



FISCAL YEAR ENDING  
**JUNE 30, 2025**

# Annual Comprehensive Financial Report

Brea, California

CITY OF BREA, CALIFORNIA  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2025

Prepared by:  
Administrative Services