholes to grade
10. Replace traffic striping and pavement markings
11. Re-establish centerline ties and other monuments and file related documents

Section 5-1 Location

The attached page herein shall be added to Section 5-1 UTILITY LOCATION on page E-8 of the specifications and incorporated into the Contract agreement.

This Addendum does not significantly change the Engineer's Estimate.

CITY OF BREA
PUBLIC WORKS DEPARTMENT



Raymond Contreras
Associate Engineer

Cc: Lillian Harris-Neal, City Clerk
Michael S. Ho, P.E., Deputy Director/City Engineer

This is to acknowledge receipt and review of Addendum #01, dated February 7, 2019. It is understood that this document shall be incorporated in the Contractor's bid. Please note: The bidding Contractor shall signify receipt of this Addendum #01 in the Contractor's Proposal, Page C-2.

CRIMSON PIPELINE L.P.

3760 Kilroy Airport Way, Suite 300
Long Beach, CA 90806

Construction Requirements in the Proximity of Crimson Pipelines

Crimson Pipeline L.P. (Crimson) is committed to the continued, safe operation of its pipeline. The listed construction requirements are designed to help ensure that the pipeline is protected from excavation damage, encroachment or other risks that could adversely impact the pipeline or prevent required inspection and maintenance activities.

1. Crimson requires two copies of any proposed plans for work within Crimson's right-of-way. Plans shall be provided 45 calendar days prior to commencement of work to the address listed above.
2. Above ground structures and improvements that interfere with the construction, maintenance or repair of the pipeline are prohibited within Crimson's right-of-way. Structures and improvements include, but are not limited to, buildings, fences and walls.
3. Landscaped areas are permitted within the right-of-way. Trees and large bushes that impede the visual inspection of the ground surface are not permitted within the right-of-way. Crimson shall review all plans that encroach the pipeline and the pipeline right of way prior to 4.
4. Federal law prohibits removing, damaging or defacing of pipelines, pipeline signs, or other appurtenances installed on the pipelines right of way.
5. Other utilities may be installed within the right-of-way with permission from Crimson. Such utilities must maintain a minimum of 5 feet parallel and 1-foot vertical clearances unless approved in writing by Crimson prior to their installation. All clearances must conform to existing state and federal regulations.
6. A minimum of 3 feet, but not more than 6 feet of cover must be maintained over the pipeline at all times, unless otherwise approved by Crimson Pipeline in writing. The ground contour cannot be changed within the right-of-way without prior written permission by Crimson.
7. Proposed roads and utility crossings should cross Crimson's right-of-way as close to 90 degrees as possible. If, in Crimson's sole judgment, additional precautions are required to protect Crimson's pipeline, Crimson shall review and approve the construction plans in writing prior to the start of construction.
8. California State Law requires that parties notify Underground Service Alert at 1-800-227-2600, two full working days prior to digging.
9. All work on/or around the Crimson facility must comply with appropriate sections of Code of Federal Regulations Title 49, Part 195 - **TRANSPORTATION OF HAZARDOUS LIQUIDS BY PIPELINE.**
10. Crimson may choose to have an inspector on-site during any grading or excavation activities near the Crimson pipeline. Arrangements may be made for on-site inspection by contacting Crimson Utilities Coordinator at the address shown above.
11. Crimson requires that all excavation in the vicinity of the pipeline be done with hand tools in the presence of the Crimson's inspector consistent with California State Law requirements. Any damage to the pipeline shall be reported immediately. Crimson shall perform the necessary repair to insure the safety of the public safety. Crimson shall be reimbursed for all repair work necessary to continue with the safe, reliable operation of the pipeline.
12. In an emergency, including any damage or suspected damage to the Crimson pipeline, immediately notify Crimson at: 1-866-351-7473.
13. Any questions regarding construction activities in the vicinity of Crimson's pipeline shall be directed to:

UTILITIES COORDINATOR

Ph: (562) 285-4112 or (833) 876-4589

Fx: (562) 285-4141

Email: landdepartment@crimsonpl.com



CITY OF BREA

**MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK
IMPROVEMENTS
CIP PROJECT NO.'s 7315, 7316, 7317, & 7461**

February 7, 2019

RESPONSE TO QUESTIONS

Notice to All Bidders:

I. Response to Request for Information (RFI)

#	Question	Response
1	Bid Item No. 16d is not clear on what is needing to be supplied. Other than a tee, a control valve, and ductile iron pipe, what else is required? Is there a reconnect to the fire service? Or, if a new fire service, what material is required for the service?	<i>Bid Item No. 16d is to include all costs associated with the supply of all material, equipment, and labor to abandon and install/reconnect a new fire service complete in place up to the gate valve. The water pipe from the gate valve to the fire apparatus is private property and shall be protected in place. See attached City Standard 320-0 for reference.</i>

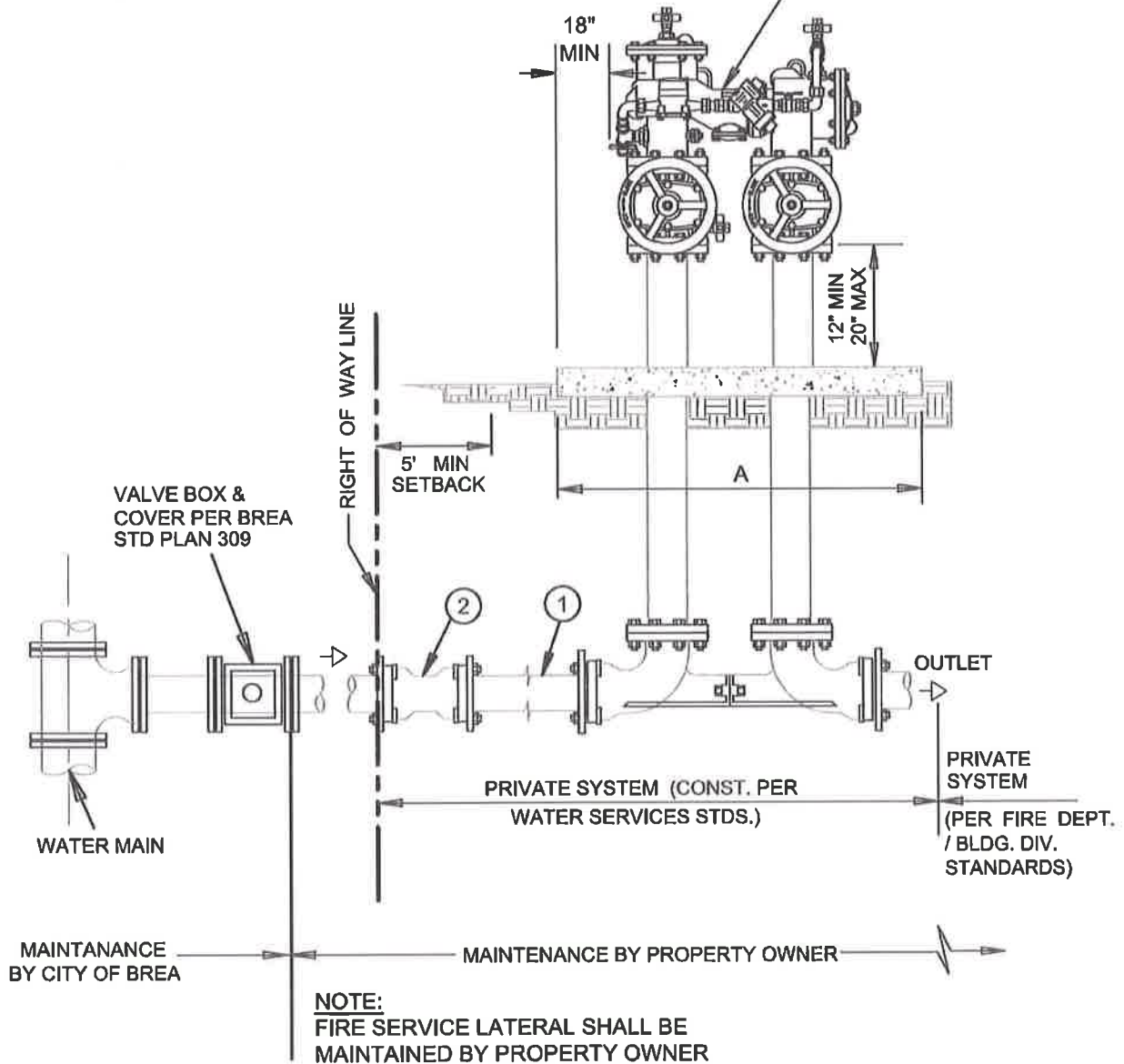
This document does not need to be submitted with the BID PROPOSAL. However, it is understood that this information shall be incorporated in the contractor's bid. If you have any questions or need additional information, please call (714) 990-7667.

PUBLIC WORKS DEPARTMENT

**Raymond Contreras
Associate Engineer**

Attachments: City of Brea Standard 320-0

BACKFLOW DOUBLE CHECK DETECTOR
ASSEMBLY OR REDUCED PRESSURE
PRINCIPAL DETECTOR ASSEMBLY
FEBCO 876 TYPE N, OR APPROVED EQUAL



FRONT ELEVATION VIEW



DOUBLE DETECTOR CHECK
(COMPACT BACKFLOW PREVENTION ASSEMBLY 4" TO 10" SIZE)

APPROVED:

CITY ENGINEER

DATE: 10-15-2013

STD. PLAN NUMBER

320-0

SHEET 1 OF 2



**MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK
PROJECTS 7315, 7316, 7317, & 7461
CITY OF BREA, CALIFORNIA**

**ADDENDUM NUMBER 02
February 15, 2019**

Notice to All Bidders:

Please note the following changes/revisions have been made to the subject Bid Documents:

PROJECT SPECIFICATIONS:

9-3.5 Description of Bid Items

The following shall replace the language for Bid Item No. 12d – Remove Meter & Install New 3" Water Service and Meter to New Water Main.

The language shall be as follows:

Work under this item shall include all cost associated with the removal of the existing meter and installation of a new 3" meter and water service to new water main where noted on the plans and in accordance with the specifications herein. Payment for this item shall be at the contract unit price bid per Each (EA) and shall include, but not limited to; furnishing all labor, material and equipment to complete the construction, including abandonment, meter box (polymer), saw cutting, excavation, necessary bracing, all pipe, connections, tees, bends, reducers, and other fittings, AC base pavement including Tee- Cut, bedding, backfilling, compaction, testing, disinfection, steel plates and removal of excess material.

PROJECT PLANS:

The following pages are to be incorporated in/replace the existing sheet/s.

Sheet 22 – Water Improvements Plan For Thor Place and Cliffwood Park Street

Sheet 27 – Water Improvement Details and Notes

The attached exhibit 'A' herein shall be added to supplement Sheet 22 – Water Improvements Plan For Thor Place and Cliffwood Park Street and incorporated into the Contract agreement.

This Addendum does not significantly change the Engineer's Estimate.

CITY OF BREA
PUBLIC WORKS DEPARTMENT


Raymond Contreras
Associate Engineer

Cc: Lillian Harris-Neal, City Clerk
Michael S. Ho, P.E., Deputy Director/City Engineer

This is to acknowledge receipt and review of Addendum #02, dated February 15, 2019. It is understood that this document shall be incorporated in the Contractor's bid. Please note: The bidding Contractor shall signify receipt of this Addendum #02 in the Contractor's Proposal, Page C-2.

PROTECT-IN-PLACE ALL EXISTING UNDERGROUND FACILITIES, UNLESS OTHERWISE INDICATED.

2. THE CONTRACTOR SHALL NOTIFY THE OWNER AT LEAST 48 HOURS PRIOR TO REMOVAL OF ANY EXISTING FACILITY. THE EXACT LOCATION OF ANY FACILITY TO BE REMOVED SHALL BE DETERMINED BY THE CONTRACTOR'S INVESTIGATION.

3. EXISTING WATER MAINS ARE LOCATED IN CITY OF MIAMI'S RIGHT-OF-WAY OR PUBLIC UTILITY CORRIDORS AND ARE PROTECTED BY THE CITY OF MIAMI'S EXISTING UNDERGROUND FACILITY PROTECTION PROGRAM. THE CONTRACTOR SHALL OBTAIN A CITY OF MIAMI EXISTING UNDERGROUND FACILITY PROTECTION PERMIT PRIOR TO ANY EXCAVATION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND FOR THE PROTECTION OF ALL EXISTING FACILITIES TO REMAIN.

4. BEFORE ANY EXCAVATION, THE CONTRACTOR SHALL CONDUCT A PRELIMINARY INVESTIGATION TO DETERMINE THE LOCATION OF ALL EXISTING FACILITIES TO REMAIN. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND FOR THE PROTECTION OF ALL EXISTING FACILITIES TO REMAIN.

5. WHERE OTHER FACILITIES (PIPES ETC.) ARE FOUND NEAR WATER MAINS, THEY SHALL BE INSTALLED TO PROTECT THE EXISTING WATER MAINS. WATER MAINS SHALL BE REMOVED 24" TO PROVIDE FOR CLEARING SPACE.

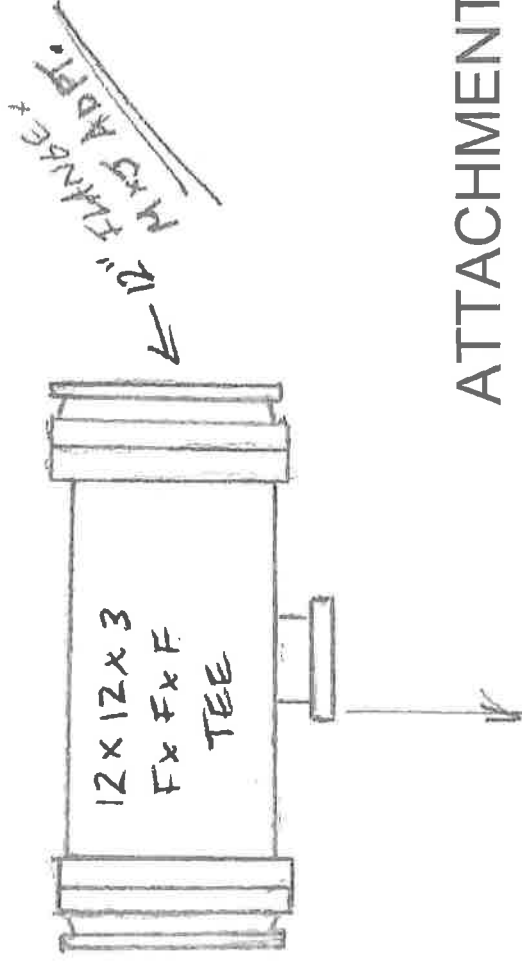
WATER SYSTEM WORK

- ① INSTALL CLASS 52, 12" W/REIN. MAN. AND FITTINGS PER CITY OF BREA STD. PLAN 312-0.
- ② INSTALL CLASS 52, 12" W/REIN. MAN. AND FITTINGS PER CITY OF BREA STD. PLANS 312-0 AND 312-1 TYPE 1.
- ③ INSTALL 8" RESILIENT YOGT GASK. W/ALUM. BULK. ASSEMBLY PER CITY OF BREA STD. PLANS 302-0 AND 302-1.
- ④ INSTALL 8" W/REIN. 12" DIA. AND THURST BLOCK PER CITY OF BREA STD. PLAN 312-0.
- ⑤ INSTALL 8" W/REIN. 12" DIA. AND THURST BLOCK PER CITY OF BREA STD. PLAN 312-0.
- ⑥ INSTALL 8" W/REIN. 12" DIA. AND THURST BLOCK PER CITY OF BREA STD. PLAN 312-0.
- ⑦ INSTALL 12" W/REIN. 12" DIA. AND THURST BLOCK PER CITY OF BREA STD. PLAN 312-0.

[illegible]

1	PROPOSED WATER MAIN SIZE SHOWN
2	NEW FEE INCREMENT
3	NEW FIRE WATER
4	NEW WATER VALUE
5	45' BOND
6	WATER MAIN SIZE
7	NEW SERVICE AND WATER METER IN NEW BOX
8	WATER MAIN CAPED OR FLOODED
9	HAZ REDUCED

[illegible]



12 x 12 x 3
TEE
F x F x F

FLANGE X
4 x 5
GATE
1/2 IN

54×56

- GATES valves models (P.S.)



CITY OF BREA

**MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK IMPROVEMENTS
CIP PROJECT NO.'s 7315, 7316, 7317, & 7461**

February 15, 2019

RESPONSE TO QUESTIONS

Notice to All Bidders:

I. Response to Request for Information (RFI)

#	Question	Response
1	Bid item 12d calls for 3" water service. Sheet 22 Construction Note 119, it refers to Standard Plan 305-0 which is for a 2" Water Meter. Are we to use a reducer between the service and the meter or install a 2" water service or 3" water meter?	<i>Please see addendum No. 2 with attachment 'A' for clarification on the installation of the 3" water service.</i>
2	In the Specs on page E-14, it states "All equipment not installed or used in construction within 5 days after unloading shall be stored elsewhere by the contractor." But on page E-19 is says the contractor shall NOT park any equipment or store any materials on the street during non-working hours. Are we allowed 5 days to move our equipment, or do we have to move our equipment off site every day. Please clarify.	<i>The Contractor shall be allowed to store materials as stated on page E-14 of the specifications within the City rights of way. However, where City has an easement or conducting work on private property the Contractor shall abide by the language on page E-19.</i>
3	For the localized streets will the Tee Grind for the water main installations still be required since the full width of the streets are being overlaid?	<i>For areas where the new water main is to be installed within the cold mill grinding limits, the requirement of the T-Cut can be removed. However, where the new water main is not located within the cold mill grinding limits, the requirement of the T-Cut shall be required. Furthermore, anywhere within private property or within an easement the Contractor is required to provide the necessary T-Cut and pavement rehabilitation. See addendum No. 2 for further clarification.</i>

This document does not need to be submitted with the BID PROPOSAL. However, it is understood that this information shall be incorporated in the contractor's bid. If you have any questions or need additional information, please call (714) 990-7667.

PUBLIC WORKS DEPARTMENT

A handwritten signature in black ink, appearing to read "Raymond Contreras", is written over the printed name.

Raymond Contreras
Associate Engineer

BID FORM
MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK
PROJECTS 7315, 7316, 7317 & 7461

Bidder: Sully-Miller Contracting Company

SCHEDULE A: ALLEY REHABILITATION EAST OF REDWOOD AVE. BETWEEN BIRCH ST. AND ASH ST. CIP PROJECT No. 7315				
ITEM #	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
1a	Mobilization and Demobilization (5% Max)	1 LS	Lump Sum	6,100.-
2a	Remove Existing Tree or Tree Trunk	1 EA	\$ 600.- /EA	600.-
3a	Remove Existing Pavement and Base/Native Material	390 CY	\$ 64.- /CY	24,960.-
4a	Remove and Reconstruct Alley Intersection	2 EA	\$ 11,250.- /EA	22,500.-
5a	Construct 8" Concrete Curb	10 LF	\$ 68.- /LF	680.-
6a	Construct 24" High Concrete Block Wall	50 LF	\$ 135.50 /LF	6,775.-
7a	6" Crushed Aggregate Base (CAB)	75 TON	\$ 45.- /TON	3,375.-
8a	12" Crushed Aggregate Base (CAB)	480 TON	\$ 50.50 /TON	24,240.-
9a	4" Asphalt Concrete Pavement	155 TON	\$ 108.50 /TON	16,817.50
10a	6" PCC Concrete Pavement	40 CY	\$ 311.50 /CY	12,460.-
11a	Redwood Header	45 LF	\$ 20.- /LF	900.-
12a	Traffic Control	1 LS	Lump Sum	15,000.-
13a	Construction Surveying and Monumentation	1 LS	Lump Sum	7,550.-
Bid Schedule A: Bid in Figures: \$ <u>141,957.50</u>				
Bid Schedule A: Bid in Words: <u>one hundred forty one thousand nine hundred fifty seven dollars fifty cents</u>				

SCHEDULE B: ALLEY REHABILITATION EAST OF PUENTE ST. BETWEEN JOYCE DR. AND WALLING AVE.
CIP PROJECT No. 7316

ITEM #	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
1b	Mobilization and Demobilization (5% Max)	1 LS	Lump Sum	8,700.-
2b	Remove Existing Pavement and Base/Native Material	565 CY	\$ 69.- /CY	38,985.-
3b	Remove and Reconstruct Alley Intersection	1 EA	\$ 11,200.- /EA	11,200.-
4b	Remove and Reconstruct 4' Wide Longitudinal Gutter	155 LF	\$ 137.50 /LF	21,312.50
5b	6" Crushed Aggregate Base (CAB)	80 TON	\$ 62.50 /TON	5,000.-
6b	8" Crushed Aggregate Base (CAB)	35 TON	\$ 70.50 /TON	2,467.50
7b	12" Crushed Aggregate Base (CAB)	735 TON	\$ 49.- /TON	36,015.-
8b	4" Asphalt Concrete Pavement	240 TON	\$ 107.- /TON	25,680.-
9b	6" PCC Concrete Pavement	40 CY	\$ 312.- /CY	12,480.-
10b	Redwood Header	25 LF	\$ 31.- /LF	775.-
11b	Traffic Control	1 LS	Lump Sum	21,000.-
12b	Construction Surveying and Monumentation	1 LS	Lump Sum	7,700.-

Bid Schedule B: Bid in Figures: \$ 191,315.-

Bid Schedule B: Bid in Words: one hundred ninety one thousand three hundred fifteen dollars

SCHEDULE C: CLIFFWOOD INDUSTRIAL PARK PAVEMENT REHABILITATION CIP PROJECT No. 7317

ITEM #	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
1c	Mobilization and Demobilization (5% Max)	1 LS	Lump Sum	31,000.-
2c	Remove and Reconstruct 3' Wide Longitudinal Gutter	280 LF	\$64.50 /LF	18,060.-
3c	Remove and Reconstruct Concrete Sidewalk	835 SF	\$16.- /SF	13,360.-
4c	Remove and Reconstruct Curb and Gutter	445 LF	\$55.- /LF	24,475.-
5c	Remove and Reconstruct Cross Gutter	3,000 SF	\$18.- /SF	54,000.-
6c	Remove and Reconstruct Curb Ramp	7 EA	\$6,000.- /EA	42,000.-
7c	Remove Existing Pavement and Base/Native Material	25 CY	\$122.- /CY	3,050.-
8c	Tapered 0" to 2" Cold Plane	39,355 SF	\$34 /SF	13,380.70
9c	2" Cold Plane	19,060 SF	\$41 /SF	7,814.60
10c	Prune Tree Roots & Install Tree Root Barrier	3 EA	\$766.- /EA	2,298.-
11c	Remove and Reconstruct Parkway Drain	2 EA	\$7,100.- /EA	14,200.-
12c	Remove Existing AC Pavement 4" Deep	610 CY	\$38.- /CY	23,180.-
13c	4" Scarify and Compact	610 CY	\$22.50 /CY	13,725.-
14c	12" Crushed Aggregate Base (CAB)	40 TON	\$70.- /TON	2,800.-
15c	2.5" Asphalt Concrete Base Course	750 TON	\$79.- /TON	59,250.-
16c	1.5" ARHM Overlay	450 TON	\$108.- /TON	48,600.-
17c	2" ARHM Overlay	1,615 TON	\$110.- /TON	177,650.-
18c	Adjust Manhole to Grade	6 EA	\$885.- /EA	5,310.-
19c	Adjust Existing Water Valve to Grade	4 EA	\$670.- /EA	2,680.-
20c	Traffic Striping and Markings	1 LS	Lump Sum	7,050.-
21c	Traffic Control	1 LS	Lump Sum	44,000.-
22c	Construction Surveying and Monumentation	1 LS	Lump Sum	17,700.-
Bid Schedule C: Bid in Figures: \$625,583.30				
Bid Schedule C: Bid in Words: Six hundred twenty five thousand five hundred eighty three dollars thirty cents				

SCHEDULE D: CLIFFWOOD PARK INDUSTRIAL AREA WATER IMPROVEMENTS CIP PROJECT No. 7461

ITEM #	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
1d	Mobilization and Demobilization (5% Max)	1 LS	Lump Sum	53,000.-
2d	Install 8" DI Pipe	3,820 LF	\$140.- /LF	534,800.-
3d	Install 12" DI Pipe	2,210 LF	\$151.70 /LF	335,257.-
4d	Remove and Install New Fire Hydrant	17 EA	\$11,100.- /EA	188,700.-
5d	Install 8" Resilient Wedge Gate Valve	24 EA	\$2,130.79 /EA	51,138.96
6d	Install 12" Resilient Wedge Gate Valve	19 EA	\$3,600.- /EA	68,400.-
7d	Install New 8" Flush Valve	1 EA	\$8,800.- /EA	8,800.-
8d	Abandon and Install New 8" Fire Service	1 EA	\$22,000.- /EA	22,000.-
9d	Remove Existing Meter & Water Service	2 EA	\$360.- /EA	720.-
10d	Remove Meter & Install New 2" Water Service and Meter to New Water Main	27 EA	\$6,150.- /EA	166,050.-
11d	Remove Existing Meter and Install New 1" Water Service to New Water Main	1 EA	\$4,200.- /EA	4,200.-
12d	Remove Existing Meter and Install New 3" Water Service & Meter to New Water Main	1 EA	\$7,500.- /EA	7,500.-
13d	Abandon Existing Water Main System	1 LS	Lump Sum	8,700.-
14d	Connect Existing Water System to New Water System	3 EA	\$7,000.- /EA	21,000.-
15d	Extend Existing 2" Water Service to New Meter	3 EA	\$8,100.- /EA	24,300.-
16d	Abandon and Install New 6" Fire Service	18 EA	\$7,100.- /EA	127,800.-
17d	Adjust New Water Valve to Grade	79 EA	\$560.- /EA	44,240.-
18d	Connect 2" Water Service to New Main	7 EA	\$2,400.- /EA	16,800.-
19d	Remove Existing Tree or Tree Trunk	3 EA	\$1,400.- /EA	4,200.-
20d	Traffic Control	1 LS	Lump Sum	34,538.24
21d	Construction Survey and Monumentation	1 LS	Lump Sum	13,000.-

Bid Schedule D: Bid in Figures: \$ 1,735,144.20

Bid Schedule D: Bid in Words: one million seven hundred thirty five thousand one hundred forty four dollars and twenty cents

SUMMARY OF BIDS FOR SCHEDULES A+B+C+D

BASE BID: SCHEDULE A+B+C+D

BASE BID in Figures: \$ <u>2,694,000.-</u>
BASE BID in Words: <u>two million six hundred ninety four thousand dollars</u>

The BASE BID (Schedules A+B+C+D) will be used to determine the lowest responsible bidder on the Project.

1. Bidder declares that he or she has read and understands Item No. 12 of Instructions to Bidders. CBH (Bidder Initial)

LIST OF SUBCONTRACTORS

In accordance with Government Code Section 4104, the Bidder shall set forth the name, business address, license number, class and Department of Industrial Relations (DIR) registration number of each subcontractor who will perform work or render service to the bidder on said contract in an amount in excess of one-half of one percent of the total bid and the portion of the work to be done by such subcontractor.

Bid Item (s) Number	% Portion of Work	Name, Address and E-mail of Subcontractor	State License Number	Class	DIR Registration Number
20C	.22	PCI, Azusa CA Jvillegas@linapci.com	823802	C	1000005687
6A, 11C	.61	EBS, CMB, Rancho Cucamonga CA Erick@CMBStructures.com	613977	A	1000001531
18C, 19C, 17D	1.64	EBS Utilities, Corona CA Aballin@EBSGeneral.com	932798	A	1000004286
2A, 10C, 19D	.22	V&E Tree Service, Orange CA John@vetreeservice.com	654504	CE, 049, C27	1000001936
2A, 12C, 19D		TreeSmith Enterprises, Anaheim CA (CE)	822725 (CE)		1000001838 (CE)
8C, 9C, 10C	.14	PRS, Juniper Valley CA hculp@pavementrecycling.com	509352	A	100000363
Survey	1.44	Case Land Survey, Orange CA cls@caselandsurveying.com	L5411	L5	1000001583

By submission of this proposal, the Bidder certifies:

1. That he is able to and will perform the balance of all work which is not covered in the above subcontractors listing.
2. That the AGENCY will be furnished copies of all subcontracts entered into by subcontractor for this project.

LIST OF SUBCONTRACTORS

In accordance with Government Code Section 4104, the Bidder shall set forth the name, business address, license number, class and Department of Industrial Relations (DIR) registration number of each subcontractor who will perform work or render service to the bidder on said contract in an amount in excess of one-half of one percent of the total bid and the portion of the work to be done by such subcontractor.

[illegible]

By submission of this proposal, the Bidder certifies:

1. That he is able to and will perform the balance of all work which is not covered in the above subcontractors listing.
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[illegible]

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[illegible]

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[illegible]

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[illegible]

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2. That the AGENCY will be furnished copies of all subcontracts entered into by subcontractor for this project.

**NON-COLLUSION DECLARATION
TO BE SUBMITTED WITH PROPOSAL**

I, Curtis Weltz, am the
(Print Name)

Assistant Secretary of Sully-Miller Contracting Company
(Position/Title) (Name of Company)

the party making the foregoing bid that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the BIDDER has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid; that the BIDDER has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding; that the BIDDER has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the BIDDER or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder; that all statements contained in the bid are true; and, the BIDDER has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the BIDDER.

I declare under penalty of perjury under the Laws of the State of California that the foregoing is true and correct and that this declaration is executed on this 14th day of February, 20 19.

Sully-Miller Contracting Company

Name of Bidder



Signature of Bidder

Curtis Weltz, Assistant Secretary

**135 S. State College Blvd., Suite #400
Brea, CA 92821**

Address of Bidder

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)

On February 14, 2019 before me, Maria L. Ruiz, Notary Public
Date Here Insert Name and Title of the Officer
 personally appeared Curtis Weltz
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Non-Collusion Declaration Document Date:

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Curtis Weltz

- ☒ Corporate Officer — Title(s): Assistant Secretary
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other:

Signer Is Representing: _____
Sully-Miller Contracting Co.

Signer's Name:

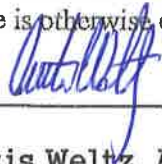
- ☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing:

BIDDER'S STATEMENT REGARDING "ANTI-KICKBACK" REQUIREMENTS

The undersigned is submitting this proposal for performing by contract the work required by these bid documents, agrees to comply with the Copeland "Anti-Kickback" Act (18 USC 74) as supplemented in the Department of Labor regulations (29 CFR, Part 3). This act provides that each contractor or subcontractor shall be prohibited from inducing, by any means, any person employed in the construction or repair of public work, to give up any part of the compensation to which he/she is otherwise entitled.

Signed



Title Curtis Weltz, Assistant Secretary

Firm Sully-Miller Contracting Company

Date 02/14/19

UTILITY AGREEMENT

CITY OF BREA, CALIFORNIA

Gentlemen:

The undersigned hereby promises and agrees that in the performance of the work specified in the contract, known as the **MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK PROJECTS 7315, 7316, 7317 & 7461**, (I)(we)(it) will employ and utilize only qualified persons, as hereinafter defined, to work in proximity to any electrical secondary or transmission facilities. The term "Qualified Person" is defined in Title 8, California Administrative Code, Section 2700, as follows:

"Qualified Person: *A person who, by reason of experience or instruction, is familiar with the operation to be performed and the hazards involved."*

The undersigned also promised and agrees that all such work shall be performed in accordance with all applicable electrical utility company's requirements, Public Utility Commission orders, and State of California Cal-OSHA requirements.

The undersigned further promises and agrees that the provisions herein shall be and are binding upon any subcontractor or subcontractors that may be retained or employed by the undersigned, and that the undersigned shall take steps as are necessary to assure compliance by any said subcontractor or subcontractors with the requirements contained herein.

Sully-Miller Contracting Company

Contractor



By

Curtis Weltz
Assistant Secretary

Title

02/14/19

Date

DISQUALIFICATION QUESTIONNAIRE

In accordance with Government Code Section 14310.5, the Bidder shall complete, under penalty of perjury, the following questionnaire.

QUESTIONNAIRE

Has the Bidder, any officer of the Bidder or any employee of the Bidder who has a proprietary interest in the Bidder ever been disqualified, removed or otherwise prevented from bidding on or completing a Federal, State or local government project because of a violation of law or a safety regulation?

☐ Yes

☒ No

If the answer is yes, explain the circumstances in the space provided.

Note: This questionnaire constitutes a part of the Proposal, and a signature portion of the Proposal shall constitute signature of this questionnaire.

COMPENSATION INSURANCE CERTIFICATE

Pursuant to Section 1861 of the State Labor Code, each contractor to whom a public works contract has been awarded shall sign the following certificate.

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Sully-Miller Contracting Company

Contractor

By

Curtis Weltz
Assistant Secretary

Title

02/14/19

Date

BIDDER'S INFORMATION

BIDDER certifies that the following information is true and correct:

Sully-Miller Contracting Company

Bidder Name

135 S. State College Blvd., Suite #400

Business Address

Brea, CA 92821

City,

State

Zip

(714) 578-9600

Telephone Number

charlie.pessa@sully-miller.com and
curtis.weltz@sully-miller.com

Email Address

#747612 Class A

State Contractor's License No. and Class

#1000003664

DIR Registration Number

03/30/98

Original Date Issued (State Contractor's License)

03/31/20

Expiration Date

The work site was inspected by Miles Mauldin of our office on Feb 14, 2019

The following are persons, firms, and corporations having a principal interest in this proposal:

Please see attached Certificate of Incumbency and Resolution

_____	_____
_____	_____
_____	_____
_____	_____

ADMINISTRATIVE SERVICES DIVISION

STATE OF CALIFORNIA



DEPARTMENT OF CONSUMER AFFAIRS

CONTRACTORS
STATE LICENSE BOARD
ACTIVE LICENSE



License Number
747612

Entity

CORP.

Business Name

**SULLY - MILLER CONTRACTING
COMPANY**

Classification(s)

A

Expiration Date

03/31/2020

www.cslb.ca.gov



Details	Legal Name	Registration Number	County	City	License Type/Number(s)	Current Status	Registration Date	Expiration Date
View	SULLY-MILLER CONTRACTING COMPANY	1000003664	ORANGE	BREA	CSLB:747612	Active	06/14/2018	06/30/2019

v2.20171120

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CERTIFICATE OF INCUMBENCY AND RESOLUTION

I, Anthony L. Martino, II, do hereby certify that I am the Secretary of Sully-Miller Contracting Company, a Delaware corporation, and that as such I have access to and custody of the corporate records and minute books of said corporation.

And I do hereby further certify that the following persons are duly elected officers of said corporation.

TITLE

Chairman Of The Board
President
Vice President; CFO, Treasurer
and Assistant Secretary
Vice President of Operations
Vice President
Secretary
Assistant Secretary

NAME

John Harrington
John Harrington
Christian Ransinangue

William Joseph Thomas Boyd
Scott Bottomley
Anthony L. Martino, II
Curtis Weltz

I further certify that the following is a true and correct copy of a resolution duly adopted by the Board of Directors of said Company at a meeting held on December 6, 2018, and that this resolution has not been in any way rescinded, annulled, or revoked but the same is still in full force and effect:

"BID TENDERS: GENERAL

RESOLVED, that any officer of the Corporation be and they hereby are authorized in the name and on behalf of the Corporation, under its corporate seal or otherwise (i) to prepare proposals and bids for the supplying of construction materials and the performance by itself or in joint venture, of work of whatsoever nature in connection with the construction or paving of highways, roads and airports and in connection with earthworks and civil engineering projects of all kinds, together with all work incidental thereto, (ii) to execute and submit any and all such proposals and bids to any governmental authority, instrumentality, or agency of the United States, its several states, territories and possessions, including without limitation, any municipality or other political or corporate subdivision thereof, and to any corporation, partnership, sole proprietorship, or other business entity, (iii) in connection with any such submission, to deliver bid deposits or bonds as may be required and (iv) to execute and deliver definitive agreements binding the Corporation to perform work in accordance with any proposals and bids authorized hereby."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal this 10th day of January 2019.

(SEAL)

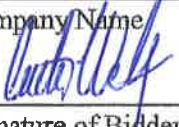

Anthony L. Martino, II

Secretary
Sully-Miller Contracting Company
135 S. State College Blvd., Ste. 400
Brea, CA 92821

The undersigned is prepared to satisfy the Council of the City of Brea of its ability, financially or otherwise, to perform the contract for the proposed work and improvements in accordance with the plans and specifications set forth.

Sully-Miller Contracting Company

Company Name


Signature of Bidder

Curtis Weltz

Assistant Secretary

Printed or Typed Signature

Subscribed and sworn to before me this 14th day of February, 2019

Please see attached Notary

NOTARY PUBLIC _____

NOTARY SEAL

Listed below are the names, address and telephone numbers for three public agencies for which the bidder has performed similar work within the past two years:

Please see attached List of References and Projects

1. _____

Name and Address of Public Agency

Name and Telephone No. of Project Manager for Public Agency: _____

Contract Amount

Type of Work

Date Completed

2. _____

Name and Address of Public Agency

Name and Telephone No. of Project Manager for Public Agency: _____

Contract Amount

Type of Work

Date Completed

3. _____

Name and Address of Public Agency

Name and Telephone No. of Project Manager for Public Agency: _____

Contract Amount

Type of Work

Date Completed

CALIFORNIA JURAT WITH AFFIANT STATEMENT**GOVERNMENT CODE § 8202**

- ☐ See Attached Document (Notary to cross out lines 1-6 below)
☐ See Statement Below (Lines 1-6 to be completed only by document signer[s], *not* Notary)

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Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Orange

Subscribed and sworn to (or affirmed) before me

on this 14th day of February, 2019,
by Date Month Year(1) Curtis Weltz

(and (2) _____),

*Name(s) of Signer(s)*proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Signature

Signature of Notary Public

Seal

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Bidder's Information _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____



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LIST OF REFERENCES

John Wayne Airport

Irvine, CA

Larry Serafini, Project Engineer

949-252-5270 lserafini@ocair.com

City of Fontana

Fontana, CA

Mario Estrada, Asst. City Engineer

909-350-7696 kraascn@fontana.org

C. J. Segerstrom / South Coast Plaza

Costa Mesa, CA

Grant Wilson, Project Manager

714-546-0110

City of Baldwin Park – Engr. Division

Baldwin Park, CA

Arjan Idnani, Engineering Manager

626-960-4011 Ext. 254

LA Arena Company

Staples Center – Los Angeles, CA

Don Berges, Construction Manager

213-742-7873

City of Fullerton

Fullerton, CA

George Lin, Project Engineer

714-738-6845 graffiti@cityoffullerton.com

The Irvine Company

Newport Beach, CA

Peggy Kloos, Sr. Director/Construction

949-720-2000

Irvine Community Development Company

Newport Beach, CA

Bill Martin, Vice President/Construction

949-734-800

Town of Apple Valley

Apple Valley, CA

Richard Pederson, Town Engineer

760-240-7000

Los Angeles County Dept. of Public Works

Alhambra, CA

Issa Adawiya, Resident Engineer

626-458-5100

CNC Engineering

City of Industry, CA

John Ballas, City Engineer

626-333-0336 gperez@cc-eng.com

Fox Studios Operations

Beverly Hills, CA

William Murphy, V.P. of Facilities

310-369-3794

BNSF Railroad Commerce

Hansen-Wilson

Roy Rogers, Construction Manager

323-267-4186

Caltrans

Department of Transportation

Ray Stokes, Regional Engineer

909-275-0211

Cal State Long Beach Foundation

Long Beach, CA

Mo Tidemanis, Director

562-985-8489

City of Rancho Cucamonga

Rancho Cucamonga, CA

Cindy Hackett, Associate Engineer

909-477-2740

City of Hesperia – Public Works Dept.

Hesperia, CA

Mike Podegradz, City Manager

760-947-1000

City of Barstow

Barstow, CA

Mike Stewart, City Engineer

760-255-5154



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BIDDER'S EXPERIENCE AND QUALIFICATIONS ASPHALT RUBBERIZED HOT MIX (ARHM) PROJECTS EXCEEDING 3,000 TONS OF ARHM

<i>Project Name/Number:</i>	PAVEMENT REJUVENATION WEST OAK PARK AREA-10128886		
<i>Start and Finish Dates:</i>	7/11 TO 10/11		
<i>Project Description:</i>	AC/ARHM GRIND & OVERLAY, STRIPING & MARKING, LOOPS		
<i>Agency Name:</i>	COUNTY OF VENTURA, 800 S. VICTORIA AVENUE, VENTURA, CA 93009		
<i>Contact Person:</i>	ARIEL BRAZA	<i>Telephone:</i>	805/654-2039
		<i>Project Value:</i>	\$2,470,417
<hr/>			
<i>Project Name/Number:</i>	1-5 PRE-CONSTRUCTION MITIGATION PHASE II-10149189		
<i>Start and Finish Dates:</i>	6/13 TO EST. FINISH 2/15		
<i>Project Description:</i>	ARHM, AC, COLD MILL, ADJUST WATER VALVES & MANHOLES, SURVEY, LOOPS, SWPPP, ELECTRICAL		
<i>Agency Name:</i>	CITY OF SANTA FE SPRINGS, 11710 TELEGRAPH ROAD, SANT FE SPRINGS, CA 90670		
<i>Contact Person:</i>	TOM RIGONI	<i>Telephone:</i>	562/868-0511
		<i>Project Value:</i>	\$2,317,398.00
<hr/>			
<i>Project Name/Number:</i>	ANNUAL PUBLIC WORKS REPAIRS & IMPROVEMENTS-10128905 (11141C)		
<i>Start and Finish Dates:</i>	10/11 TO EST. FINISH 8/14		
<i>Project Description:</i>	ARHM/AC ANNUAL PROJECT		
<i>Agency Name:</i>	CITY OF FONTANA, 8353 SIERRA AVENUE, FONTANA, CA 92335		
<i>Contact Person:</i>	KEITH KRAMER	<i>Telephone:</i>	909-350-7600
		<i>Project Value:</i>	\$3,000,000

BIDDER'S EXPERIENCE AND QUALIFICATIONS STORM DRAIN, SEWER AND WATER REFERENCES

Project Name/Number: 2010/2011 ANNUAL WATERLINE & SLURRY SEAL JOB/ 11090C & 10128866
Start and Finish Dates: 5/2011-3/2012
Project Description: WATER LINE & STREET IMPROVEMENTS
Agency Name: CITY OF LA HABRA, 201 E. LA HABRA BLVD., LA HABRA, CA 90633
Contact Person: CHUCK STEPHAN *Telephone:* 562/905-7200
Original Contract Amount: \$1,507,833 *Final Contract Amount:* \$1,443,408
Change in contract amount is due to items of work being deleted by the agency. NO CLAIMS

Project Name/Number: BEECH AVE. WATERLINE REPLACEMENT/ 11164C & 10128918
Start and Finish Dates: 7/2012-11/2012
Project Description: CONSTRUCTION SERVICE, WATER SYSTEM, MAIN SERVICE LINE
Agency Name: LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS, 900 SOUTH FREMONT AVENUE, ALHAMBRA, CA 91803
Contact Person: JOSEPH NGUYEN *Telephone:* 626-458-3166
Original Contract Amount: \$672,950 *Final Contract Amount:* \$772,525
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS

Project Name/Number: ANNUAL WATER MAIN/ 12171C & 10128945
Start and Finish Dates: 3/2012-4/2013
Project Description: WATERLINE/WATER MAIN, SURVEY, AC GRIND & OVERLAY, SLURRY SEAL, PCC IMPRV., ADJUST MANHOLES, TREE ROOT PRUNE, STRIPING & MARKING, LOOPS, CMB
Agency Name: CITY OF LA HABRA, 201 E. LA HABRA BLVD., LA HABRA, CA 90633
Contact Person: CHUCK STEPHAN *Telephone:* 562/905-7200
Original Contract Amount: \$4,887,619 *Final Contract Amount:* \$6,112,019
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS



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BIDDER'S EXPERIENCE AND QUALIFICATIONS STORM DRAIN, SEWER AND WATER REFERENCES

Project Name/Number: CACTUS AVE./NASON ST./ 12177C & 10129925
Start and Finish Dates: 4/2012-5/2013
Project Description: CATCH BASIN, TRAFFIC CONTROL, LANDSCAPE & IRRIGATION, CLEARING & GRUBBING, COLD MILL, EXCAVATION, AC, CAB, PCC, ELECTRICAL, STRIPING & MARKING, FENCING, PIPE, EROSION CONTROL, RIP-RAP
Agency Name: CITY OF MORENO VALLEY, 14177 FREDERICK STREET, MORENO VALLEY, CA 92552
Contact Person: VIREN SHAH *Telephone:* 951/413-3100
Original Contract Amount: \$19,076,135 *Final Contract Amount:* \$19,813,771
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS

Project Name/Number: INDIAN HILL BLVD. STORM DRAIN/ 10133111
Start and Finish Dates: 9/2012-04/2013
Project Description: MANHOLES, RCP, STORM DRAIN STRUCTURES, LANDSCAPE & IRRIGATION, AC OVERLAY, BASE, SLURRY SEAL, PCC, ELECTRICAL, STRIPING & MARKING
Agency Name: CITY OF CLAREMONT, 207 HARVARD AVENUE, CLAREMONT, CA 91711
Contact Person: CRAIG BRADSHAW *Telephone:* 909/399-5460
Original Contract Amount: \$1,281,624 *Final Contract Amount:* \$1,549,977
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS

Project Name/Number: VILLAGE SOUTH STREET, PLAYA VISTA/10142150
Start and Finish Dates: 5/2013-7/2013
Project Description: CONCRETE, CMB, MOBILIZATION, STREET GRADING
Agency Name: PLAYA VISTA CAPITAL COMPANY, LLC, 6500 SEABLUFF DRIVE, PLAYA VISTA, CA 90094
Contact Person: CLIFF RITZ *Telephone:* 310/822-0074
Original Contract Amount: \$703,023 *Final Contract Amount:* \$714,322
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS



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BIDDER'S EXPERIENCE AND QUALIFICATIONS STORM DRAIN, SEWER AND WATER REFERENCES

Project Name/Number: ACACIA AVE. WASTEWATER CAPACITY & STREET IMPRV./10144454
Start and Finish Dates: 6/2013-9/2013
Project Description: SEWER & STREET IMPRV., ADJUST MANHOLES & WATER VALVES, ELECTRICAL, LOOP, LANDSCAPE, SURVEY, STRIPING & MARKING, AC, PCC
Agency Name: CITY OF GLENDALE, 633 E. BROADWAY, GLENDALE, CA 91206
Contact Person: JASMINA ZIGIC *Telephone:* 818/548-3945
Original Contract Amount: \$1,316,291 *Final Contract Amount:* \$1,426,094
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS

Project Name/Number: INDIAN HILL STORM DRAIN/10154129
Start and Finish Dates: 10/2013-1/2014
Project Description: CATCH BASIN, MANHOLES & SHORING, AC PAVING, PCC IMPRV., ELECTRICAL
Agency Name: CITY OF POMONA, 505 S. GAREY AVE., POMONA, CA 91769
Contact Person: BRIAN HENSLEY *Telephone:* 909/620-2261
Original Contract Amount: \$508,200 *Final Contract Amount:* \$585,970
Change in original contract amount is due to extra work and/or contract change orders adding work. NO CLAIMS



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: BNSF RAILWAY COMPANY/10176355
Start and Finish Dates: 11/18/15 - 11/21/15
Project Description: SURVEY, AC GRIND & OVERLAY, STRIPING & MARKING, K-RAIL
Agency Name: BNSF RAILWAY COMPANY
Contact Person: KHY LIM *Telephone:* 626/372-9504
Original Contract Amount: \$154,370 *Final Contract Amount:* \$133,820
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: VIEWLINE DRIVE PAVEMENT REHABILITATION PROJECT/10175083
Start and Finish Dates: 10/5/15 – 10/22/15
Project Description: COLD MILL, AC, ELECTRICAL, ADJUSTMENTS, STRIPING
Agency Name: CITY OF SIMI VALLEY
Contact Person: MANSOUR MORADI *Telephone:* 805/583-6786
Original Contract Amount: \$193,381 *Final Contract Amount:* \$191,045
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: DEEP CREEK ROAD OVERLAY/10166577
Start and Finish Dates: 2/9/15 – 3/2/16
Project Description: AC GRIND & OVERLAY, STRIPING & MARKING
Agency Name: TOWN OF APPLE VALLEY
Contact Person: BRETT MORGAN *Telephone:* 760/403-8034
Original Contract Amount: \$245,000 *Final Contract Amount:* \$245,586
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: FY 14-15 CITYWIDE STREET RECONSTRUCTION PROJECT/10168066
Start and Finish Dates: 4/17/15 – 6/15/15
Project Description: AC GRIND & OVERLAY, CONCRETE IMPROVEMENTS, STRIPING & MARKING
Agency Name: CITY OF STANTON
Contact Person: STEPHANIE CAMORLINGA *Telephone:* 714/379-9222
Original Contract Amount: \$472,867 *Final Contract Amount:* \$495,029
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: HESPERIA ROAD OVERLAY/10159022
Start and Finish Dates: 6/9/14 – 7/4/14
Project Description: HESPERIA ROAD OVERLAY
Agency Name: CITY OF VICTORVILLE
Contact Person: HIRAM HOUCK *Telephone:* 760/243-6351
Original Contract Amount: \$492,000 *Final Contract Amount:* \$521,494
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 2014 ANNUAL STREET RESURFACING PROJECT/10163369
Start and Finish Dates: 9/5/14 – 11/20/14
Project Description: ARHM GRIND AND OVERLAY, ADJUST MANHOLES, STRIPING AND MARKING, SURVEY
Agency Name: CITY OF CALABASAS
Contact Person: TATIANA HOLDEN *Telephone:* 818/224-1674
Original Contract Amount: \$562,798 *Final Contract Amount:* \$624,427
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: MONTEBELLO BOULEVARD/TOWNE CENTER DRIVE RESURFACING MEDIAN AND LANDSCAPE ENHANCEMENTS PROJECT/10168081
Start and Finish Dates: 4/20/15 – 6/25/15
Project Description: CLEAR & GRUB, COLD MILL, AC, CONCRETE IMPROVEMENTS, ADJUST MANHOLES/VALVES, LANDSCAPE & IRRIGATION, SURVEY WELL MONUMENTS, STRIPING & MARKING, LOOPS, RIVER ROCK
Agency Name: CITY OF ROSEMEAD
Contact Person: RAFAEL FAJARDO *Telephone:* 626/569-2100
Original Contract Amount: \$624,686 *Final Contract Amount:* \$698,078
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: HOLLYWOOD WALK OF FAME 50TH, AREA #1/10168030
Start and Finish Dates: 3/3/15 – 6/26/15
Project Description: PARKWAY IMPROVEMENTS
Agency Name: HOLLYWOOD HISTORIC TRUST
Contact Person: DANNY KAYE *Telephone:* 323/468-1379
Original Contract Amount: \$667,415 *Final Contract Amount:* \$741,935
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: IMPROVEMENT OF ARTESIA BOULEVARD BETWEEN WEST CITY LIMIT AND BUTLER AVENUE/10160883

Start and Finish Dates: AUGUST 2014 -4/1/15

Project Description: AC/ARHM GRIND AND OVERLAY, PCC IMPROVEMENTS, STRIPING & MARKING, LOOPS, ADJUST MANHOLES/UTILITIES, TREE PRUNING/ROOT SHAVING

Agency Name: CITY OF LONG BEACH

Contact Person: ONOFRE RAMIREZ *Telephone:* 562/570-6634

Original Contract Amount: \$744,659 *Final Contract Amount:* \$850,949

Change in original contract amount is due to extra work and/or contract change orders adding

Project Name/Number: FEDERAL SAFE ROUTES TO SCHOOL WALNUT GROVE AVENUE ENHANCEMENT PROJECT/10164577

Start and Finish Dates: 1/12/15 – 7/9/15

Project Description: AC GRIND & OVERLAY, CLEAR & GRUB, PCC IMPROVEMENTS, STREET LIGHTS, TRAFFIC SIGNAL MODIFICATIONS, STRIPING, MARKING, SIGNING, LANDSCAPE & IRRIGATION

Agency Name: CITY OF ROSEMEAD

Contact Person: RAFAEL FAJARDO *Telephone:* 626/569-2100

Original Contract Amount: \$692,308 *Final Contract Amount:* \$736,277

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: PACIFIC ELECTRIC INLAND EMPIRE TRAIL/10157108

Start and Finish Dates: 8/25/14 – 4/28/15

Project Description: STORM DRAIN IMPROVEMENTS, LANDSCAPE & IRRIGATION, ELECTRICAL, STRIPING & SIGNS

Agency Name: CITY OF RIALTO

Contact Person: JASON BROWN *Telephone:* 310/502-9931

Original Contract Amount: \$3,169,295 *Final Contract Amount:* \$3,527,760

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: GRAVES AVENUE, ET AL, PHASE 2/10156967

Start and Finish Dates: 6/30/14 – 4/29/15

Project Description: AC/ARHM GRIND & OVERLAY, PCC IMPROVEMENTS, CLEAR & GRUB, CMB, C-I-P RECYCLING, EMULSIFIED RECYCLING AGENT, TREE REMOVAL/TRIMMING
ROOT PRUNE/BARRIER, ELEC/LOOPS, ADJ UTILITIES, STRIPING & MARKING

Agency Name: COUNTY OF LOS ANGELES, DEPARTMENT OF PUBLIC WORKS

Contact Person: CHANDRA McCLOUD *Telephone:* 626/458-3144

Original Contract Amount: \$3,989,378 *Final Contract Amount:* \$3,773,072

Change in contract amount is due to items of work being deleted by the agency.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: IMPERIAL HIGHWAY/10152857
Start and Finish Dates: 2/3/14 - 4/10/15
Project Description: TRAFFIC CONTROL, ROOT PRUNE, SIGNS, PCC, COLD MILL, AC, RECONSTRUCT MANHOLE, MASONRY, STRIPING & MARKING, ELECTRICAL, LANDSCAPE & IRRIGATION
Agency Name: COUNTY OF LOS ANGELES, DEPARTMENT OF PUBLIC WORKS
Contact Person: TIM BAZINET *Telephone:* 626/485-3144
Original Contract Amount: \$4,144,238 *Final Contract Amount:* \$4,298,278
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: WILSHIRE BOULEVARD BUS RAPID TRANSIT/10159007
Start and Finish Dates: 9/4/14 - 2/7/15
Project Description: TRAFFIC CONTROL, SWPPP, SIGNS, TREE REMOVAL, REMOVE CHAIN LINK FENCE , CLEAR & GRUB, AC, PCC, ADJUST MANHOLES, CMB, SLURRY, COLD MILL, CB'S, STRUCTURES, ELECTRICAL, LOOPS, LANDSCAPE/IRRIGATION, STRIPE & MARK
Agency Name: LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS
Contact Person: COLIN McCARTER *Telephone:* 626/458-3144
Original Contract Amount: \$4,420,769 *Final Contract Amount:* \$3,307,806
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: MAPLEGROVE STREET, ET AL/10156534
Start and Finish Dates: 6/23/14 – 5/13/15
Project Description: SWPPP, CLEARING & GRUBBING, ARHM, FIRE HYDRANT, TRAFFIC CONTROL, ROOT PRUNE, TREE REMOVAL, COLD MILL, SLURRY, CMB, AC, ARHM, PCC, CATCH BASIN, CHAIN LINK FENCE, LOOP DETECTORS, STRIPING & MARKING, RECONSTRUCT MANHOLE
Agency Name: COUNTY OF LOS ANGELES, DEPARTMENT OF PUBLIC WORKS
Contact Person: JOEL ZARAGOZA *Telephone:* 626/485-3144
Original Contract Amount: \$5,247,333 *Final Contract Amount:* \$5,154,799
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: 2011 ROADWAY MAINTENANCE & SLURRY SEAL PROGRAM/ 10150602
Start and Finish Dates: 8/2013-12/2014
Project Description: SWPPP, AC GRIND & OVERLAY, CRACK SEAL, SLURRY SEAL, STRIPING & MARKING
Agency Name: PORT OF LONG BEACH
925 HARBOR PLAZA DRIVE
LONG BEACH, CA 90802
Contact Person: ALI VATANSHENAG *Telephone:* 562/437-0041
Original Contract Amount: \$434,380 *Final Contract Amount:* \$455,300
Change in original contract amount is due to extra work and/or contract change orders adding



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

work.

Project Name/Number: KIOWA RANCH ROAD TO DEL ORO ROAD/ 10149809
Start and Finish Dates: 9/2013-11/2013
Project Description: AC GRIND & OVERLAY, PCC IMPRV., STRIPING & MARKING, SURVEY, TREE REMOVAL, CMB, ADJUST UTILITIES, SLURRY SEAL
Agency Name: TOWN OF APPLE VALLEY
14975 DALE EVANS PARKWAY
APPLE VALLEY, CA 92307
Contact Person: BRETT MORGAN *Telephone:* 760/240-7000
Original Contract Amount: \$662,781 *Final Contract Amount:* \$663,811
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ARTESIA BLVD. & WESTERN AVE. STREET IMPRV./10147379
Start and Finish Dates: 7/2013-10/2013
Project Description: SIGNS, SWPPP, TRAFFIC CONTROL, TREE REMOVAL, STRIPING & MARKING, COLD MILL, ELECTRICAL, PCC, AC, ARHM, SURVEY, ADJUST MANOLES & WATER VALVES, LOOPS
Agency Name: CITY OF GARDENA
1700 W. 162ND STREET
GARDENA, CA 90247
Contact Person: JOHN FELIX *Telephone:* 310/217-9500
Original Contract Amount: \$645,472 *Final Contract Amount:* \$605,644
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: TILDEN TERRENCE/ 10146479
Start and Finish Dates: 4/2013-9/2013
Project Description: ON-SITE, OFF-SITE, ALLEY IMPRV.
Agency Name: DREYFUSS CONSTRUCTION
5855 GREEN VALLEY CIRCLE, STE. 300
CULVER, CA 90230
Contact Person: DAVID SANCHEZ *Telephone:* 310/645-9565
Original Contract Amount: \$748,082 *Final Contract Amount:* \$835,884
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: LA LOGISTICS CENTER/ 10144825
Start and Finish Dates: 3/2013-6/2013
Project Description: B-PERMIT
Agency Name: XEBEC BUILDING COMPANY, INC.
3010 OLD RANCH PARKWAY, STE. 480
SEAL BEACH, CA 90740
Contact Person: SIOBHAN SHARPLES *Telephone:* 562/795-0270
Original Contract Amount: \$373,756 *Final Contract Amount:* \$383,456
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: AGOURA ROAD WIDENING PHASE 1/CANWOOD STREET IMPRV./ 10144581
Start and Finish Dates: 4/2013-10/2013
Project Description: AC/ARHM GRIND & OVERLAY, CAB, PCC IMPRV., COLD-IN-PLACE RECYCLING,
ADJUST UTILITIES, SIGNING & STRIPING, TREE PROTECTION/REMOVAL,
LANDSCAPE & IRRIGATION
Agency Name: CITY OF AGOURA HILLS
30001 LADYFACE COURT
AGOURA HILLS, CA 91301-1335
Contact Person: CHARMAINE YAMBAO *Telephone:* 818/597-7300
Original Contract Amount: \$1,058,551 *Final Contract Amount:* \$1,273,120
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: CEDARS-SINAI MEDICAL CENTER-ADVANCES HEALTH SCIENCES PAVILION PROJECT/
10143403
Start and Finish Dates: 2/2013-4/2013
Project Description: CMB, AC GRIND & OVERLAY, STRIPING, DOUBLE ADJUST MANHOLES
Agency Name: HATHAWAY DINWIDDIE CONSTRUCTION COMPANY
811 WILSHIRE BLVD., STE. 1500
LOS ANGELES, CA 90017-2632
Contact Person: STEPHEN DUHM *Telephone:* 213/236-0500
Original Contract Amount: \$229,000 *Final Contract Amount:* \$234,671
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: BEAR VALLEY CUTOFF/ 10143018
Start and Finish Dates: 5/2013-6/2013
Project Description: ARHM/AC GRIND & OVERLAY, CRACK SEAL, SIGNS & STRIPING & MARKING
Agency Name: SAN BERNARDINO COUNTY DEPARTMENT OF PUBLIC WORKS
825 EAST 3RD STREET
SAN BERNARDINO, CA 92415
Contact Person: SUNDARAMOORTHY SRIRAJAN *Telephone:* 909/387-8104

Original Contract Amount: \$928,725 *Final Contract Amount:* \$802,793
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: DALE EVANS PARKWAY OVERLAY PROJECT INTERSTATE 15 TO JOHNSON ROAD & JOSHUA ROAD OVERLAY PROJECT/ 10141551
Start and Finish Dates: 1/2013-4/2013
Project Description: AC GRIND & OVERLAY, STRIPING & MARKING, GRADING, SWPPP
Agency Name: TOWN OF APPLE VALLEY
14955 DALE EVANS PARKWAY
APPLE VALLEY, CA 92307
Contact Person: BRENT MORGAN *Telephone:* 760/240-7000
Original Contract Amount: \$720,677 *Final Contract Amount:* \$743,789
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: FY 2012/13 STREET MAINTENANCE PROJECT/ 10140019
Start and Finish Dates: 10/2012-12/2013
Project Description: ARHM GRIND & OVERLAY, ADJUST UTILITIES, SURVEY, CRACK SEALING
Agency Name: CITY OF MALIBU
23825 STUART RANCH ROAD
MALIBU, CA 90265
Contact Person: ROBERT DUBOUX *Telephone:* 310/456-2489
Original Contract Amount: \$652,716 *Final Contract Amount:* \$929,630
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: THE ICIS APARTMENTS/ 10139570
Start and Finish Dates: 9/2012-11/2012
Project Description: B-PERMIT
Agency Name: ALLIANCE RESIDENTIAL BUILDERS II G.P., INC.
450 NEWPORT CENTER DR., #550
NEWPORT, CA 92660
Contact Person: SCOTT CRIGGS *Telephone:* 949/706-8460
Original Contract Amount: \$299,701 *Final Contract Amount:* \$335,741
Change in original contract amount is due to extra work and/or contract change orders adding work.
Project Name/Number: 2012 VARIOUS STREETS RESURFACING II, PROP 1 B & LACMTA/ 10137709



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Start and Finish Dates: 10/2012-2013
Project Description: AC/ARHM GRIND & OVERLAY, PCC IMPRV., ADJUST UTILITIES, LOOPS, STRIPING & MARKING, CONSTRUCTION AREA SIGNS

Agency Name: CITY OF MONTEREY PARK
320 WEST NEWMARK AVENUE
MONTEREY PARK, CA 91754

Contact Person: ROY ALFONSO *Telephone:* 626-307-1458

Original Contract Amount: \$996,500 *Final Contract Amount:* \$1,082,247
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: CITYWIDE ANNUAL OVERLAY PROGRAM & CONCRETE REPLACEMENT PROGRAM/
10137355

Start and Finish Dates: 9/2012-3/2013

Project Description: AC/ARHMGRIND & OVERLAY, AC DIKE, LOOPS, ADJUST UTILITIES, CAB, STRIPING & MARKING, PCC IMPRV., SURVEY

Agency Name: CITY OF CARSON
701 EAST CARSON STREET
CARSON, CA 90745

Contact Person: RICK BOUTROS *Telephone:* 310/830-7600

Original Contract Amount: \$1,295,000 *Final Contract Amount:* \$1,504,633
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: PREVENTIVE MAINTENANCE OF STREETS-2012/ 10137154

Start and Finish Dates: 11/2012-3/2013

Project Description: COLD MILL, ARHM, AC ADJUST SEWER MANHOLES, CLEAR & GRUB, STRIPING & MARKING, LOOP DETECTORS, SURVEY

Agency Name: CITY OF PASADENA
100 N. GARFIELD AVE.
PASADENA, CA 91101

Contact Person: MORLEY SARAIYA *Telephone:* 626/744-4000

Original Contract Amount: \$1,138,208 *Final Contract Amount:* \$1,273,343
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: IMPROVEMENT OF LINCOLN AVENUE/ 10136832
Start and Finish Dates: 10/2012-3/2013
Project Description: CONCRETE, AC, CRACK SEAL, COLD MILL, ARHM, ELECTRICAL, MANHOLES, STORM DRAIN, MARKERS, LOOPS
Agency Name: CITY OF PASADENA
100 N. GARFIELD AVE.
PASADENA, CA 91101
Contact Person: SEAN SINGLETARY *Telephone:* 626-744-4000
Original Contract Amount: \$1,348,474 *Final Contract Amount:* \$1,641,677
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 2012 OVERLAY PROGRAM/ 10136566
Start and Finish Dates: 10/2012-4/2013
Project Description: AC/ARHM GRIND & OVERLAY, ADJUST MANHOLES, ROOT PRUNE, STRIPING, SIGNING, MARKERS, LEGENDS
Agency Name: CITY OF THOUSAND OAKS
2100 THOUSAND OAKS BLVD.
THOUSAND OAKS, CA 91362
Contact Person: MIKE TOHIDIAN *Telephone:* 805/449-2400
Original Contract Amount: \$3,795,547 *Final Contract Amount:* \$3,972,046
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ROUTE 247, SAN BERNARDINO COUNTY (08-0P9304)/ 10131719
Start and Finish Dates: 7/2012-8/2012
Project Description: SWPPP, SIGNS, TRAFFIC CONTROL, COLD PLANE, CRACK TREATMENT, AC, ARHM, STRIPING & MARKING
Agency Name: CALTRANS
1727 30TH STREET
SACRAMENTO, CA 95816
Contact Person: EHAB MINA *Telephone:* 916/227-6300
Original Contract Amount: \$4,865,508 *Final Contract Amount:* \$4,988,720
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: MANHATTAN BEACH BOULEVARD RESURFACING/ 10130442
Start and Finish Dates: 8/2012-11/2012
Project Description: UTILITIES, TRAFFIC CONTROL, SIGNS, SURVEY, MANHOLES, PCC, AC, LANDSCAPE & IRRIGATION, COLD MILL, EXCAVATION, STRIPING & MARKING
Agency Name: CITY OF REDONDO BEACH
415 DIAMOND STREET
REDONDO BEACH, CA 90277
Contact Person: JEFF TOWNSEND *Telephone:* 310/318-0661
Original Contract Amount: \$862,900 *Final Contract Amount:* \$945,951
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: PUBLIC WORKS YARD (BID SET NO. 2)/ 10130370 (11148C)
Start and Finish Dates: 11/2012-11/2012
Project Description: AC PAVING, PCC IMPROVEMENTS, ELECTRICAL, FENCING
Agency Name: CITY OF EL MONTE
1133 VALLEY BLVD.
EL MONTE, CA 91731
Contact Person: TOM EARL *Telephone:* 626/580-2001
Original Contract Amount: \$462,370 *Final Contract Amount:* \$462,370
NO CHANGE

Project Name/Number: SAFE ROUTES TO SCHOOL-CYCLE 7 BULB-OUTS, SIDEWALK & TRAFFIC SIGNAL MODIFICATIONS/ 10130359
Start and Finish Dates: 5/2012-11/2012
Project Description: CLEAR & GRUB, AC OVERLAY, PCC IMPRV., ADJUST UTILITIES, SURVEY, TRAFFIC SIGNAL MODIFICATIONS, SIGNS, STRIPING & MARKING
Agency Name: CITY OF BURBANK
301 EAST OLIVE AVENUE, RM 320
BURBANK, CA 91502
Contact Person: MIKE SILVANI *Telephone:* 818/238-5457
Original Contract Amount: \$342,560 *Final Contract Amount:* \$408,978
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: ROUTE 39, LOS ANGELES COUNTY (07-3Y3204)/ 10130355
Start and Finish Dates: 7/2012-11/2012
Project Description: SWPPP, SIGNS, TRAFFIC CONTROL, COLD PLANE, CRACK TREATMENT, AC, ARHM, STRIPING & MARKING
Agency Name: CALTRANS
1727 30TH STREET
SACRAMENTO, CA 95816
Contact Person: REDA KAROUT *Telephone:* 916/227-6300
Original Contract Amount: \$1,197,700 *Final Contract Amount:* \$1,265,654
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: SLAUSON AVENUE/ 10130289
Start and Finish Dates: 10/2012-3/2013
Project Description: CLEAR & GRUB, TREE REMOVAL/PLANTING, AC GRIND & OVERLAY, PCC IMPRV., STRUCTURES, STRIPING & MARKING
Agency Name: LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS
900 S. FREMONT AVENUE
ALHAMBRA, CA 91803
Contact Person: JOSE POU *Telephone:* 626/458-5100
Original Contract Amount: \$884,688 *Final Contract Amount:* \$955,095
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 2011-2012 STREET RESURFACING-VARIOUS LOCATIONS/ 10130260
Start and Finish Dates: 5/2012-12/2012
Project Description: AC OVERLAY, COLD MILL, CRACK SEAL, CMB, ADJUST VALVE COVER & MANHOLE, LOOPS, STRIPING & MARKING
Agency Name: CITY OF BEVERLY HILLS
455 N. REXFORD DR., RM 290
BEVERLY HILLS, CA 90210
Contact Person: JUAN MARTINEZ *Telephone:* 310/285-2489
Original Contract Amount: \$1,019,450 *Final Contract Amount:* \$896,448
Change in contract amount is due to items of work being deleted by the agency.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: STREET RECONSTRUCTION-HELEN RUNYON DR. & E. MOUNTAIN VIEW ST./ 10130241

Start and Finish Dates: 3/2012-7/2012

Project Description: AC PAVING, PCC, FABRIC, LOOPS, SIGNS & STRIPING & MARKING

Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW STREET, STE. A
BARSTOW, CA 92311

Contact Person: DOMINGO GONZALEZ *Telephone:* 760/255-5156

Original Contract Amount: \$1,027,886 *Final Contract Amount:* \$1,138,746

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 2012 LOCAL STREET REHABILITATION PROJECT/ 10130069

Start and Finish Dates: 5/2012-8/2012

Project Description: AC GRIND & OVELRAY, COLD CENTRAL PLANT RECYCLING, LOOPS, ADJUST UTILITIES

Agency Name: CITY OF GARDEN GROVE
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92840

Contact Person: ROBERT MOUNGEY *Telephone:* 714/741-5000

Original Contract Amount: \$2,917,670 *Final Contract Amount:* \$2,846,871

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: RECONSTRUCTION OF CASTAIC POWER PLANT ACCESS ROAD/ 10129951

Start and Finish Dates: 8/2012-10/2012

Project Description: AC, COLD MILL, STRIPING & MARKING

Agency Name: LOS ANGELES DEPARTMENT OF WATER & POWER
111 N. HOPE STREET
LOS ANGELES, CA 90012

Contact Person: JOSH FONG *Telephone:* 213/364-3464

Original Contract Amount: \$602,466 *Final Contract Amount:* \$556,923

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: CACTUS AVENUE, FREDERICK STREET & RESOURCE WAY/ 10129926

Start and Finish Dates: 5/2012-5/2013

Project Description: STREET, STORM DRAIN, SEWER & WATER, SIGNING & STRIPING, TRAFFIC SIGNAL, LOOPS, STREET LANDSCAPE & IRRIGATION, ELECTRICAL, COLD PLANE, PCC, AC, CATCH BASIN

Agency Name: US REAL ESTATE LIMITED PARTNERSHIP, A TEXAS LIMITED PARTNERSHIP, 19300
19300 HAMILTON AVE., STE. 200
GARDENA, CA 90248

Contact Person: FLOYD YOUNKIN *Telephone:* 310/323-9100

Original Contract Amount: \$2,753,919 *Final Contract Amount:* \$3,212,557

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: NATIONAL TRAILS HIGHWAY/ 10128949 (12185C)



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Start and Finish Dates: 5/2012 – 6/2012

Project Description: CRACK SEAL COLD PLANE, PAV, STRIPING

Agency Name: SAN BERNARDINO COUNTY, DEPARTMENT OF PUBLIC WORKS
825 EAST THIRD STREET
SAN BERNARDINO, CA 92415-0835

Contact Person: NIDHAM AL-REYES

Telephone: 909/387-8104

Original Contract Amount: \$1,040,950

Final Contract Amount: \$931,795

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: TAXILANE D-10 RECONSTRUCTION / 10128948 (12174C)

Start and Finish Dates: 5/2012-12/2012

Project Description: SURVEY, AC, REMOVE PCC, FENCING, ADJUSTING WATER UTILITY, SWPPP, CAB, COLD PLANE, PCC, FABRIC, STRIPING & MARKING & SIGNS

Agency Name: LOS ANGELES WORLD AIRPORTS, AIRPORT DEVELOPMENT GROUP
7301 WORLD WAY WEST, 9TH FLOOR
LOS ANGELES, CA 90045

Contact Person: GORAN LAZAREVIC, P.E.

Telephone: 310/957-7149

Original Contract Amount: \$6,383,321

Final Contract Amount: \$5,939,022

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: CAMPBELL HALL COMMUNITY ARTS AND EDUCATION CENTER / 10128947 (11153C)

Start and Finish Dates: 3/2012-4/2012

Project Description: B – PERMIT: REMOVAL/REPLACEMENT OF CURB & GUTTER, SIDEWALK & SIDEWAY, SIGNAL, STREET LIGHTING, STRIPING/SIGNING

Agency Name: MATT CONSTRUCTION CORPORATION
9814 NORWALK BLVD., SUITE 100
SANTA FE SPRINGS, CA 90670

Contact Person: KRISTOPHER BARR

Telephone: 562/903-2277

Original Contract Amount: \$473,542

Final Contract Amount: \$539,471

Change in original contract amount is due to extra work and/or contract change orders adding work.



BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: RESIDENTIAL STREET REHABILITATION FY2011-2012 & ANNUAL WATER MAIN REPLACEMENT PROGRAM FY 2011-2012 / 10128945 (12171C)

Start and Finish Dates: 3/2012-4/2013

Project Description: AC GRIND & OVERLAY, SLURRY SEAL, PCC IMPROVEMENTS, ADJUST MANHOLES, TREE ROOT PRUNE, STRIPING/MARKING, LOOPS, SURVEY, CMB, WATER LINE/WATER MAIN

Agency Name: CITY OF LA HABRA
201 E. LA HABRA BLVD.
LA HABRA, CA 90631

Contact Person: CHUCK STEPHANS *Telephone:* 949/262-9379

Original Contract Amount: \$4,887,619 *Final Contract Amount:* \$6,081,745
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: NEWPORT BLVD. DOMESTIC WATER RELOCATION PROJECT / 10128919 (11167C)

Start and Finish Dates: 2/2012-4/2013

Project Description: AC PAVING, WATERLINE, PCC IMPROVEMENTS, & REMOVE METERS

Agency Name: IRVINE RANCH WATER DISTRICT
15600 SAND CANYON AVE.
IRVINE CA, 92619-7000

Contact Person: TOM BONKOWSKI *Telephone:* 949/453-5692

Original Contract Amount: \$3,657,815 *Final Contract Amount:* \$3,936,118
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: LONG BEACH ANNUAL 2012 – GAS & ENGINEERING 10128849/(10071C) / 10128917/(11163C)

Start and Finish Dates: 3/2012-1/2013

Project Description: EMERGENCY REPAIRS

Agency Name: CITY OF LONG BEACH
333 WEST OCEAN BLVD.
LONG BEACH, CA 90802

Contact Person: CHARLES RAMEY *Telephone:* 562/570-5176

Original Contract Amount: \$2,000,000 *Final Contract Amount:* \$2,210,831
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: PASADENA AVENUE STREET IMPROVEMENT PROJECT /10128916 (11161C)
Start and Finish Dates: 2/2012-6/2012
Project Description: AC PAVING, ADJUST MANHOLE, COLD MILLING, PCC IMPRV., SIGNS, LANDSCAPING/IRRIGATION & STRIPING/MARKING
Agency Name: CITY OF PASADENA
1414 MISSION STREET
SOUTH PASADENA, CA 91030
Contact Person: GABRIEL B. NEVAREZ *Telephone:* 626/403-7248
Original Contract Amount: \$499,995 *Final Contract Amount:* \$535,714
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: STREET RECONSTRUCTION SECTION – I, AGNES AVE., ELM AVE., FRANCES AVE., NORTH MURIEL DR., ADELE AVE., KATHLEEN. /10128914(11159C)
Start and Finish Dates: 2/2012-5/2012
Project Description: AC PAVING, PCC IMPRV., FABRIC, LOOPS, SIGNS, & STRIPING & MARKING
Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW ST., SUITE A
BARSTOW, CA 92311
Contact Person: DOMINGO GONZALEZ *Telephone:* 760/255-5156
Original Contract Amount: \$947,275 *Final Contract Amount:* \$977,541
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ROBSON AVEUNE & MARTIN STREET, STPL-5107(027) /10128913(11154U)
Start and Finish Dates: 2/2012-5/2012
Project Description: RECONSTRUCTION PROJECT
Agency Name: CITY OF SANTA MONICA
1685 MAIN STREET
SANTA MONICA, CA 90401
Contact Person: ALLAN SHETH *Telephone:* 310/458-2201
Original Contract Amount: \$383,000 *Final Contract Amount:* \$380,911
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: MERVYN'S BLDG. RENOVATION CONSTRUCTION CONTRACT /10128912(11151C)
Start and Finish Dates: 10/2011-11/2012
Project Description: SITE UTILITIES, PAVING, AND SITE IMPROVEMENTS
Agency Name: WESTFIELD, LLC
2753 E. EASTLAND CTR DR,
WEST COVINA, CA 91791
Contact Person: ROBERT ALLEN *Telephone:* 626/967-3399
Original Contract Amount: \$980,902 *Final Contract Amount:* \$1,284,834
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: RUNWAY 15 RUNWAY SAFETY AREA IMPROVEMENTS /10128907(11143C)
Start and Finish Dates: 1/2012-4/2012
Project Description: AC GRIND & OVERLAY, BASE, MARKINGS, FENCING, ELECTRICAL
Agency Name: BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2627 HOLLYWOOD WAY
BURBANK, CA 91505
Contact Person: PEDRO BARRAGON *Telephone:* 818/840-8840
Original Contract Amount: \$1,249,277 *Final Contract Amount:* \$1,313,842
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: DEEP CREEK ROAD OVERLAY /10128904(11140C)
Start and Finish Dates: 3/01/2012-3/30/2012
Project Description: CRUB SEAL, COLD PLANE, AC OVERLAY, STRIPING
Agency Name: COUNTY OF SAN BERNARDINO DEPARTMENT OF PUBLIC WORKS
825 EAST 3RD STREET
SAN BERNARDINO, CA 92415
Contact Person: NIDHAM AL-REYES *Telephone:* 909-387-1831
Original Contract Amount: \$778,000 *Final Contract Amount:* \$605,995
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: WILSHIRE / WESTERN FINAL PHASE /10128903(11139C)
Start and Finish Dates: 8/2011-7/2012
Project Description: CITY OF LA, B-PERMIT
Agency Name: SOLAIR MARKETING, LLC
175 WEST JACKSON, SUITE 540
CHICAGO, IL 60604
Contact Person: JIM O'BRIEN *Telephone:* 805/310-8270
Original Contract Amount: \$849,532 *Final Contract Amount:* \$863,853
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: MOVEMENT AREAS /10128902(11136C)
Start and Finish Dates: ONGOING – 12/2013
Project Description: MAINTENANCE & REPAIR WORK ON T&M IN AIRCRAFT MOVEMENT AREAS
Agency Name: BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2800 CLYBOURN AVENUE
BURBANK, CA 91505
Contact Person: KAREN SEPULVEDA *Telephone:* 818/565-1305
Original Contract Amount: \$250,000 *Final Contract Amount:* \$36,059
Change in contract amount is due to items of work being deleted by the agency.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: NON-MOVEMENT AREA /10128901(11135C)
Start and Finish Dates: ONGOING – 12/2013
Project Description: MAINTENANCE & REPAIR WORK ON T&M IN NON-MOVEMENT AREA
Agency Name: BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2800 CLYBOURN AVENUE
BURBANK, CA 91505
Contact Person: KAREN SEPULVEDA *Telephone:* 818/565-1308
Original Contract Amount: \$200,000 *Final Contract Amount:* \$5,724
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: 2010-11 FEDERAL OVERLAY PROGRAM /10128896(11127U)
Start and Finish Dates: 10/2011-1/2012
Project Description: AC GRIND AND OVERLAY
Agency Name: CITY OF SANTA CLARITA
23920 VALENCIA BOULEVARD, STE 300
SANTA CLARITA, CA 91355-2196
Contact Person: 661/259-2489 *Telephone:* 661/259-2489
Original Contract Amount: \$2,069,962 *Final Contract Amount:* \$2,047,482
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: WHITEMAN AIRPORT AIRCRAFT RAMP /10128893(11123C)
Start and Finish Dates: 2/2012-9/2013
Project Description: RECONSTRUCTION OF AIRCRAFT RAMP
Agency Name: LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS
900 S. FREMOUNT AVENUE
ALHAMBRA, CA 91803
Contact Person: JOSEPH NGUYEN *Telephone:* 626/458-3166
Original Contract Amount: \$944,698 *Final Contract Amount:* \$1,038,210
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 2011 ANNUAL CITYWIDE STREET RESURFACING PROJECT /10128890(11119U)
Start and Finish Dates: 8/2011-2/2012
Project Description: STREET RESURFACING
Agency Name: CITY OF CALABASAS
100 CIVIC CENTER WAY
CALABASAS, CA 91302-3172
Contact Person: TATIANA HOLDEN *Telephone:* 818/224-1600
Original Contract Amount: \$1,146,363 *Final Contract Amount:* \$1,276,123
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: EAST AVENUE MASTER PLAN STORM DRAIN LINE 8 PROJECT /10128888(11117C)
Start and Finish Dates: 11/2011-10/2012



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Description: AC GRIND & OVERLAY, PCC IMPRV., STORM DRAIN STRUCTURES, CONSTRUCT MANHOLES, RCP, FABRIC, LOOPS, STRIPING & MARKING, SWPPP

Agency Name: CITY OF RANCHO CUCAMONGA
10500 CIVIL CENTER DRIVE
RANCHO CUCAMONGA, CA 91729-0807

Contact Person: KENNETH FUNG *Telephone:* 909/477-2700

Original Contract Amount: \$5,214,750 *Final Contract Amount:* \$6,104,138
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: SOUTHERN PACIFIC SLIP /10128887(11116C)

Start and Finish Dates: 10/2011-5/2014

Project Description: AC & PCC PAVEMENTS, PCC IMPRV., LANDSCAPE & IRRIGATION, SITE FURNISHINGS, RETAINING WALLS, GUARDRAILS/RAILINGS, SIGNS

Agency Name: PORT OF LOS ANGELES
425 S. PALOS VERDES STREET
SAN PEDRO, CA 90731

Contact Person: MARLYS WHITE *Telephone:* 310/732-7690

Original Contract Amount: \$5,694,700 *Final Contract Amount:* \$6,160,508
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: WEST OAK PARK AREA / 11115C

Start and Finish Dates: 7/2011-3/2012

Project Description: AC/ARHM GRIND & OVERLAY, CONCRETE IMPROVEMENTS, CRACK SEAL, LOOPS

Agency Name: COUNTY OF VENTURA
800 SOUTH VICTORIA AVENUE
VENTURA, CA 92821

Contact Person: PHIL NELSON / DOLORES MURPHY *Telephone:* 805/654-3984

Original Contract Amount: \$2,470,417 *Final Contract Amount:* \$2,373,097
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: ROADWAY AND WATERLINE IMPROVEMENT /10128884 (11112C)

Start and Finish Dates: 7/2011-9/2012

Project Description: ROADWAY AND WATERLINE

Agency Name: CITY OF LOMITA
24300 NARBONNE AVENUE
LOMITA, CA 90717

Contact Person: TOM SHAHBAZI *Telephone:* 310/325-7110

Original Contract Amount: \$1,412,907 *Final Contract Amount:* \$1,396,657
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: FY 2010-2011 RESIDENTIAL AREA 7 AND ARTERIAL ZONE AREA 5 /10128880(11108C)



BIDDER'S EXPERIENCE AND QUALIFICATIONS

Start and Finish Dates: 7/2011-2/2012
Project Description: AC PATCHING, GRIND AND OVERLAY, CAPE SEAL, SLURRY SEAL, MANHOLE ADJUSTING
Agency Name: CITY OF DIAMOND BAR
21825 COPLEY DR.
DIAMOND BAR, CA 91765
Contact Person: DAVID SLOAN *Telephone:* 909/839-7000
Original Contract Amount: \$1,819,990 *Final Contract Amount:* \$1,823,184
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: BNSF AGS PROJECT- HOBART YARD /10128878(11105C)
Start and Finish Dates: 6/2011-8/2012
Project Description: CONSTRUCTION OF CIVIL AND ELECTRICAL FEATURES IN SUPPORT OF THE AGS HARDWARE, SITE DEMOLITION CIVIL, ELECTRICAL, STRUCTURAL, PAVING WORK ASSOCIATED WITH AGS
Agency Name: BNSF
2500 LOU MENK DR.,
FORT WORTH, TEXAS, 76131
Contact Person: CHRISTOPHER HARD *Telephone:* 817/352-4114
Original Contract Amount: \$10,036,878 *Final Contract Amount:* \$10,466,761
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: WALNUT GROVE AVENUE TO TUSH STREET / 11111C
Start and Finish Dates: 07/2011 – 9/2011
Project Description: STREET RESURFACING
Agency Name: CITY OF ROSEMEAD
8838 E. VALLEY BOULEVARD
ROSEMEAD, CA 91770
Contact Person: RAFAEL FAJARDO *Telephone:* 626/569-2100
Original Contract Amount: \$1,109,950 *Final Contract Amount:* \$1,083,687
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: STREET REHABILITATION PROJECT – REBID /10128881(11109C)
Start and Finish Dates: 6/2011 – 1/2012
Project Description: TRAFFIC CONTROL, GRINDING, AC, PCC, ADJUST MANHOLES & VALVES, SIGNING/STRIPING/MARKING, LOOPS, UNDERGROUND, FABRIC DISPOSAL, FENCE



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

RELOCATION

Agency Name: CITY OF CHINO
1322 CENTRAL AVENUE
CHINO, CA 91710

Contact Person: NAGHMEH IMANI *Telephone:* 909/464-8367

Original Contract Amount: \$1,813,849 *Final Contract Amount:* \$1,868,794
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: SAN BERNARDINO COUNTY NEAR NEEDLES FROM 0.4 MILE WEST OF WHALE MOUNTAIN WASH BRIDGE TO 0.1 MILE WEST OF PARK MOABI ROAD OVERCROSSING /10128874(11099U)

Start and Finish Dates: 5/2011 – 3/2012

Project Description: WIDEN FREEWAY, INSTALL PERMEABLE SUB BASE, EDGE DRAIN, GRIND & OVERLAY FREEWAY – 1.9 MILES IN LENGTH

Agency Name: STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION
1727 30TH STREET
SACRAMENTO CA 95816

Contact Person: DARCY DAVIS *Telephone:* 951/232-6000

Original Contract Amount: \$7,193,800 *Final Contract Amount:* \$8,262,201
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: RESIDENTIAL STREET REHABILITATION FY2010-2011 & ANNUAL WATER MAIN REPLACEMENT PROGRAM PROJECT /10128866(11090C)

Start and Finish Dates: 4/2011-12/2011

Project Description: SURVEY, SWPPP, PCC, AC, CRACK SEAL, ADJUST MANHOLES TO GRADE, TREE ROOT PRUNE, STRIPING & MARKING, SLURRY SEAL

Agency Name: CITY OF LA HABRA
201 E. LA HABRA BOULEVARD
LA HABRA, CA 90631

Contact Person: SAM MAKAR, P.E., SR. *Telephone:* 562/905-9720
CIVIL ENGINEER

Original Contract Amount: \$3,535,885 *Final Contract Amount:* \$4,029,145
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: "G" AVENUE RAIL LEAD TRACK & CHANNEL PROJECT: PHASE II-LEAD TRACK CONSTRUCTION & DRAINAGE CHANNEL CONSTRUCTION /10128865(11088C)

Start and Finish Dates: 03/2011 – 02/2012

Project Description: TRACK IMPRV., AC, FENCING, STRUCTURES, CAB, PCC, SWPPP, TREE, CLEAR & GRUB, EROSION CONTROL



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Agency Name: CITY OF HESPERIA
9700 SEVENTH AVENUE
HESPERIA, CA 92345

Contact Person: TINA SOUZA *Telephone:* 760/947-1474

Original Contract Amount: \$4,622,722 *Final Contract Amount:* \$4,988,909
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ELM ST. RESURFACING & WATERLINE REPLACEMENT /10128864(11087C)
Start and Finish Dates: 03/2011-07/2011
Project Description: CLEARING & GRUBBING, ADJUSTING MANHOLE & WATER VALVE & WATER METER, SURVEY MONUMENT, PCC, CATCH BASIN, COLD MILLING, ARHM, AC, STRIPING & MARKING & SIGNING, LOOP DETECTORS

Agency Name: CITY OF BREA
ONE CIVIC CENTER CIRCLE
BREA, CA 92821

Contact Person: BRIAN INGALLINEREA *Telephone:* 714/671-4450

Original Contract Amount: \$945,999 *Final Contract Amount:* \$1,096,259
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: FLORENCE AVENUE STREET REHABILITATION PROJECT / 10085C
Start and Finish Dates: 06/2011-07/2011
Project Description: CLEARING & GRUBBING, EXCAVATION, COLD MILL, ARHM, AC, MANHOLE ADJUSTING, VALVE/GAS ADJUSTMENT, STRIPING & MARKING, TRAFFIC LOOPS

Agency Name: CITY OF BELL
6330 PINE AVENUE
BELL, CA 90201

Contact Person: CARLOS ALVARADO *Telephone:* 626/960-1889

Original Contract Amount: \$294,536 *Final Contract Amount:* \$271,478
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: LAV COLLEGE /10084C
Start and Finish Dates: 02/2011 – 08/2011
Project Description: RECONSTRUCT PARKING LOT

Agency Name: CHEVERON ENERGY SOLUTIONS
150 E. COLORADO BLVD., STE: 360
PASADENA, CA 91105



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CONTRACTING CO.**

BIDDER'S EXPERIENCE AND QUALIFICATIONS

Contact Person: WAYNE GRAHAM *Telephone:* 415/773-4748

Original Contract Amount: \$878,000 *Final Contract Amount:* \$783,082

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: 2010/11 OVERLAY PROJECT /10083C

Start and Finish Dates: 02/2011 – 07/2011

Project Description: MOBILIZATION, TRAFFIC CONTROL, CRACK SEALING, AC, ARHM, MANHOLES, LOOPS, THERMOPLASTIC STRIPING, PAVEMENT MARKERS, SIGNS, TREE WELL, CROSS GUTTER, DETECTABLE WARNING SURFACE, TREES, WATERVALVE, PULL BOX

Agency Name: CITY OF CYPRESS
5275 ORANGE AVENUE
CYPRESS, CA 90630

Contact Person: NICK MANGKALAKIRI *Telephone:* 714/229-6729

Original Contract Amount: \$2,198,000 *Final Contract Amount:* \$1,790,853

Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: INNOV. VILLAGE /10079C

Start and Finish Dates: 01/2011 – 05/2011

Project Description: AC PAVING, COLD MILL, CRACK FILL, ADJUST MANHOLE, LOOPS & PCC

Agency Name: CAL POLY – POMONA FOUNDATION
3801 W. TEMPLE AVE
POMONA CA 901768

Contact Person: BRUYN BAVANS *Telephone:* 909/869-6842

Original Contract Amount: \$653,600 *Final Contract Amount:* \$693,203

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: 26TH STREET IMPROVEMENTS /10074U

Start and Finish Dates: 02/2011 – 07/2011

Project Description: EXCAVATION, CUT & DISPOSAL OF AC, GUTTER, COLD PLANE, COLD RECYCLING, CMB, MANHOLES, STRIPING & MARKING, TRAFFIC SIGNAL, LOOPS, CONSTRUCTION SIGNS

Agency Name: CITY OF VERNON
4305 SANTA FE AVENUE
VERNON, CA 90058



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Contact Person: RAFAEL CONTRERAS *Telephone:* 323/583-8811
Original Contract Amount: \$873,212 *Final Contract Amount:* \$899,429
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: EMERALD AVENUE STREET IMPROVEMENTS / 10077U
Start and Finish Dates: 2/2011-3/2011
Project Description: AC OVER BASE, STRIPING & MARKING, CURBS, RAMPS, EXCAVATION TRAFFIC CONTROL, COLD PLANE, CMB, MANHOLE ADJUSTING, LOOPS, SLOUGH WALLS
Agency Name: CITY OF LA VERNE
3660 "D" STREET
LA VERNE CA 91750

Contact Person: JASON WELDAY *Telephone:* 909/594-9702
Original Contract Amount: \$226,000 *Final Contract Amount:* \$487,575
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ROSECRANS AVENUE & VALLEY VIEW AVENUE STREET IMPROVEMENTS /10072C
Start and Finish Dates: 01/2011 - 03/2011
Project Description: MOBILIZATION, EXCAVATION, CMB, COLD MILL, ARHM, AC, CURB & GUTTER, ADJUST WATER VALVE & MANHOLES, STORM DRAIN, LOOPS, TRAFFIC CONTROL, PAVEMENT MARKERS, SURVEY MONUMENTS

Agency Name: CITY OF SANTA FE SPRINGS
11710 TELEGRAPH ROAD
SANTA FE SPRINGS, CA 90670

Contact Person: RAFAEL CASILLAS *Telephone:* 562/868-0511
Original Contract Amount: \$668,149 *Final Contract Amount:* \$559,031
Change in contract amount is due to items of work being deleted by the agency.

Project Name/Number: LB ANNUAL 2010 /10128849(10071C)
Start and Finish Dates: 01/2011 – 11/2012
Project Description: EMERGENCY REPAIRS
Agency Name: CITY OF LONG BEACH
33 WEST OCEAN BLVD
LONG BEACH, CA 90802

Contact Person: ROBERT SOLIS *Telephone:* 562/570-5176
Original Contract Amount: \$2,000,000 *Final Contract Amount:* \$2,210,831
Change in original contract amount is due to extra work and/or contract change orders adding



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

work.

Project Name/Number: RAMPS A&B REHAB /10070C
Start and Finish Dates: 01/2011 – 07/2011
Project Description: AC PAVING, PCC IMPRV., ELECTRICAL, FENCING, WHEEL STOPS, STRIPING/MARKING
Agency Name: BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2800 N. CLYBOURN
BURBANK, CA 95105
Contact Person: SAFA KAMAGAR *Telephone:* 818/565-1305
Original Contract Amount: \$6,595,968 *Final Contract Amount:* \$6,713,133
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: VALLEY BLVD. REHABILITATION PROJECT /10069U
Start and Finish Dates: 01/2011 – 07/2011
Project Description: SURVEY, AC GRIND & OVERLAY, CMB, PCC IMPRV., RCB CULVERT, ADJUST UTILITIES, SIGNS/STRIPING/MARKING, LANDSCAPE & IRRIGATION
Agency Name: CITY OF ALHAMBRA
111 SOUTH FIRST STREET
ALHAMBRA, CA 91801
Contact Person: MELISSA RAMOS *Telephone:* 626/282-5833
Original Contract Amount: \$1,851,617 *Final Contract Amount:* \$1,871,827
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: LAKE-ALAMEDA /10128845(10067U)
Start and Finish Dates: 01/2011-12/2011
Project Description: ACCESS PATH CONSTRUCTION
Agency Name: LACDPW
900 SOUTH FREMOUNT AVE 8TH FLOOR
ALHAMBRA CA 91802
Contact Person: MARIO RODRIGUEZ *Telephone:* 626/458-5100
Original Contract Amount: \$1,449,940 *Final Contract Amount:* \$1,551,239
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: LAKEWOOD BOULEVARD IMPROVEMENTS – PHASE 3A /10128841(10063U)
Start and Finish Dates: 10/2010 – 11/2011
Project Description: AC PAVING, PCC IMPROVEMENT, CLEAR/GRUBBING, ELECTRICAL, IRRIGATION, MANHOLE ADJUSTING, SIGNING, STRIPING & UNDERGROUND
Agency Name: CITY OF DOWNEY
11111 BROOKSHIRE AVE., DOWNEY, CA 90241
Contact Person: DESI GUTIERREZ *Telephone:* 562/622-3468
Original Contract Amount: \$3,233,203 *Final Contract Amount:* \$3,547,058
Change in original contract amount is due to extra work and/or contract change orders adding work.



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Name/Number: MAIN STREET - 2ND STREET TO "H" AVE/10057C
Start and Finish Dates: 04/2011 – 10/2011
Project Description: COLD PLANE, AC, PCC, ADJUST UTILITY MANHOLES, REMOVE CATCH BASIN, CMB, LOOPS, TRAFFIC SIGNAL, STRIPING & MARKING, SWPPP, SURVEY
Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW ST.
BARSTOW, CA 92311
Contact Person: MARK ROWAN *Telephone:* 760/241-6146
Original Contract Amount: \$1,645,609 *Final Contract Amount:* \$1,869,560
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: RESIDENTIAL STREETS IMPROVEMENTS PROJECT /10128832(10053C)
Start and Finish Dates: 08/2010 – 04/2011
Project Description: SURVEY/MONUMENTS, PCC, CMB, TRUNCATED DOMES, CAPE SESAL, CHIP SEAL, SLURRY SEAL TYPE II, AC, CRACK ROUTING & SEALING, ADJUST MANHOLES & VALVES, ROOT PRUNE, STRIPING & MARKING & SIGNS
Agency Name: CITY OF RANCHO PALOS VERDES
30940 HAWTHORNE BLD.
RANCHO PALOS VERDES, CA 90275-5391
Contact Person: CHUCK STEPHAN *Telephone:* 310/544-5252
Original Contract Amount: \$1,218,105 *Final Contract Amount:* \$1,275,338
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: AVENUE H, MOUNTAIN VIEW, 2ND AVE, COUNTY CLUB /10051C
Start and Finish Dates: 09/2010 – 04/2011
Project Description: AC, UTILITY MANHOLES, CMB, PCC, TRAFFIC SIGNAL, LOOPS, STRIPING & MARKING, SIGNAGE, ADJUST WATER VALVES & GAS VALVES, REPAIR EXISTING SEWER LINE
Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW ST
BARSTOW, CA 92311
Contact Person: MARK ROWAN *Telephone:* 760/241-6146
Original Contract Amount: \$1,523,000 *Final Contract Amount:* \$1,803,836



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BIDDER'S EXPERIENCE AND QUALIFICATIONS

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: VARIOUS STREETS, VIRGINIA WAY ETC /10048C
Start and Finish Dates: 02/2011 – 12/2011
Project Description: AC, PCC, CATCH BASIN, UTILITY MANHOLES, LOOPS, STRIPING & MARKING, SIGNAGE
Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW ST
BARSTOW, CA 92311
Contact Person: MARK ROWAN *Telephone:* 760/241-6146
Original Contract Amount: \$1,124,134 *Final Contract Amount:* \$1,365,121
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: MEADOWPASS ROAD IMPROVEMENTS /10047C
Start and Finish Dates: 09/2010 – 03/2011
Project Description: CLEARING & GRUBBING, CAB, AC, PCC, ADJUST VALVE & MANHOLE TO GRADE, STRIPING/MARKING/SIGNS, STREET LIGHTING, RETAINING WALL, MASONRY WALL, PIPE LANDSCAPE & IRRIGATION, LOOP DETECTORS, STORM DRAIN, CATCH BASIN, STRUCTURES, RCP
Agency Name: CITY OF WALNUT
21201 LA PUENTE ROAD
WALNUT, CA 91789
Contact Person: JASON WELDAY *Telephone:* 909/595-6095
Original Contract Amount: \$3,445,395 *Final Contract Amount:* \$3,910,596
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ARMORY ROAD /10046C
Start and Finish Dates: 09/2010 – 01/2011
Project Description: AC EMULSION, ADJUST MANHOLE, SURVEY, STRIPING/MARKING/SIGNS, PCC, LOOPS
Agency Name: CITY OF BARSTOW
220 E. MOUNTAIN VIEW ST
BARSTOW, CA 92311
Contact Person: WILLIAM HENDERSON *Telephone:* 760/255-5157
Original Contract Amount: \$782,765 *Final Contract Amount:* \$786,834
Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: ABBOTT ROAD STREET IMPROVEMENTS / 10043U
Start and Finish Dates: 09/2010 – 12/2010



BIDDER'S EXPERIENCE AND QUALIFICATIONS

Project Description: AC GRIND & OVERLAY, PCC IMPRV., ADJUST UTILITIES, ELECTRICAL, ROOT PRUNING/TREE TRIMMING/TREE REMOVAL, STRIPING & MARKING, STORM DRAIN STRUCTURES

Agency Name: CITY OF LYNWOOD
11330 BULLIS ROAD
LYNWOOD, CA 90262

Contact Person: PAUL NGUYEN

Telephone: 310/603-0220

Original Contract Amount: \$1,267,754

Final Contract Amount: \$1,601,267

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: DAISY AVENUE /10042C

Start and Finish Dates: 09/2010 – 03/2011

Project Description: PULVERIZE, CLEAR & GRUB, BOLLARDS REMOVAL, REFURBISH BOLLARDS, TREE & STUMP REMOVAL, TREE PRUNE, ADJUST MANHOLES & VALVES, ELECTRICAL, ADJUST SURVEY MONUMENTS, CONCRETE IMPRV., GRANITE, AC, FIREHYDRANT MARKERS, STRIPING & MARKING, LANDSCAPE, UNDERGROUND

Agency Name: CITY OF LONG BEACH
333 WEST OCEAN BLVD
LONG BEACH, CA 90802

Contact Person: ERIC LOWE

Telephone: 562/570-5176

Original Contract Amount: \$1,312,217

Final Contract Amount: \$1,362,408

Change in original contract amount is due to extra work and/or contract change orders adding work.

Project Name/Number: STATE STREET /10037U

Start and Finish Dates: 08/2010 – 03/2011

Project Description: REPAIR OF PCC PAVEMENT AND SW/RAMPS/DW

Agency Name: CITY OF SOUTH GATE
8650 CALIFORNIA AVENUE
SOUTH GATE, CA 90280

Contact Person: DANIEL GRUEZO

Telephone: 323/357-9657

Original Contract Amount: \$1,299,973

Final Contract Amount: \$1,546,185

Change in original contract amount is due to extra work and/or contract change orders adding work.

Responsible Bidder – Supplemental Questionnaire

1. How many years has your organization been in business in California as a contractor under your present business name and license number?

96 Years

2. Is your firm currently the debtor in a bankruptcy case?

☐ Yes ☒ No

If "yes," indicate the case number, bankruptcy court, and the date on which the petition was filed.

Case Number

Bankruptcy Court

Date Filed

3. Was your firm in bankruptcy any time during the last five years? (This question refers only to a bankruptcy action that was not described in answer to question 2, above.)

☐ Yes ☒ No

If "yes," indicate the case number, bankruptcy court, and the date on which the petition was filed.

Case Number

Bankruptcy Court

Date Filed

4. Has any CSLB license held by your firm or its Responsible Managing Employee (RME) or Responsible Managing Officer (RMO) been suspended within the last five years?

☐ Yes ☒ No

5. At any time in the last five years, has your firm been assessed and paid liquidated damages after completion of a project, under a construction contract with either a public or private owner?

☐ Yes ☒ No

6. Has your firm ever defaulted on a construction contract?

☐ Yes ☒ No

If "yes," explain on a separate page.

7. In the last five years has your firm, or any firm with which any of your company's owners, officers or partners was associated, been debarred, disqualified, removed or otherwise prevented from bidding on, or completing, any government agency or public works project for any reason?

☐ Yes ☒ No

If "yes," explain on a separate page. State the name of the organization debarred, the year of the event, the owner of the project, and the basis for the action.

8. In the last five years, has your firm been denied an award of a public works contract based on a finding by a public agency that your company was not a responsible bidder?

☐ Yes ☒ No

If "yes," on a separate page identify the year of the event, the entity denied the award, the owner, the project, and the basis for the finding by the public agency.

9. In the past five years, has any claim against your firm concerning your firm's work on a construction project, been filed in court or arbitration?

☒ Yes ☐ No

Please see attached Arbitration Information Sheet

If "yes," on a separate page identify the claim(s) by providing the project name, date of the claim, name of the claimant, the name of the entity the claim was filed against, a brief description of the nature of the claim, the court and case number, and a brief description of the status of the claim (pending or, if resolved, a brief description of the resolution).

10. In the past five years, has your firm made any claim against a project owner concerning work on a project or payment for a contract, and filed that claim in court or arbitration?

☒ Yes ☐ No

Please see attached Arbitration Information Sheet

If "yes," on a separate page identify the claim by providing the name of claimant, the project name, date of the claim, name of the entity (or entities) against whom the claim was filed, a brief description of the nature of the claim, the court and case number, and a brief description of the status of the claim (pending, or if resolved, a brief description of the resolution).

11. At any time during the past five years, has any surety company made any payments on your firm's behalf as a result of a default, to satisfy any claims made against a performance or payment bond issued on your firm's behalf in connection with a construction project, either public or private?

☐ Yes ☒ No

12. In the last five years, has any insurance carrier, for any form of insurance, refused to renew the insurance policy for your firm?

☐ Yes ☒ No



SULLY-MILLER CONTRACTING Co.

February 14, 2019

City of Brea

Re: Miscellaneous Alleys and Cliffwood Industrial Park Projects 7315, 7316, 7317, 7461

Subject: Regarding Arbitration

To whom it may concern:

In regards to the above Proposal, Sully-Miller has been involved in four (4) claims that went to Arbitration.

Owner: The City of Santa Monica
Address of Owner: 1685 Main Street, Santa Monica, CA 90401
Project: Lincoln Boulevard Resurfacing Project
Date of Claim: September 16, 2013
Description of Claim: Non-Payment for Extra Work Performed by Sully-Miller
Amount of Claim: \$ 45,000.00
Status of Claim: Settlement Agreement Prior to Arbitration


Owner: Charles Pankow Builders, Ltd.
Address of Owner: 199 S. Los Robles Ave., Ste. 300, Pasadena, CA 91101
Project: The Village at Santa Monica-Parcel A, B & C
Date of Claim: September 8, 2014
Description of Claim: Disagreement on Contractor's Scope of Work vs. Contract Agreement Scope of Work
Amount of Claim: \$ 176,000.00
Status of Claim: Settlement in Mediation

Owner: City of South Gate
Address of Owner: 8650 California Ave., South Gate, CA 90280
Project: Intersection Improvements on Firestone Blvd., and Atlantic Ave Project No. 364-ST
Date of Claim: May 14, 2015
Description of Claim: Breach of Contract, Breach of Implied Warranty of Plans and Specifications and Declaratory Relief
Amount of Claim: \$ 490,000.00
Status of Claim: Settlement in Mediation

Owner: City of Compton
Address of Owner: 205 S Willowbrook Ave, Compton, CA 90220
Project: Water Bond Improvements and Water Line Replacement
Date of Claim: November 30, 2017
Description of Claim: Disagreement on Contractor's Scope of Work vs. Contract Agreement Scope of Work
Amount of Claim: \$2,229,159.00
Status of Claim: Mediation Meeting occurred in October 2018. Settlement discussions On-Going

If you have any questions or need further information, please feel free to call me at 714-578-9600.

Sincerely,
Sully-Miller Contracting Company


Curtis Welter
Assistant Secretary

13. Has your firm, or any of its owners, officers, or partners ever been liable in a civil suit, or found guilty in a criminal action, for making any false claim or material misrepresentation to any public agency or entity?

☐ Yes ☒ No

14. Has your firm, or any of its owners, officers or partners ever been convicted of a crime involving any federal, state, or local law related to construction?

☐ Yes ☒ No

If "yes," explain on a separate page, including identifying who was convicted, the name of the victim, the date of the conviction, the court and case number, the crimes, and the grounds for the conviction.

15. Has your firm or any of its owners, officers or partners ever been convicted of a federal or state crime of fraud, theft, or any other act of dishonesty?

☐ Yes ☒ No

If "yes," identify on a separate page, the person or persons convicted, the court and case number, the crimes, and the year convicted.

16. If your firm was required to pay a premium of more than one per cent for a performance and payment bond on any project(s) on which your firm worked at any time during the last three years, state the percentage that your firm was required to pay. You may provide an explanation for a percentage rate higher than one per cent, if you wish to do so.

%

17. During the last five years, has your firm ever been denied bond credit by a surety company, or has there ever been a period of time when your firm has no surety bond in place during a public construction project when one was required?

☐ Yes ☒ No

18. Has CAL OSHA cited and assessed penalties against the General Contractor or its associates for any "serious," "willful" or "repeat" violations of its safety or health regulations in the past five years?

(Note: If you have filed an appeal of a citation, and the Occupational Safety and Health Appeals Board has not yet ruled on your appeal, you need not include information about it.)

☐ Yes ☒ No

If "yes," on separate page describe the citations, the party against whom the citation was made, date of citation, nature of the violation, project on which the citation was issued, owner of project, and the amount of penalty paid, if any. State the case number and date of any OSHAB decision.

19. Has the Federal Occupational Safety and Health Administration cited and assessed penalties against the General Contractor or its associates in the past five years?

(Note: If an appeal of the citation has been filed and the Appeals Board has not yet ruled, or there is a court appeal pending, you need not include information about the citation.)

☐ Yes ☒ No

If "yes," on separate page describe the citation, the party against whom the citation was made, date of citation, nature of the violation, project on which the citation was issued, owner of project, and the amount of penalty paid, if any. State the case number and date of any decision.

20. Has there been more than one occasion during the last five years in which the General Contractor or its associates was required to pay either back wages or penalties for failure to comply with the state's prevailing wage laws?

☐ Yes ☒ No

If "yes," on separate page, describe the violator, nature of each violation, name of the project, date of its completion, the public agency for which it was constructed, the number of employees who were initially underpaid and the amount of back wages and penalties that were assessed.

21. During the last five years, has there been more than one occasion in which the General Contractor or its associates have been penalized or required to pay back wages for failure to comply with the Federal Davis-Bacon prevailing wage requirements?

☐ Yes ☒ No

If "yes," on separate page, describe the violator, nature of each violation, name of the project, date of its completion, the public agency for which it was constructed, the number of employees who were initially underpaid and the amount of back wages and penalties that were assessed.

Inaccurate response to this questionnaire could result in bidder's proposal being non-responsive.

BID BOND

KNOW ALL MEN BY THESE PRESENTS, THAT WE
Sully-Miller Contracting Company

Liberty Mutual Insurance Company as PRINCIPAL, and

as SURETY, are held and firmly bound unto the CITY OF BREA, CALIFORNIA, hereinafter referred to as the "City", in the penal sum of ten percent (10%) of the total amount of the bid of the principal above named, submitted by said principal to said City, for the work described below, for payment of which sum in lawful money of the United States of America, well and truly to be made, we bind ourselves, our heirs, executors, administrators and successors, jointly and severally, firmly by these presents.

In no case shall the liability of the surety hereunder exceed the sum of \$ 10% of the total amount bid _____. THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that whereas, said Principal has submitted the same mentioned bid to said City, for construction of the work under the City's specification entitled "Miscellaneous Alleys and Cliffwood Industrial Park Improvements"
Projects 7315, 7316, 7317, 7461

"For which bids are to be opened in the Conference Center of the City Hall of said City at 2 PM on Feb 11, 2018, 9

NOW, THEREFORE, if said Principal is awarded the contract, and within the time and manner required under the heading "Instructions to Bidders", after the prescribed forms are presented to him for signature, enters into a written contract, in the form of agreement bound herein, in accordance with the bid, and files the two bonds with said City, one to guarantee faithful performance and the other to guarantee payment for labor and materials, then this obligation shall be null and void; otherwise, it shall be and remain in full force and effect until released by the City.

In the event suit is brought upon this bond by the Obligee and judgment is recovered, said Surety shall pay all costs incurred by the Obligee in such suit, including a reasonable attorney's fee to be fixed by the court.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 5th day of February, 20 19.

Sully-Miller Contracting Company

Principal

By: 

Curtis Weltz
Assistant Secretary

Liberty Mutual Insurance Company

Surety

By: 

Victoria M. Campbell, Attorney-in-Fact

**BID BOND
ACKNOWLEDGMENT OF SURETY**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

see attached acknowledgment

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____

(insert name and title of the officer)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)
On February 14, 2019 before me, Maria L. Ruiz, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Curtis Weltz
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Bid Bond Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Curtis Weltz
☒ Corporate Officer — Title(s): Assistant Secretary
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____
Sully-Miller Contracting Co.

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

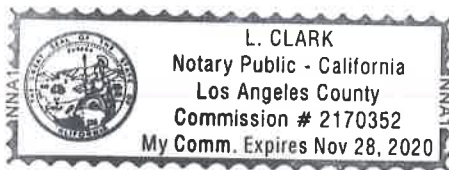
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Orange)
On FEB 05 2019 before me, L. Clark, Notary Public,
Date Here Insert Name and Title of the Officer
personally appeared Victoria M. Campbell
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature L. Clark
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: FEB 05 2019
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☒ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Certificate No. 8032478

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Victoria M. Campbell; Stacy T. Eickhoff

all of the city of Irvine, state of CA each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 7th day of March, 2018.



The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 7th day of March, 2018, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2021
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts – SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 5th day of February, 2019.



By: Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

A G R E E M E N T

THIS AGREEMENT ("Agreement" or "Contract") is made and entered this day of _____, 2019 ("Effective Date"), by and between **Sully-Miller Contracting Company**, a **Corporation** (hereinafter referred to as "CONTRACTOR") and the City of Brea, California, a municipal corporation (hereinafter referred to as "CITY").

WHEREAS, pursuant to the Notice Inviting Sealed Bids or Proposals, bids were received, publicly opened, and declared on the date specified in said Notice;

WHEREAS, CITY did accept the bid of CONTRACTOR and;

WHEREAS, CITY's City Council has authorized a written contract to be entered into with CONTRACTOR for furnishing labor, equipment, and material for the construction of the **MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK PROJECTS 7315, 7316, 7317 & 7461**,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, CITY AND CONTRACTOR hereby agree as follows:

1. **GENERAL SCOPE OF WORK**: CONTRACTOR shall furnish all necessary labor, tools, materials, appliances, and equipment for and do the work for the construction of the **MISCELLANEOUS ALLEYS AND CLIFFWOOD INDUSTRIAL PARK PROJECTS 7315, 7316, 7317 & 7461**, ("Project"). Said work shall be performed in accordance with contract documents for this Project on file in the office of the CITY Engineer and in accordance with bid prices, plans and specifications hereinafter mentioned and in accordance with the instructions of the Public Works Director. CONTRACTOR shall at all times comply with all applicable federal, state and local laws, regulations, statutes, orders and policies throughout the term of this Agreement.

2. **CONTRACT PRICE AND PAYMENT**: As total and complete compensation for all work required hereunder, CITY shall pay to the CONTRACTOR for furnishing and material and doing the prescribed work the prices set forth in CONTRACTOR's bid award amount of \$ **2,694,000.00** . Progress payments shall be made for each portion of the work satisfactorily completed. Notwithstanding the foregoing, CITY shall be authorized to withhold a retention from payments in the maximum amount permitted by law.

At the written request and expense of CONTRACTOR, securities equivalent to any moneys withheld by the CITY to ensure performance under this Agreement shall be deposited with the CITY, or with a state or federally chartered bank in the State of California as the escrow agent, that shall then pay those moneys to CONTRACTOR. Upon satisfactory completion of the Agreement, the securities shall be returned to CONTRACTOR. Alternatively, CONTRACTOR may request that the CITY shall make payment of retentions earned directly to the escrow agent at the expense of CONTRACTOR. At the expense of CONTRACTOR, CONTRACTOR may direct the investment of the payments into securities, and CONTRACTOR shall receive the interest earned on the investments upon the same terms provided for securities deposited by CONTRACTOR.

Upon satisfactory completion of the Agreement, CONTRACTOR shall receive from the escrow agent all securities, interest, and payments received by the escrow agent from the CITY, pursuant to the terms of this Section. Securities eligible for investment shall include those listed in California Government Code Section 16430, bank or savings and loan certificates of deposit, interest-bearing demand deposit accounts, standby letters of credit, or any other security to which CONTRACTOR and the CITY mutually agree in writing. CONTRACTOR shall be the beneficial owner of any securities substituted for moneys withheld and shall receive any interest thereon.

If CONTRACTOR elects to receive interest on moneys withheld in retention by the CITY, it shall, at the request of any subcontractor performing more than five percent (5%) of CONTRACTOR's total Proposal, make that option available to the subcontractor regarding any moneys withheld in retention by CONTRACTOR from the subcontractor. Further mandatory details are provided in Public Contract Code Section 22300(d), which is incorporated herein by this reference.

The escrow agreement for security deposits in lieu of retention shall be substantially similar to the form provided in Public Contract Code Section 22300(f), which is incorporated herein by this reference.

3. CUSTOMER CARE: CONTRACTOR, while fulfilling the terms of this Agreement, shall provide exceptional customer care. Any negative contact with staff, residents/citizens, businesses, visitors or other contractors shall be reported by CONTRACTOR immediately to CITY. CONTRACTOR's management and supervisory personnel shall intercede to resolve or mitigate the negative contact in conjunction with CITY staff. CITY and CONTRACTOR may agree in advance to a single person contact, a representative of either the CITY or CONTRACTOR, for the investigation and response to complaints.

4. INCORPORATED DOCUMENTS: The documents referenced in Section 1, above, the Resolution and Notice Inviting Bids attached hereto, and Instructions to Bidders, and attachments thereto, all of which are incorporated by reference herein, and this written agreement (collectively, "Contract Documents"), shall constitute the entire agreement between the parties. This Contract is intended to require a complete and finished piece of work, and the CONTRACTOR shall perform all work necessary to properly complete the work and the Project in accordance with all applicable local, State, and federal regulations, laws and statutes, whether set out specifically in the Contract Documents or not. Should it be ascertained that any inconsistency exists between any of the Contract Documents, the provisions of this written agreement shall control.

5. TERM OF CONTRACT: CONTRACTOR agrees to complete the Project and all of the work within **120** working days from the date of Notice of Proceed ("completion date"). CONTRACTOR agrees further to the assessment of liquidated damages in the amount of **\$1,500** for each working day the work remains incomplete beyond the completion date. CITY may deduct the amount thereof from any monies due or that may become due the CONTRACTOR under this Contract. Progress payments made after the scheduled date of completion shall not constitute a waiver of liquidated damages. The CITY may cancel this Agreement at any time

with or without cause and without penalty upon thirty (30) days' written notice. In the event of termination without fault of CONTRACTOR, CITY shall pay CONTRACTOR for all services satisfactorily rendered prior to date of termination, which in any case shall not exceed the total Contract price, and such payment shall be in full satisfaction of all services rendered hereunder.

6. **INSURANCE**: CONTRACTOR shall not commence work under this Contract until it has obtained all insurance required hereunder in a company or companies acceptable to CITY nor shall the CONTRACTOR allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained. The CONTRACTOR shall take out and maintain at all times during the life of this Contract the following policies of insurance:

a. Compensation insurance: Before beginning work, the CONTRACTOR shall furnish to the CITY a certificate of insurance as proof that it has taken out full compensation insurance for all persons whom the CONTRACTOR may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the period covered by this Contract. Further, such policy of insurance shall provide that the insurer waives all rights of subrogation against CITY and its elected officials, officers, employees and agents.

In accordance with the provisions of Section 3700 of the California Labor Code, every contractor shall secure the payment of compensation to his employees. CONTRACTOR, prior to commencing work, shall sign and file with the CITY a certification as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for worker's compensation or to undertake self insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of work of this contract."

b. For all operations of the CONTRACTOR or any subcontractor in performing the work provided for herein, insurance with the following minimum limits and coverage:

(1) Commercial General Liability (occurrence) - for bodily injury, death and property damage products/completed operations and all other activities undertaken by the CONTRACTOR in the performance of this Agreement, - - or - - :

(2) Comprehensive Automobile Liability (occurrence) - for bodily injury, death and property damage insuring against all liability arising out of the use of any vehicle.

(3) Owner's and CONTRACTOR's Protective (occurrence) - for bodily injury, death and property damage arising out of any activities undertaken by CONTRACTOR in the performance of this Agreement.

(4) Other required insurance, endorsement or exclusions as required by the plans and specifications.

(5) The policies of insurance required in this Section b shall have no less than the following limits of coverage:

- (i) \$2,000,000 (Two Million Dollars) for bodily injury or death;
- (ii) \$2,000,000 (Two Million Dollars) for property damage;
- (iii) The total of the limits specified in subsections (i) and (ii), above, where a combined single limit is provided.

c. Each such policy of insurance required in paragraph b shall:

(1) Be subject to no deductible amount unless otherwise provided, or approved in writing by CITY;

(2) Be issued by an insurance company approved in writing by CITY, which is admitted and licensed to do business in the State of California and which is rated A/VII or better according to the most recent A.M. Best Co. Rating Guide;

(3) Name as additional insureds the CITY, its elected officials, officers, employees attorneys and agents, and any other parties including subcontractors, specified by CITY to be included;

(4) Specify that it acts as primary insurance and that no insurance held or owned by the designated additional insureds shall be called upon to cover a loss under said policy;

(5) Specify that it applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

(6) Contain a clause substantially in the following words:

"It is hereby understood and agreed that this policy may not be canceled nor the amount of coverage thereof reduced until thirty (30) days after receipt by CITY of written notice of such cancellation or reduction of coverage as evidenced by receipt of a registered letter."

(7) Specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided;

(8) Specify that the insurer waives all rights of subrogation against the named additional insureds;

(9) Specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorneys' fees, shall be paid in addition to and shall not deplete any policy limits; and

(10) Otherwise be in form satisfactory to CITY.

d. Prior to commencing performance under this Agreement, the CONTRACTOR shall furnish the CITY with original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required by this Agreement. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All endorsements or policies shall be received and approved by the CITY before CONTRACTOR commences performance. If performance of this Agreement shall extend beyond one (1) year, CONTRACTOR shall provide CITY with the required policies or endorsements evidencing renewal of the required policies of insurance prior to their expiration of any required policies of insurance.

7. LABOR CODE COMPLIANCE:

a. CONTRACTOR acknowledges that the work required is a "public work" as defined in Labor Code Section 1720, et seq. Notice is hereby given that in accordance with the provisions of California Labor Code, Division 2, Part 7, Chapter 1, Articles 1 and 2, the CONTRACTOR is required to pay not less than the general prevailing rate of per diem wages for work of a similar character in locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work. In that regard, the Director of the Department of Industrial Relations of the State of California is required to and has determined such general prevailing rates of per diem wages. The applicable prevailing rates can be found on the following website: <http://www.dir.ca.gov/OPRL/pwd/>. For federal projects, Davis-Bacon requirements apply, and the appropriate wage determinations can be found in the project specifications. CONTRACTOR shall ascertain all prevailing wages applicable to the Project and shall cause a copy of such wage determinations to be posted at the job site.

Pursuant to Labor Code §1775, the CONTRACTOR shall forfeit, as penalty to CITY, not more than two hundred dollars (\$200.00) for each laborer, workman, or mechanic employed for each calendar day or portion thereof, if such laborer, workman, or mechanic is paid less than the general prevailing rate of wages hereinbefore stipulated for any work done under this Contract, by him or by any subcontractor under him, in violation of the provisions of said Labor Code.

b. CONTRACTOR shall comply with and be bound by the provisions of Labor Code Section 1777.5 concerning the employment of apprentices on public works projects. CONTRACTOR shall be responsible for compliance with Section 1777.5 for all apprenticeable occupations. Prior to commencing work under this Agreement, CONTRACTOR shall provide CITY with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, CONTRACTOR and each of its subcontractors shall submit to the CITY a verified statement of the journeyman and apprentice hours performed under this Agreement.

c. Eight (8) hours of labor shall constitute a legal day's work for all workmen employed in the execution of this Contract, and the CONTRACTOR and any subcontractor under him shall comply with and be governed by the laws of the State of California having to do with working hours set forth in Division 2, Part 7, Chapter 1, Article 3 of the Labor Code of the State of California as amended.

The CONTRACTOR shall forfeit, as a penalty to CITY, twenty-five dollars (\$25.00) for each laborer, workman, or mechanic employed in the execution of the Contract, by him or any subcontractor under him, upon any of the work hereinbefore mentioned, for each calendar day during which said laborer, workman, or mechanic is required or permitted to labor more than eight (8) hours in violation of said Labor Code.

d. CONTRACTOR shall comply with and be bound by the provisions of Labor Code Section 1776, which requires CONTRACTOR and each subcontractor to (1) keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776, (2) certify and make such payroll records available for inspection as provided by Section 1776, and (3) inform the CITY of the location of the records.

e. For every subcontractor who will perform work on the project, CONTRACTOR shall be responsible for such subcontractors' compliance with Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815, and CONTRACTOR shall include in the written contract between it and each subcontractor copies of Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815 and a requirement that each subcontractor shall comply with these aforementioned sections. CONTRACTOR shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a periodic review of the certified payroll records of the subcontractor and upon becoming aware of a failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, CONTRACTOR shall diligently take corrective action to halt or rectify the failure.

f. CONTRACTOR truthfully represents that at the time CONTRACTOR submitted its bid or proposal for this Project, and thereafter, CONTRACTOR possessed, and now possesses the required license(s) from the State Contractors State Licensing Board, and as required in the bid documents, as well as all permits, qualifications, insurance and approvals of any nature that are legally required of CONTRACTOR to practice its trade(s) and complete the Project. CONTRACTOR agrees to not be debarred at any time through the duration of this Agreement. CONTRACTOR has investigated and represents and will ensure that all subcontractors possessed and now possesses a valid specialty trade license in its trade, as well as all permits, qualifications, insurance and approvals of any nature that are legally required of the subcontractor to practice its trade during the term of this Agreement and at the time the CONTRACTOR's bid was submitted. All licenses must comply with California Business and Professions Code Section 7057 regarding a general building contractor. CONTRACTOR and all subcontractors must comply with business license requirements of the CITY. CONTRACTOR shall not perform work with debarred subcontractor pursuant to Labor Code Section 1777.1 or 1777.7.

8. UNRESOLVED DISPUTES: In the event that a dispute arises between the CITY and CONTRACTOR regarding whether the conditions materially differ, involve hazardous waste, or cause a decrease or increase in CONTRACTOR's cost of or time required for performance of any part of the work, CONTRACTOR shall not be excused from any scheduled completion date provided for by the Agreement, but shall proceed with all work to be performed under the Agreement. CONTRACTOR shall retain any and all rights provided that pertain to the resolution of disputes and protests between the parties. In the event of any dispute

or controversy with the CITY over any matter whatsoever, CONTRACTOR shall not cause any delay or cessation in or of work, but shall proceed with the performance of the work in dispute. This includes disputed time extension requests and prices for changes. The disputed work will be categorized as an "unresolved dispute" and payment, if any, shall be as later determined by mutual agreement or a court of law. CONTRACTOR shall keep accurate, detailed records of all disputed work, claims and other disputed matters. Public Contract Code Section 20104, *et seq.* and Brea City Code chapter 1.12 ("Claims Against the City) shall govern the procedures of the claim process, and these provisions are incorporated herein by this reference.

9. **ANTI-TRUST CLAIMS:** In entering into this Agreement, CONTRACTOR offers and agrees to assign to the CITY all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the California Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time the CITY tenders final payment to CONTRACTOR without further action or acknowledgment by the parties.

10. **TRENCHING AND EXCAVATIONS:** If the Project involves trenching more than four (4) feet deep, CONTRACTOR shall promptly and before the following conditions are disturbed notify the CITY in writing of any: material that CONTRACTOR believes may be material that is hazardous waste, as defined in California Health and Safety Code Section 25117, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; subsurface or latent physical conditions at the site differing from those indicated; or unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Agreement. The CITY shall investigate the conditions, and if the CITY finds that the conditions do materially differ or do involve hazardous waste and cause a decrease or increase in CONTRACTOR's cost of or the time required for performance of any part of the work, the CITY shall issue a change order.

In addition, whenever work under the Agreement that involves an estimated expenditure in excess of twenty-five thousand dollars (\$25,000) for the excavation of any trench or trenches five (5) feet or more in depth, CONTRACTOR shall submit for acceptance by CITY or by a registered civil or structural engineer employed by CITY to whom authority to accept has been delegated ("Engineer"), in advance of excavation, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation, of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety, the plan shall be prepared by a registered civil or structural engineer employed by CONTRACTOR, and all costs therefor shall be included in the price named in the Agreement for completion of the work as set forth in the Agreement. Nothing in this provision shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this provision shall be construed to impose tort liability on the CITY or on any CITY officer, agent, or employee. All plans, plan review, processing and shoring costs are CONTRACTOR's responsibility.

11. UTILITIES: The CITY acknowledges its responsibilities under Government Code section 4215 concerning existing utilities and that section is incorporated herein by this reference.

12. LOCATION OF EXISTING ELEMENTS: The methods used and costs involved to locate existing elements, points of connection and all construction methods are CONTRACTOR's sole responsibility. Accuracy of information furnished, as to existing conditions, is not guaranteed by the CITY. Prior to commencement of work on the Project, CONTRACTOR, at its sole expense, must make all investigations necessary to determine locations of existing elements, which may include, without limitation, contacting U.S.A. Alert and other private underground locating firm(s), utilizing specialized locating equipment and/or hand trenching.

13. CONTRACTOR'S LIABILITY: The CITY of Brea and its officers, agents and employees shall not be answerable or accountable in any manner for any loss or damage that may happen to the work or any part thereof, or for any of the materials or other things used or employed in performing the work; or for injury or damage to any person or persons, either workmen, employees of the CONTRACTOR or his subcontractors or the public, or for damage to adjoining or other property from any cause whatsoever arising out of or in connection with the performance of the work. The CONTRACTOR shall be responsible for any damage or injury to any person or property resulting from defects or obstructions or from any cause whatsoever, except the sole negligence or willful misconduct of CITY, its employees, servants, or independent contractors who are directly responsible to CITY during the progress of the work or at any time before its completion and final acceptance.

The CONTRACTOR will defend, indemnify and hold the CITY, its elected official, officers, employees, agents and volunteers free and harmless with respect to any and all actions, claims, liens, stop notices, damages to persons or property, penalties, obligations, or liabilities that may be asserted or claimed by any person, firm, entity, corporation, political subdivision, or other entity in any way arising out of or in connection with the acts, omissions, willful misconduct, work, operations, violation of the Labor Code or any other code or regulation, and/or activities of the CONTRACTOR, its agents, employees, subcontractors, and/or invitees in or related to the performance of this Agreement (collectively, "Claim(s)"), whether or not there is concurrent passive or active negligence on the part of CITY, but excluding such actions, claims, damages to persons or property, penalties, obligations, or liabilities arising from the sole negligence or willful misconduct of CITY, its employees, servants, or independent contractors who are directly responsible to CITY, as determined by a final court decision or agreement of the parties, and in connection therewith:

- a. The CONTRACTOR will defend any action or actions filed in connection with any Claim(s) and will pay all costs and expenses, including actual attorneys' fees incurred in connection therewith.
- b. The CONTRACTOR will promptly pay any judgment rendered against the CONTRACTOR or CITY as a result of any Claim(s) hereunder, and the CONTRACTOR agrees to indemnify and save and hold the CITY harmless therefrom.

- c. In the event CITY is made a party to any action or proceeding filed or prosecuted against the CONTRACTOR in connection with any Claim(s) hereunder, the CONTRACTOR agrees to pay to CITY any and all costs and expenses incurred by CITY in such action or proceeding together with actual attorneys' fees.

So much of the money due to the CONTRACTOR under and by virtue of this Contract, as shall be considered necessary by CITY, may be retained by CITY until CONTRACTOR has satisfied its indemnity obligations under this Section.

14. ASSIGNMENT: CONTRACTOR shall not assign or transfer any interest in this Agreement or any part thereof, whether by assignment or novation, without the CITY's prior written consent. Any purported assignment without written consent shall be null, void, and of no effect, and CONTRACTOR shall hold harmless, defend and indemnify the CITY and its officers, officials, employees, agents and representatives with respect to any claim, demand or action arising from or relating to any unauthorized assignment.

15. CONTRACTOR'S REPRESENTATIONS: CONTRACTOR represents, covenants and agrees that: a) CONTRACTOR is qualified and capable of furnishing the labor, materials, and expertise necessary to perform the services in accordance with the terms and conditions set forth in this Agreement; b) there are no obligations, commitments, or impediments of any kind that will limit or prevent CONTRACTOR's full performance under this Agreement; c) there is no litigation pending against CONTRACTOR or any owner or officer thereof, involving theft, dishonesty or fraud involving a public works project, and neither CONTRACTOR nor any owner or officer thereof not the subject of any criminal investigation or proceeding involving a public works project; and d) to CONTRACTOR's actual knowledge, neither CONTRACTOR nor any owner or officer thereof has been convicted of a felony involving theft, dishonesty or fraud in connection with a public works project, within the last ten (10) years.

16. NOTICES: Except as otherwise required by law, any notice, payment, or other communication authorized or required by this Agreement shall be in writing and shall be deemed received on (a) the day of delivery if delivered by hand or overnight courier service during the CITY's regular business hours or (b) on the third business day following deposit in the United States mail, postage prepaid, to the addresses listed below, or at such other address as one party may notify the other:

To CITY:
Director of Public Works
City of Brea
1 Civic Center Circle
Brea, California 92821

To CONTRACTOR:
Curtis Weltz
Sully-Miller Contracting Company
135 S. State College Blvd., Ste. 400
Brea, CA 92821

17. **NON-DISCRIMINATION**: No discrimination shall be made in the employment of persons upon public works because of the race, color, or religion of such persons, or on any other basis specified in Government Code Section 12940, and every contractor for public works violating this section is subject to all the penalties imposed for a violation of Division 2, Part 7, Chapter 1 of the Labor Code in accordance with the provisions of Section 1735 of said Code.

18. **APPLICABLE LAW**: The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of California, excluding the choice of law rules. Venue for any such action relating to this Agreement shall be in the Orange County Superior Court.

19. **ATTORNEYS' FEES**: In the event that any action or proceeding is brought by either party to enforce any term or provision of this Agreement, the prevailing party shall recover its reasonable attorneys' fees and costs incurred with respect thereto.

20. **ENTIRE AGREEMENT**: This Agreement, including the Contract Documents, and any other documents incorporated herein by specific reference, represents the entire and integrated agreement between CITY and CONTRACTOR. This Agreement supersedes all prior oral or written negotiations, representations or agreements. This Agreement may not be modified or amended, nor any provision or breach waived, except in a writing signed by both parties which expressly refers to this Agreement.

21. **NON-WAIVER OF TERMS**: Waiver by either party of any one or more of the conditions of performance under this Agreement shall not be a waiver of any other condition of performance under this Agreement. In no event shall the making by the CITY of any payment to CONTRACTOR constitute or be construed as a waiver by the CITY of any breach of covenant, or any default which may then exist on the part of CONTRACTOR, and the making of any such payment by the CITY shall in no way impair or prejudice any right or remedy available to the CITY with regard to such breach or default..

IN WITNESS WHEREOF, the parties hereto have entered this Agreement as of the Effective Date set forth above.

CONTRACTOR **Sully-Miler Contracting Company**

State of California

Contractor License No. **747612**

By: N.S.T. Boyd

By: Curtis Weltz

Title: **William Boyd, Vice President of Operations**

Title: **Curtis Weltz, Assistant Secretary**

(two corporate signatures required if corporation)

CITY OF BREA, CALIFORNIA

By: _____
Mayor

Attest: _____
City Clerk

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 03/26/2019

SUBJECT: 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

RECOMMENDATION

Approve 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.

BACKGROUND/DISCUSSION

The Water and Sewer Replacement Project consists of four (4) Capital Improvement Program (CIP) projects located at Walnut Avenue – Orange Avenue - Juniper (Project 7454), Napoli Tract (Project 7458), South Brea Neighborhood (Project 7466) and South Brea Sewer Repairs (Project 7626). See the attached CIP maps for project locations.

The project scope includes the preparation of final construction drawings/design to replace approximately 20,000 linear feet of water mains, services, gate valves, fire hydrants, and appurtenances. With the water infrastructure improvements, the project will also rehabilitate the existing pavement of the residential streets. In addition to water and pavement improvements, there will be sewer repairs in South Brea area as part of the overall project. Finally, this project will replace and reconstruct curb access ramps in compliance with Americans with Disabilities Act (ADA) requirements.

The new water mains will provide reliable water service and better fire protection for the residents. Likewise, since the street pavement condition is deteriorated and is no longer recommended for slurry seal coating, the streets will be overlaid with new asphalt pavement to create a smooth riding surface for many years to come.

To construct the projects, staff issued a Request for Proposals (RFP) for professional design services on December 21, 2018 and received proposals from the following firms:

1. Kabbara Engineering
2. Psomas

The proposals were reviewed and rated based on the firms' relevant water resources engineering experience, understanding of the scope of work, qualifications of proposed project team, work schedule and cost effectiveness. Copies of the proposals are on file in

the office of the City Engineer. Out of the two proposals submitted, Kabbara Engineering was ranked the highest. Kabbara Engineering submitted the most comprehensive proposal with a detailed work plan and recommended engineering design solutions that met the City's timelines and design requirements. Kabbara Engineering has completed several projects for the City in the past, namely Residential Streets Resurfacing (Project No. 7304) and Central Avenue and Tamarack Avenue Intersection Improvements. Their previous work with the City has been rated as very good. Although Kabbara Engineering is currently on the as-needed list, this proposal exceeds that threshold and the contract is set to expire prior to the end of the design of the project. If approved, Kabbara Engineering is prepared to start design immediately following issuance of a Notice to Proceed.

SUMMARY/FISCAL IMPACT

A combined total project budget of \$4.6 million was approved for FY 2018-19, with the following breakdown:

CIP Project	Water Fund	Sewer Fund	Gas Tax	Total Budget
7454	\$2,100,000		\$100,000	\$2,200,000
7458	\$1,000,000			\$1,000,000
7466	\$1,000,000			\$1,000,000
7626		\$400,000		\$400,000
				\$4,600,000

Funding for project numbers 7454, 7458, 7466, and 7626 is coming from Water Fund (420), Sewer Fund (430) and Gas Tax (220). Staff is recommending that a Professional Services Agreement for the design of these projects to be approved in the amount not-to-exceed \$231,846 plus 10% contingency. There is no impact to the General Fund.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Eric Nhan, Assistant Engineer

Concurrence: Michael Ho, P.E., Deputy Director of Public Works/City Engineer and Tony Olmos, P.E., Public Works Director

Attachments

7454_CIP Map

7458_CIP Map

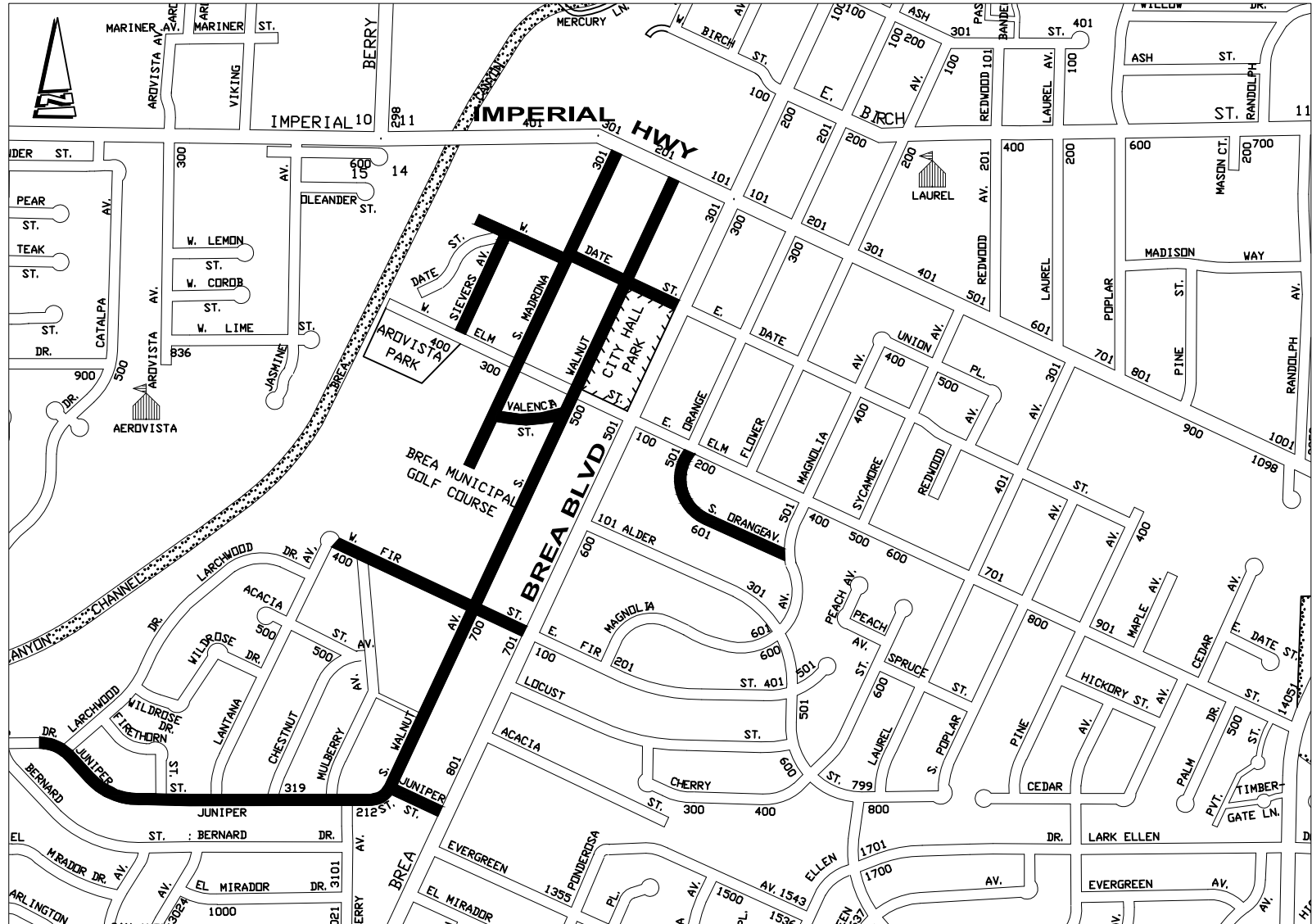
7466_CIP Map

7626_CIP Map

PSA

PROJECT 7454

WALNUT AVENUE - ORANGE AVENUE - JUNIPER STREET ET AL. WATERLINE IMPROVEMENTS

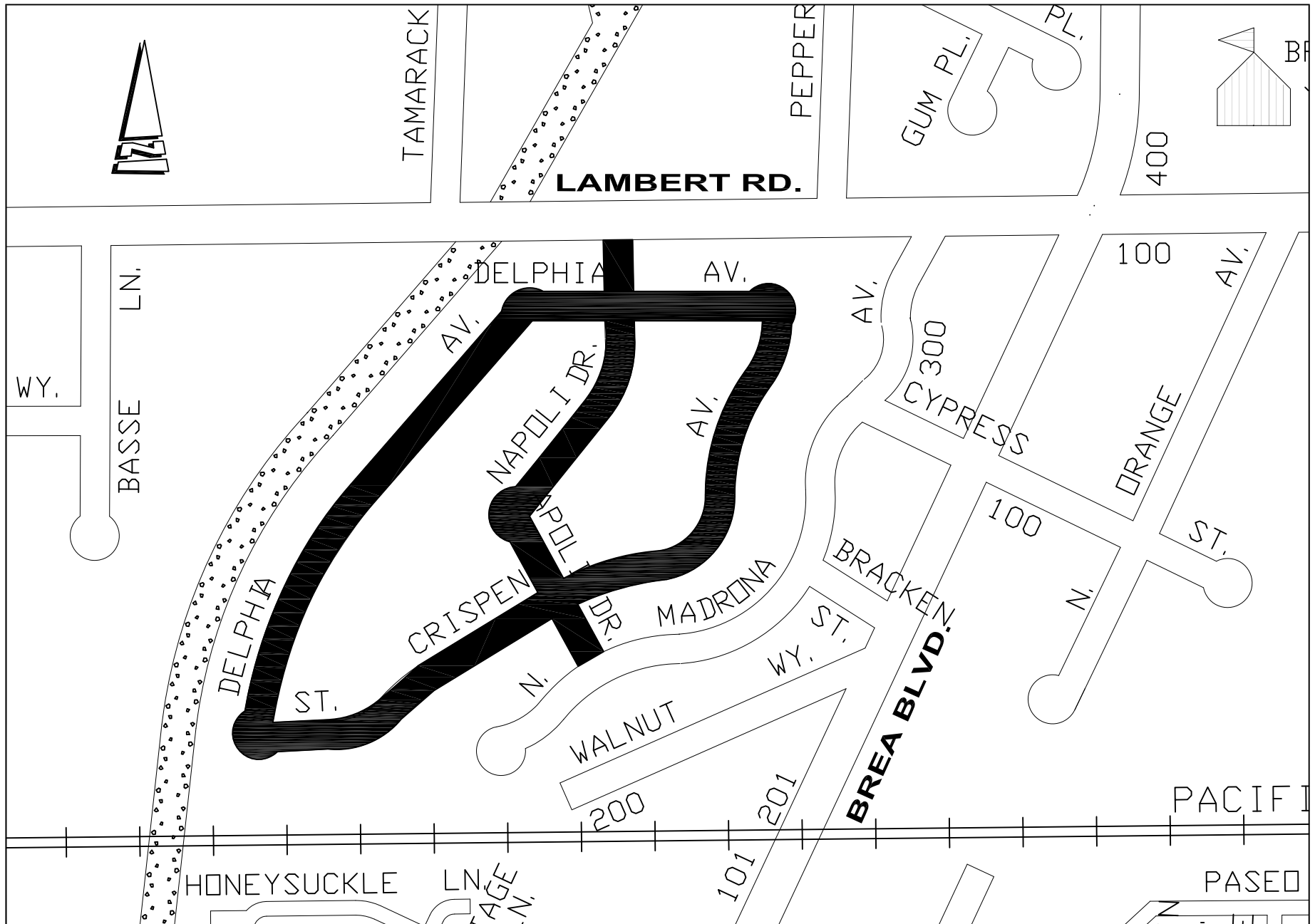


VICINITY MAP

NOT TO SCALE

PROJECT 7458

NAPOLI TRACT WATER IMPROVEMENTS

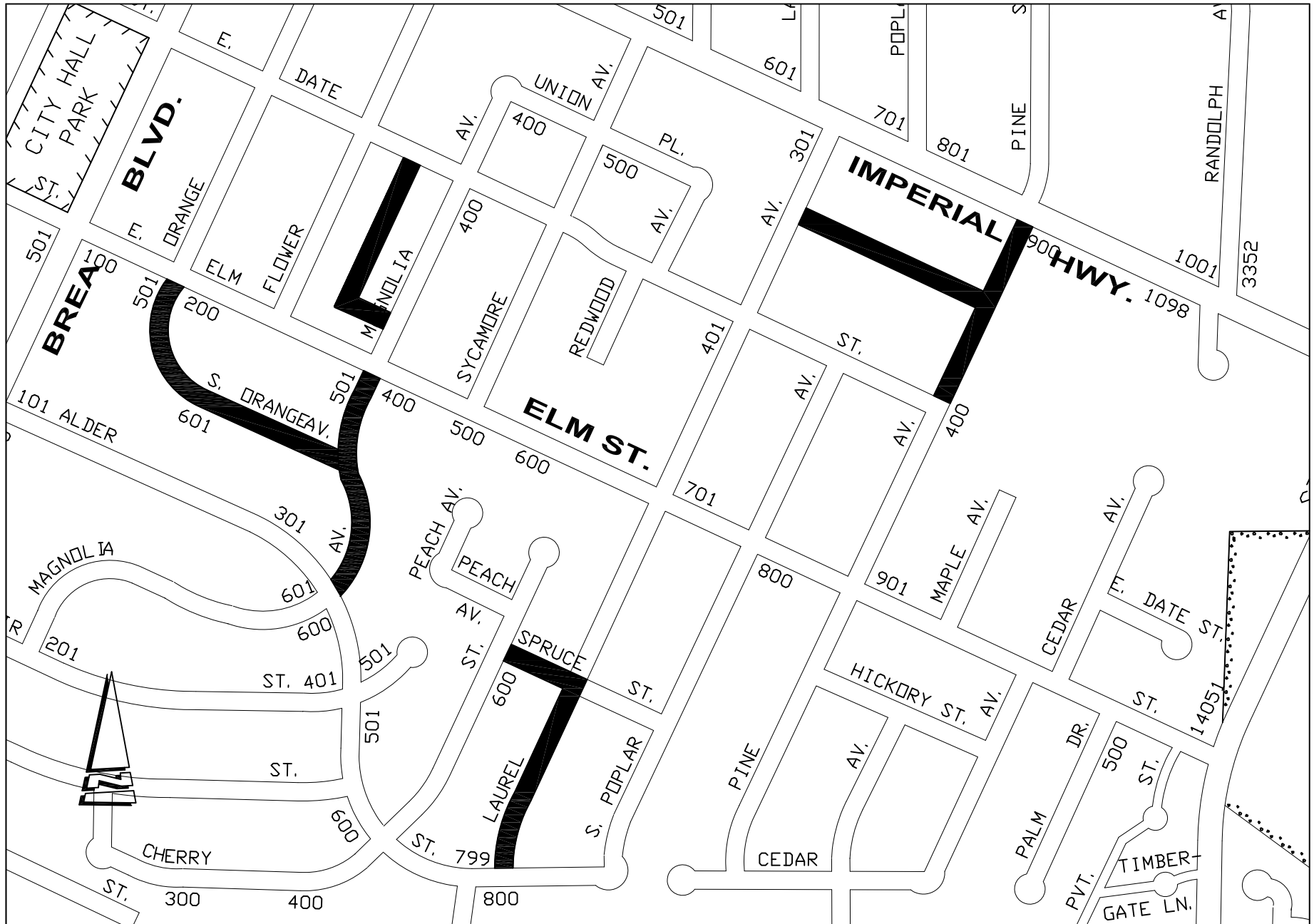


VICINITY MAP

NOT TO SCALE

PROJECT 7466

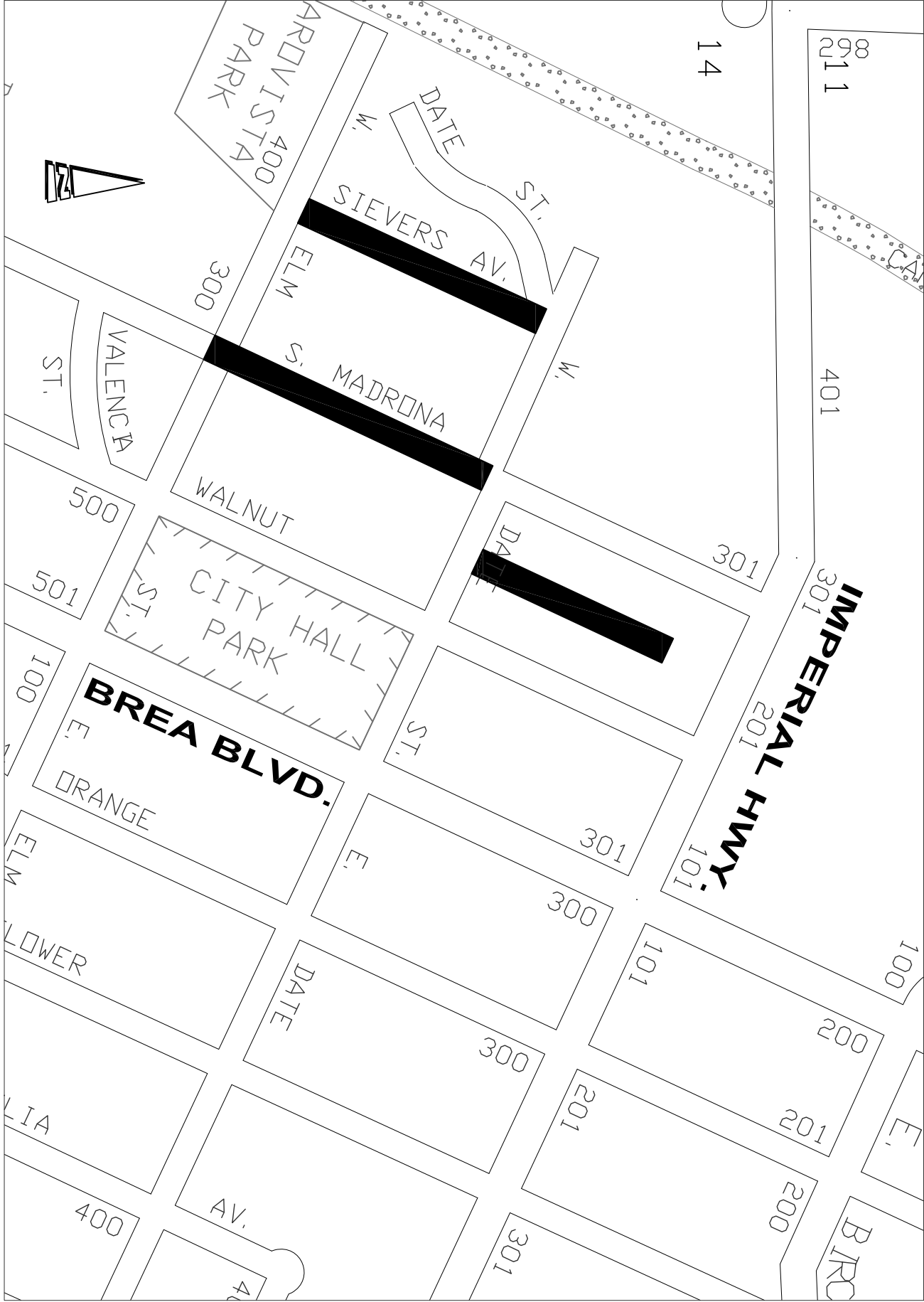
SOUTH BREA NEIGHBORHOOD WATER MAIN REPLACEMENT



VICINITY MAP

NOT TO SCALE

PROJECT 7626
SOUTH BREA SEWER REPAIRS



VICINITY MAP

NOT TO SCALE

PROFESSIONAL SERVICES AGREEMENT

This Agreement is made and entered into this 19 day of March, 2019, between the City of Brea, a Municipal Corporation (hereinafter referred to as "CITY") and Kabbara Engineering (hereinafter referred to as "CONSULTANT"),

A. Recitals

(i) CITY has heretofore issued its Request for Proposal pertaining to the performance of professional services with respect to the preparation of the Design of Water and Sewer Projects at Various Locations ("Project" hereafter), a full, true and correct copy of which is attached hereto as Exhibit "A" and by this reference made a part hereof.

(ii) CONSULTANT has now submitted its proposal for the performance of such services, a full, true and correct copy of which proposal is attached hereto as Exhibit "B" and by this reference made a part hereof.

(iii) CITY desires to retain CONSULTANT to perform professional services necessary to render advice and assistance to CITY, CITY's Planning Commission, City Council and staff in preparation of Project.

(iv) CONSULTANT represents that it is qualified to perform such services and is willing to perform such professional services as hereinafter defined.

NOW, THEREFORE, it is agreed by and between CITY and CONSULTANT as follows:

B. Agreement

1. Definitions: The following definitions shall apply to the following terms, except where the context of this Agreement otherwise requires:

(a) Project: The preparation of the Design of Water and Sewer Projects at Various Locations described in Exhibit "A" hereto including, but not limited to, the preparation of maps, surveys, reports, and documents, the presentation, both oral and in writing, of such plans, maps, surveys, reports and documents to CITY as required and attendance at any and all work sessions, public hearings and other meetings conducted by CITY with respect to the project.

(b) Services: Such professional services as are necessary to be performed by CONSULTANT in order to complete the Project.

(c) Completion of Tasks: The date of completion of all assigned Tasks including any and all procedures, development plans, maps, documents, technical reports meetings, oral presentations regarding the completion of Tasks as set forth in Exhibits "A" hereto.

2. CONSULTANT agrees as follows:

(a) CONSULTANT shall forthwith undertake and complete the Project in accordance with Exhibits "A" and "B" hereto and all in accordance with Federal, State and CITY statutes, regulations, ordinances and guidelines, all to the reasonable satisfaction of CITY.

(b) CONSULTANT shall supply copies of all maps, surveys, reports, plans and documents (hereinafter collectively referred to as "documents") including all

supplemental technical documents, as described in Exhibits "A" and "B" to CITY within the time specified in Section 7 of Exhibit "A". Copies of the documents shall be in such numbers as are required in Exhibit "A". CITY may thereafter review and forward to CONSULTANT comments regarding said documents and CONSULTANT shall thereafter make such revisions to said documents as are deemed necessary. CITY shall receive revised documents in such form and in the quantities determined necessary by CITY. The time limits set forth pursuant to this Section B2(b) may be extended upon written approval of CITY.

(c) CONSULTANT shall, at CONSULTANT's sole cost and expense, secure and hire such other persons as may, in the opinion of CONSULTANT, be necessary to comply with the terms of this Agreement. In the event any such other persons are retained by CONSULTANT, CONSULTANT hereby warrants that such persons shall be fully qualified to perform services required hereunder. CONSULTANT further agrees that no subcontractor shall be retained by CONSULTANT except upon the prior written approval of CITY.

3. CITY agrees as follows:

(a) To pay CONSULTANT a maximum sum of two-hundred thirty-one thousand eight-hundred forty-six dollars and no cents (\$231,846.00) for the performance of the services required hereunder, plus a contingency of twenty-three thousand one-hundred eighty-five dollars and no cents (\$23,185.00). This sum shall cover the cost of all staff time and all other direct and indirect costs or fees, including the work of employees, consultants and subcontractors to CONSULTANT. Payment to CONSULTANT, by CITY, shall be made in accordance with the schedule set forth

below. CITY must receive a written request from CONSULTANT to use any of the contingency amount prior to performing any work that is outside the Project scope as defined in Exhibit "B". It will be the CITY's sole discretion to authorize the use of the contingency funds and the CITY must give this authorization to CONSULTANT in writing prior to the commencement of said work. Any work performed outside the Project scope as defined in Exhibit "B" that has not received prior written approval by CITY is assumed to have been performed in support of said Project and included within the not-to-exceed contract amount.

(b) Payments to CONSULTANT shall be made by CITY in accordance with the invoices submitted by CONSULTANT, on a monthly basis, and such invoices shall be paid within a reasonable time after said invoices are received by CITY. All charges shall be in accordance with CONSULTANT's proposal either with respect to hourly rates or lump sum amounts for individual tasks. Notwithstanding any provision herein or as incorporated by reference, (i) in no event shall the totality of said invoices exceed 95% of the individual task totals described in Exhibits "A" and "B" and (ii) further provided that in no event shall CONSULTANT, or any person claiming by or through CONSULTANT be paid an aggregate amount in excess of the amount set forth in Section 3 (a).

(c) CONSULTANT agrees that, in no event, shall CITY be required to pay to CONSULTANT any sum in excess of 95% of the maximum payable hereunder prior to receipt by CITY of all final documents, together with all supplemental technical documents, as described herein acceptable in form and content to CITY. Final payment

shall be made not later than 60 days after presentation of final documents and acceptance thereof by CITY.

(d) Additional services: Payments for additional services requested, in writing, by CITY, and not included in CONSULTANT's proposal as set forth in Exhibit "B" hereof, shall be paid on a reimbursement basis in accordance with the fee schedule set forth in said Exhibit "B". Charges for additional services shall be invoiced on a monthly basis and shall be paid by CITY within a reasonable time after said invoices are received by CITY.

4. CITY agrees to provide to CONSULTANT:

(a) Information and assistance as set forth in Exhibit "A" hereto.

(b) Photographically reproducible copies of maps and other information, if available, which CONSULTANT considers necessary in order to complete the Project.

(c) Such information as is generally available from CITY files applicable to the Project.

(d) Assistance, if necessary, in obtaining information from other governmental agencies and/or private parties. However, it shall be CONSULTANT's responsibility to make all initial contact with respect to the gathering of such information.

5. Ownership of Written Product:

(a) Unless otherwise agreed upon in writing, all reports, documents, or other original written material, including any original images, photographs, video files, digital files, and/or or other media created or developed for the CITY by CONSULTANT in the performance of this Agreement (collectively, "Written Product") shall be and remain the property of CITY without restriction or limitation upon its use or dissemination by CITY. All Written Product shall be considered to be "works made for hire", and all Written

Product and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of CITY without restriction or limitation upon their use, duplication or dissemination by CITY. CONSULTANT shall not obtain or attempt to obtain copyright protection as to any of the Written Product.

(b) CONSULTANT hereby assigns to CITY all ownership and any and all intellectual property rights to the Written Product that are not otherwise vested in the CITY pursuant to subsection (a), above.

(c) CONSULTANT warrants and represents that it has secured all necessary licenses, consents or approvals to use any instrumentality, thing or component as to which any intellectual property right exists, including computer software, used in the rendering of the Services and the production of all Written Product produced under this Agreement, and that CITY has full legal title to and the right to reproduce the Written Product. CONSULTANT shall defend, indemnify and hold CITY, and its elected officials, officers, employees, servants, attorneys, designated volunteers, and agents serving as independent contractors in the role of city officials, harmless from any loss, claim or liability in any way related to a claim that CITY's use of any of the Written Product is violating federal, state or local laws, or any contractual provisions, or any laws relating to trade names, licenses, franchises, copyrights, patents or other means of protecting intellectual property rights and/or interests in product or inventions. Consultant shall bear all costs arising from the use of patented, copyrighted, trade secret or trademarked documents, materials, equipment, devices or processes in connection with its provision of the Services and Written Product produced under this Agreement. In the event the use of any of the Written Product or other deliverables hereunder by CITY is held to constitute an infringement and the use of any of the same is enjoined, CONSULTANT, at its expense, shall: (a) secure for CITY the right to continue using the Written Product and other deliverables by suspension of any injunction, or by procuring a license or licenses for CITY; or (b) modify the Written Product and other deliverables so that they become non-infringing while remaining in compliance with the requirements of this Agreement. This covenant shall survive the termination of this Agreement.

6. Termination: This Agreement may be terminated by CITY upon the giving of a written "Notice of Termination" to CONSULTANT at least fifteen (15) days prior to the date of termination specified in said Notice. In the event this Agreement is so terminated, CONSULTANT shall be paid on a pro-rata basis with respect to the percentage of the Project completed as of the date of termination. In no event, however, shall CONSULTANT receive more than the maximum specified in paragraph 3(a), above. CONSULTANT shall provide to CITY any and all documents, data, studies, surveys, drawings, maps, models, photographs and reports, whether in draft or final form, prepared by CONSULTANT as of the date of termination. CONSULTANT may not terminate this Agreement except for cause.

7. Notices and Designated Representatives: Any and all notices, demands, invoices and written communications between the parties hereto shall be addressed as set forth in this section 7. The below named individuals, furthermore, shall be those persons primarily responsible for the performance by the parties under this Agreement:

CITY REPRESENTATIVE

Michael Ho, P.E., Deputy Director of Public Works/City Engineer
CITY OF BREA
Public Works Department-Engineering Division
1 Civic Center Circle, Brea, CA 92821

CONSULTANT REPRESENTATIVE

Leah Kabbara, P.E., Principal Engineer
KABBARA ENGINEERING
121 N. Harwood Street, Orange, CA 92866-1626

Any such notices, demands, invoices and written communications, by mail, shall be deemed to have been received by the addressee forty-eight (48) hours after deposit thereof in the United States mail, postage prepaid and properly addressed as set forth above.

8. Insurance: The CONSULTANT shall not commence work under this contract until it has obtained all insurance required hereunder in a company or companies acceptable to CITY nor shall the CONSULTANT allow any subcontractor to commence work on its subcontract until all insurance required of the subcontractor has been obtained. The CONSULTANT shall take out and maintain at all times during the life of this contract the following policies of insurance:

(a) Workers Compensation insurance: Before beginning work, the CONSULTANT shall furnish to the CITY a certificate of insurance as proof that it has taken out full compensation insurance for all persons whom the CONSULTANT may employ directly or through subcontractors in carrying out the work specified herein, in accordance with the laws of the State of California. Such insurance shall be maintained in full force and effect during the period covered by this contract. Further, such policy of insurance shall provide that the insurer waives all rights of subrogation against CITY and its elected officials, officers, employees and agents.

In accordance with the provisions of Section 3700 of the California Labor Code, every contractor shall secure the payment of compensation to his employees.

CONSULTANT, by executing this Agreement, certifies as follows:

"I am aware of the provisions of Section 3700 of the labor Code which require every employer to be insured against liability for workers' compensation or to undertake self insurance in accordance with the provisions of that code, and I will comply with such provisions before

commencing the performance of work of this contract.”

(b) For all operations of the CONSULTANT or any subcontractor in performing the work provided for herein, insurance with the following minimum limits and coverage:

(1) Commercial General Liability (occurrence) - for bodily injury, death and property damage for products/completed operations and any and all other activities undertaken by the CONSULTANT in the performance of this Agreement.

(2) Comprehensive Automobile Liability (occurrence) - for bodily injury, death and property damage insuring against all liability arising out of the use of any vehicle.

(3) Professional Errors and Omissions Liability (if required by the RFP) - insuring against all liability arising out of professional errors and/or omissions, providing protection of at least **two million dollars (\$2,000,000.00)** for errors and/or omissions (“malpractice”) of CONSULTANT in the performance of this Agreement. Such policy may be subject to a deductible or retention in an amount acceptable to CITY and shall further be subject to the provisions of subsections (2) and (6) of Section c, below. If a “claims made” policy is provided, such policy shall be maintained in effect from the date of performance of work or services on CITY’s behalf until three (3) years after the date the work or services are accepted as completed. Coverage for the post-completion period may be provided by renewal or replacement of the policy for each of the three (3) years or by a three (3) year extended reporting period endorsement which reinstates all limits for the extended reported period. If any such policy and/or policies have a retroactive date, that date shall be no later than the date of first performance of

work or services on behalf of CITY. Renewal or replacement policies shall not allow for any advancement of such retroactive date. Each such policy or policies shall include a standard "notice of circumstances" provision, and shall be subject to the requirements of subsections (1), (2), (5), (6), (7), and (9) of Section 8 (c).

(5) Other required insurance, endorsements or exclusions as required by the Request for Proposal.

(6) The policies of insurance required in this Section 8(b) shall have no less than the following limits of coverage:

(i) \$2,000,000 (Two Million Dollars) for bodily injury or death;

(ii) \$2,000,000 (Two Million Dollars) for property damage;

(iii) The total of the limits specified in subsections (i) and (ii), above, where a combined single limit is provided.

(c) The policies of insurance required in subsections (1) and (2) of Section 8(b), above shall:

(1) Be subject to no deductible amount unless otherwise provided, or approved in writing by CITY;

(2) Be issued by an insurance company approved in writing by CITY, which is admitted and licensed to do business in the State of California and which is rated A/VII or better according to the most recent A.M. Best Co. Rating Guide;

(3) Name as additional insureds the CITY, its elected officials, officers, employees, attorneys and agents, and any other parties, including subcontractors, specified by CITY to be included;

(4) Specify that it acts as primary insurance and that no insurance held or owned by the designated additional insureds shall be called upon to cover a loss under said policy;

(5) Specify that it applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

(6) Contain a clause substantially in the following words:

"It is hereby understood and agreed that this policy may not be canceled nor the amount of coverage thereof reduced until thirty (30) days after receipt by CITY of written notice of such cancellation or reduction of coverage as evidenced by receipt of a registered letter."

(7) Specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided;

(8) Specify that the insurer waives all rights of subrogation against any of the named additional insureds; and

(9) Specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorneys' fees, shall be paid in addition to and shall not deplete any policy limits.

(10) Otherwise be in form satisfactory to CITY.

(d) Prior to commencing performance under this Agreement, the CONSULTANT shall furnish the CITY with original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required by this Agreement. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All endorsements or policies shall be received and approved by the CITY before CONSULTANT commences performance. If performance

of this Agreement shall extend beyond one (1) year, CONSULTANT shall provide CITY with the required policies or endorsements evidencing renewal of the required policies of insurance prior to the expiration of any required policies of insurance.

9. Indemnity for Design Professional Services.

9.1 In connection with its design professional services, CONSULTANT shall hold harmless and indemnify CITY, and its elected officials, officers, employees, servants, designated volunteers, and those CITY agents serving as independent contractors in the role of CITY officials (collectively, "Indemnitees"), with respect to any and all claims, demands, damages, liabilities, losses, costs or expenses, including reimbursement of attorneys' fees and costs of defense (collectively, "Claims" hereinafter), including but not limited to Claims relating to death or injury to any person and injury to any property, which arise out of, pertain to, or relate to in whole or in part to the negligence, recklessness, or willful misconduct of CONSULTANT or any of its officers, employees, subcontractors, or agents in the performance of its design professional services under this Agreement.

9.2 Other Indemnities. In connection with any and all claims, demands, damages, liabilities, losses, costs or expenses, including attorneys' fees and costs of defense (collectively, "Damages" hereinafter) not covered by this Section 9.1, CONSULTANT shall defend, hold harmless and indemnify the Indemnitees with respect to any and all Damages, including but not limited to, Damages relating to death or injury to any person and injury to any property, which arise out of, pertain to, or relate to the acts or omissions of CONSULTANT or any of its officers, employees, subcontractors, or agents in the performance of this Agreement, except for such loss or damage arising

from the sole negligence or willful misconduct of the CITY, as determined by final arbitration or court decision or by the agreement of the parties. CONSULTANT shall defend Indemnitees in any action or actions filed in connection with any such Damages with counsel of CITY's choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. CONSULTANT's duty to defend pursuant to this Section 9.2 shall apply independent of any prior, concurrent or subsequent misconduct, negligent acts, errors or omissions of Indemnitees.

10. Assignment and Subcontracting: No assignment of this Agreement or of any part or obligation of performance hereunder shall be made, nor shall any required performance be subcontracted, either in whole or in part, by CONSULTANT without the prior written consent of CITY.

11. Damages: In the event that CONSULTANT fails to submit to CITY the completed project, together with all documents and supplemental material required hereunder, in public hearing form to the reasonable satisfaction of CITY, within the time set forth herein, or as may be extended by written consent of the parties hereto, CONSULTANT shall pay to CITY, as liquidated damages and not as a penalty, the sum of _____ N/A _____ dollars (\$000.00) per day for each day CONSULTANT is in default, which sum represents a reasonable endeavor by the parties hereto to estimate a fair compensation for the foreseeable losses that might result from such a default in performance by CONSULTANT, and due to the difficulty which would otherwise occur in establishing actual damages resulting from such default, unless said default is caused

by CITY or by acts of God, acts of the public enemy, fire, floods, epidemics, or quarantine restrictions.

12. Independent Contractor: CONSULTANT is retained by CITY only to the extent set forth in this Agreement, and the CONSULTANT's relationship to the CITY is that of an independent contractor. CONSULTANT shall be free to dispose of all portions of CONSULTANT's time and activities which CONSULTANT is not obligated to devote to the CITY in such a manner and to such persons, firms, or corporations as the CONSULTANT sees fit except as expressly provided in this Agreement. Neither the CITY nor any of its agents shall have control over the conduct of the CONSULTANT or any of the CONSULTANT's employees, except as set forth in this Agreement. CONSULTANT shall not have the status of an employee under this Agreement, or be entitled to participate in any insurance, medical care, vacation, sick leave or other benefits provided for CITY's officers or employees. CONSULTANT shall have no power to incur any debt, obligation, or liability on behalf of CITY or otherwise act on behalf of the CITY as an agent. CONSULTANT shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of the CITY. CONSULTANT agrees to pay all required taxes on amounts paid to CONSULTANT under this Agreement, and to indemnify and hold CITY harmless from any and all taxes, assessments, penalties, and interest asserted against CITY by reason of the independent contractor relationship created by this Agreement. CONSULTANT shall fully comply with the workers' compensation law regarding CONSULTANT and CONSULTANT's employees. CONSULTANT further agrees to indemnify and hold CITY harmless from any failure of CONSULTANT to comply with

applicable workers' compensation laws. CITY shall have the right to offset against the amount of any fees due to CONSULTANT under this Agreement any amount due to CITY from CONSULTANT as a result of CONSULTANT's failure to promptly pay to CITY any reimbursement or indemnification arising under this Section.

13. Governing Law and Venue: This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for any legal action arising out this Agreement shall be the Superior Court of the County of Orange, California.

14. Attorneys' Fees: In the event any legal proceeding is instituted to enforce any term or provision of this Agreement, the prevailing party shall be entitled to recover attorneys' fees, experts' fees, and all other costs of litigation from the opposing party in an amount determined by the court to be reasonable.

15. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representation by any party which is not embodied herein nor any other agreement, statement, or promise not contained in this Agreement shall be valid and binding. Any modification of this Agreement shall be effective only if it is in writing signed by all parties. In the event of any inconsistency between this document and any of the Exhibits, the provisions of this document shall govern over the Exhibits, and the provisions of Exhibit A shall govern over the provisions of Exhibit B.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of
the day and year first set forth above:

CONSULTANT



March 7, 2019

(two signatures required if corporation)

CITY

City Manager or Mayor

ATTEST:

City Clerk

City of Brea

FINANCE COMMITTEE COMMUNICATION

TO: Finance Committee Members

FROM: Bill Gallardo

DATE: 03/26/2019

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

RECOMMENDATION

Receive and file the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2018, which includes the independent auditor's unmodified opinion.

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 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).

SUMMARY/FISCAL IMPACT

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

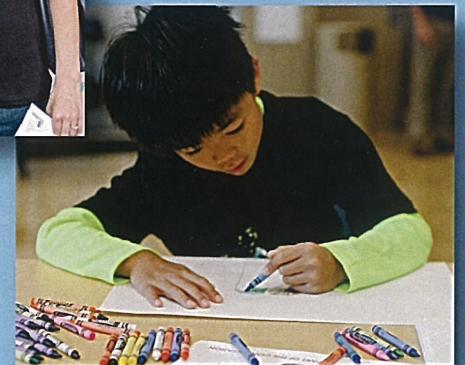
CAFR

Audit Communication Letter

Management Letter

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 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

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

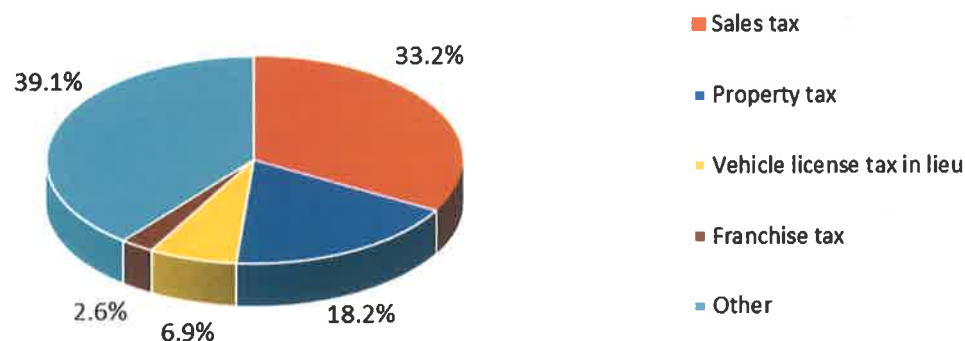
Land Use Distribution

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

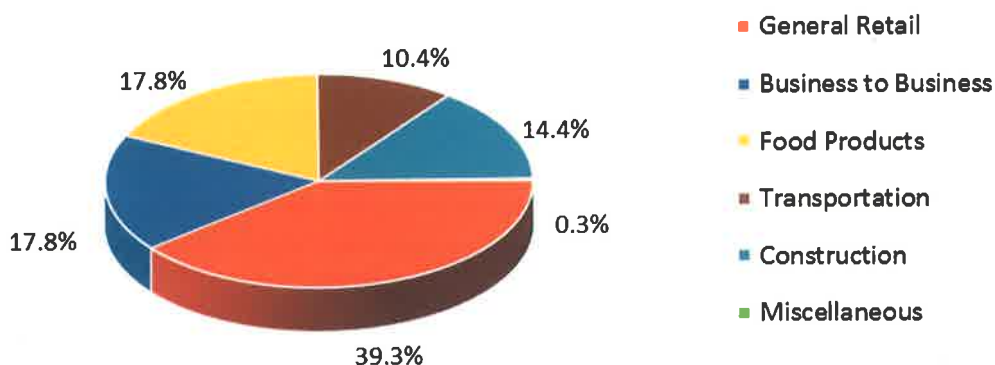


Sales Tax

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

	<u>Annual Revenue</u>	<u>Percent of Total</u>
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 tenancing 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 PEPRA, 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.

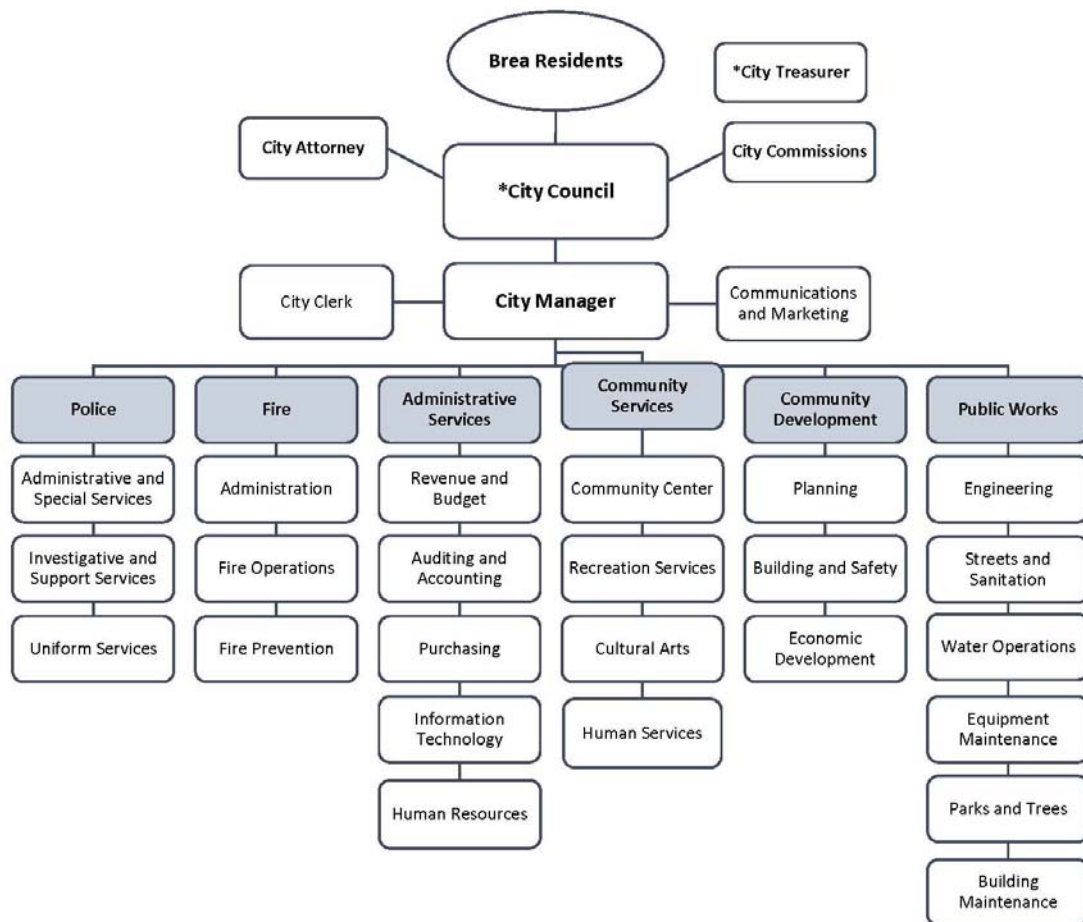
Sincerely,



William Gallardo
City Manager



Cindy Russell
Administrative Services Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**City of Brea
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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

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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 94 through 95), schedule of plan contributions for the Miscellaneous and Safety Plans (page 96), schedule of changes in total OPEB liability and related ratios (page 97), 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 98 through 100), 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.

Vaurinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Brea's 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)

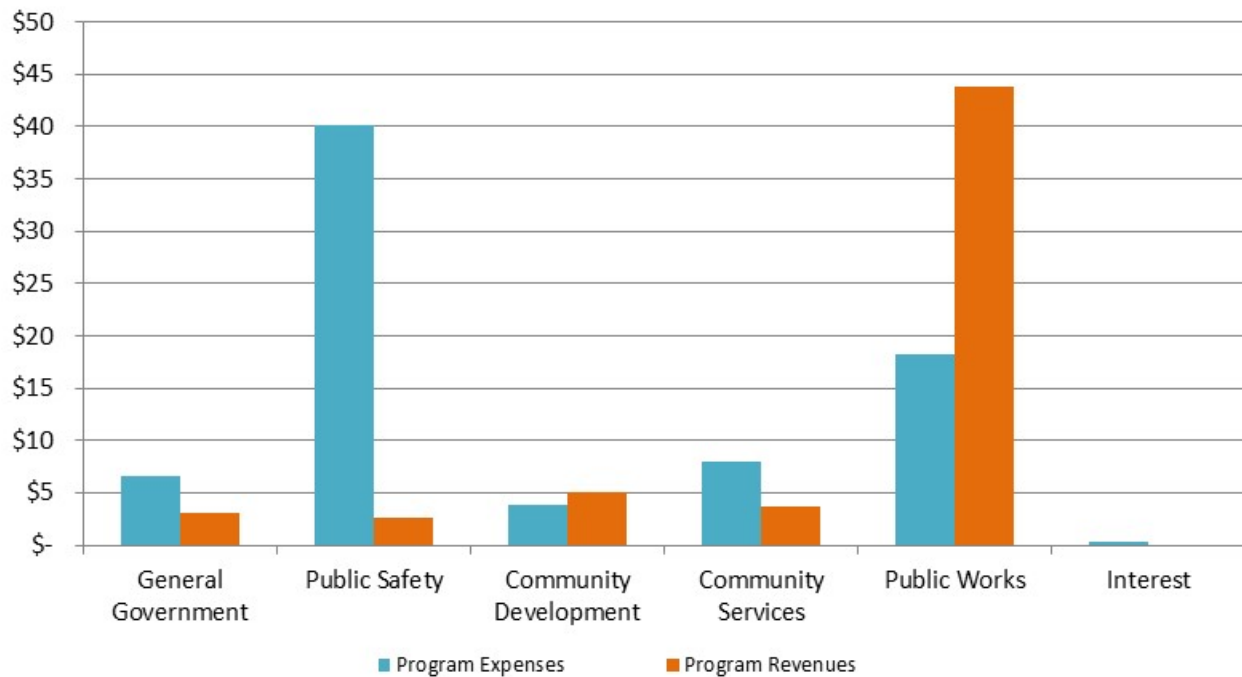
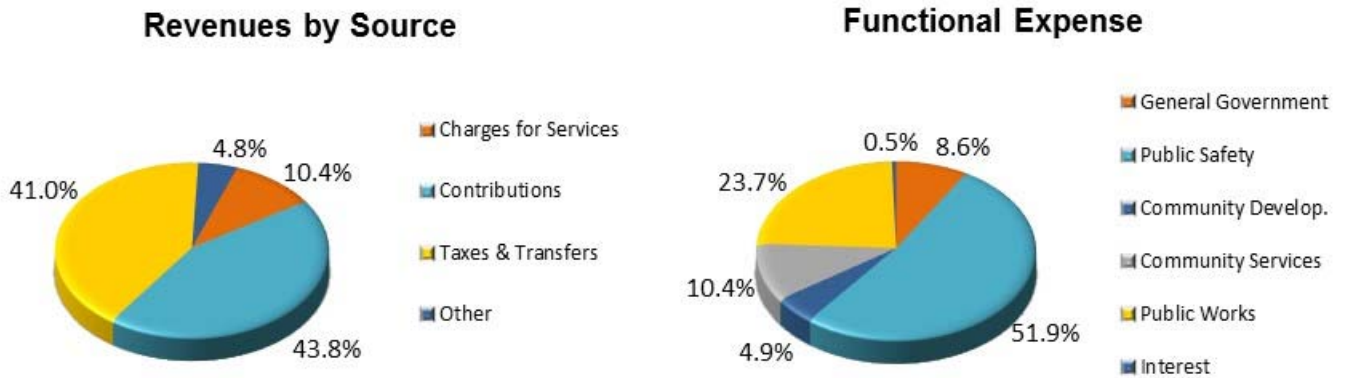


Table 5
Governmental Activities
Fiscal Year Ended June 30, 2018



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

Revenues

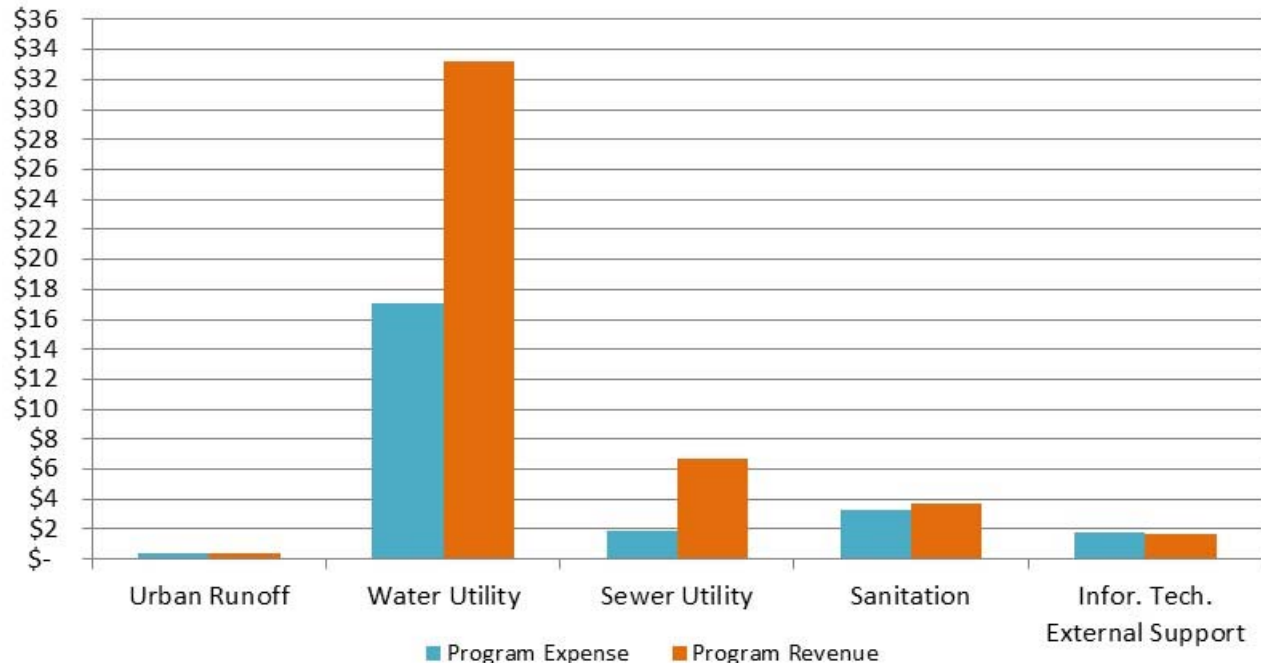
- The City's combined amount of program revenues, general revenues, taxes and transfers was \$107.8 million. This amount includes operating and capital contributions and grants of \$47.2 million and \$44.2 million in taxes and transfers.
- Of the \$107.8 million in total governmental revenues and transfers, 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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BASIC FINANCIAL STATEMENTS

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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
-	(95,104)	(95,104)
<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>
30,422,636	20,650,496	51,073,132
149,927,579	58,676,537	208,604,116
<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
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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)
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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
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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	<u>\$ 180,350,215</u>
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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	19,515,018	3,906,947	2,291,661	25,713,626	7,267,828
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	104,065,678	18,249,770	1,327	122,316,775	5,413,298
Total assets	123,580,696	22,156,717	2,292,988	148,030,401	12,681,126
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	1,522,259	392,098	995,593	2,909,950	1,126,325
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	3,377,297	45,242	659,648	4,082,186	2,235,109
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	56,693,154	2,835,394	6,628,094	66,156,642	9,092,829
Total liabilities	60,070,451	2,880,635	7,287,742	70,238,828	11,327,938
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	473,736	289,733	479,932	1,243,401	251,832
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)	\$ 64,558,768	\$ 19,378,447	\$ (4,479,093)	\$ 79,458,122	\$ 2,227,681
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				\$ 79,327,033	

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:

Asset	Years
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	25,292,581
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	\$ 1,050,000	\$ 4,741,699	\$ 61,303	\$ 5,853,002

- 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	<u>59,596,087</u>	<u>(23,202,295)</u>	<u>21,173,519</u>	<u>-</u>	<u>57,567,311</u>
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	<u>243,950,771</u>	<u>23,202,295</u>	<u>19,966,429</u>	<u>(2,022,117)</u>	<u>285,097,378</u>
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	<u>(125,976,514)</u>	<u>-</u>	<u>(7,958,713)</u>	<u>2,011,434</u>	<u>(131,923,793)</u>
Total Capital Assets Being Depreciated, Net	<u>117,974,257</u>	<u>23,202,295</u>	<u>12,007,716</u>	<u>(10,683)</u>	<u>153,173,585</u>
Governmental Activities Capital Assets, Net	<u>\$ 177,570,344</u>	<u>\$ -</u>	<u>\$ 33,181,235</u>	<u>\$ (10,683)</u>	<u>\$ 210,740,896</u>

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)	<u>4,497,191</u>	<u>2,225,335</u>	<u>(1,701,160)</u>	<u>5,021,366</u>	<u>1,908,119</u>
	<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)		
Miscellaneous Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
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)		
Safety Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
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	<u>75</u>
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	<u>(1,146,800)</u>
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:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
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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REQUIRED SUPPLEMENTARY INFORMATION

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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	<u>12,444,381</u>	<u>4,845,587</u>	<u>1,742,383</u>	<u>6,110,482</u>
Total pension liability- beginning	<u>125,653,186</u>	<u>120,807,599</u>	<u>119,065,216</u>	<u>112,954,734</u>
Total pension liability- ending (a)	<u><u>\$ 138,097,567</u></u>	<u><u>\$ 125,653,186</u></u>	<u><u>\$ 120,807,599</u></u>	<u><u>\$ 119,065,216</u></u>
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	<u>8,071,568</u>	<u>(1,366,772)</u>	<u>158,608</u>	<u>12,743,207</u>
Plan fiduciary net position- beginning	<u>92,909,405</u>	<u>94,276,177</u>	<u>94,117,569</u>	<u>81,374,362</u>
Plan fiduciary net position- ending (b)	<u><u>\$ 100,980,973</u></u>	<u><u>\$ 92,909,405</u></u>	<u><u>\$ 94,276,177</u></u>	<u><u>\$ 94,117,569</u></u>
 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)	<u>\$ 250,620,326</u>	<u>\$ 230,031,065</u>	<u>\$ 224,431,525</u>	<u>\$ 222,230,032</u>
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)	<u>\$ 163,103,915</u>	<u>\$ 151,158,712</u>	<u>\$ 156,303,305</u>	<u>\$ 158,871,065</u>
 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 Final Budget Positive/ (Negative)
	Original	Final	Amounts	
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	339,169	334,350	278,802	55,548
Net change in Fund Balance	<u>\$ (112,859)</u>	<u>\$ (108,040)</u>	58,652	<u>\$ 166,692</u>
Fund balance at beginning of the year			20,662,864	
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**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>176,703</u>	<u>2,494,558</u>	<u>732,762</u>	<u>(1,761,796)</u>
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	<u>25,864,843</u>	<u>47,734,128</u>	<u>20,795,469</u>	<u>26,938,659</u>
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	<u>8,817,500</u>	<u>23,526,066</u>	<u>4,741,699</u>	<u>(18,784,367)</u>
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			<u>9,005,509</u>	
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				
		Affordable	Community	HOME
	Measure M	Housing Trust	Development	Program
			Block Grant	
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	<u>7,011</u>	<u>(30,168)</u>	<u>7,451</u>	<u>2,307,627</u>
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	957,409	4,905	264,532	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	50,000	222,216	-
Public works	21,111	-	-	-
Total expenditures	21,111	50,000	222,216	-
Excess (deficiency) of revenues over (under) expenditures	936,298	(45,095)	42,316	-
Other financing sources (uses):				
Transfers out	(979,103)	-	(40,000)	-
Net change in fund balances	(42,805)	(45,095)	2,316	-
Fund balances (deficit), beginning of year	2,133,387	2,459,297	(7,110)	-
Fund balances (deficit), end of year	\$ 2,090,582	\$ 2,414,202	\$ (4,794)	\$ -

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	<u>783,923</u>	<u>272,405</u>	<u>48,442</u>	<u>30,608</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	718,381	274,452	41,891	-
Community development	-	-	-	-
Public works	236,278	1,704	-	-
Total expenditures	<u>954,659</u>	<u>276,156</u>	<u>41,891</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,736)</u>	<u>(3,751)</u>	<u>6,551</u>	<u>30,608</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balances	<u>(170,736)</u>	<u>(3,751)</u>	<u>6,551</u>	<u>30,608</u>
Fund balances (deficit), beginning of year	<u>2,238,749</u>	<u>147,554</u>	<u>86,052</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 2,068,013</u>	<u>\$ 143,803</u>	<u>\$ 92,603</u>	<u>\$ 30,608</u>

	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><u>\$ (256,172)</u></u>	<u><u>\$ (959,483)</u></u>	<u><u>7,011</u></u>	<u><u>\$ 966,494</u></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>\$ 242,076</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 Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
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**

	<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	\$ 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**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
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	(200,000)	(314,000)	(40,000)	274,000
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**

	<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	\$ 500,000	\$ 500,000	\$ 271,849	\$ (228,151)
Investment income, net	2,940	2,940	526	(2,414)
Other Revenues	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
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	<u>7,401</u>	<u>1,704</u>	<u>1,704</u>	<u>-</u>
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><u>\$ 143,803</u></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**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
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**

	<u>Urban Runoff</u>	<u>Sanitation</u>	<u>Information Technology External Support</u>	<u>Total</u>
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	418,425	3,727,950	1,695,050	5,841,425
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	394,372	3,266,191	1,782,149	5,442,712
Operating income (loss)	24,053	461,759	(87,099)	398,713
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	11,154	-	11,154
Interest revenues (expense)	647	(2,310)	2,677	1,014
Total nonoperating revenues (expenses)	647	8,844	2,677	12,168
Income (loss) before contributions and transfers	24,700	470,603	(84,422)	410,881
Transfers:				
Transfers out	-	(400,000)	(50,000)	(450,000)
Change in net position	24,700	70,603	(134,422)	(39,119)
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	223,307	(2,580,943)	(2,082,338)	(4,439,974)
Net position (deficit) at end of year	\$ 248,007	\$ (2,510,340)	\$ (2,216,760)	\$ (4,479,093)

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	<u>\$ -</u>	<u>\$ 537,995</u>	<u>\$ 419,987</u>	<u>\$ 854,578</u>
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	<u>\$ -</u>	<u>\$ 537,995</u>	<u>\$ 419,987</u>	<u>\$ 854,578</u>

<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

	\$	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
Property taxes																				
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 ^j		-		-		-		119,686,954		21,522,303		-		(944,392)		-		-		-
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 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	1,320,699	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	3,025,883	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	263,462	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}	Total Primary Government	Percentage of Personal Income ⁸
2009	188,442,073	14,495,000	2,993,624	205,930,697	25,800,000	231,730,697	11.43%
2010	178,909,196	16,485,000	6,716,146	202,110,342	38,095,000	240,205,342	11.46%
2011	197,967,628	15,360,000	6,106,031	219,433,659	37,760,000	257,193,659	13.10%
2012	-	2,760,000	5,161,902	7,921,902	37,265,000	45,186,902	2.21%
2013	-	2,760,000	4,659,564	7,419,564	36,325,000	43,744,564	2.10%
2014	-	2,760,000	4,169,409	6,929,409	35,350,000	42,279,409	1.83%
2015	-	2,760,000	3,652,690	6,412,690	52,890,000	59,302,690	2.48%
2016	-	2,760,000	4,833,071	7,593,071	53,325,495	60,918,566	2.41%
2017	-	2,760,000	4,261,876	7,021,876	50,150,000	57,171,876	2.26%
2018	-	2,760,000	3,658,172	6,418,172	49,110,000	55,528,172	2.20%

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 ^{5, 6}	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

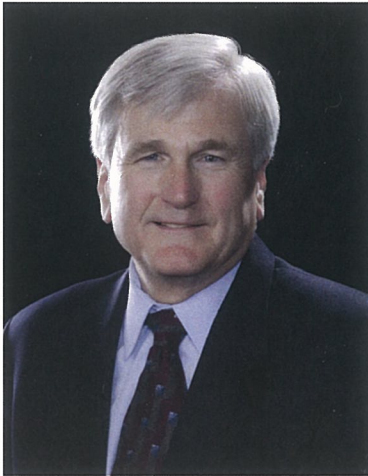
CITY OF BREa

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

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



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

VALUE THE *difference*

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

VALUE THE *difference*

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.

Yavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2019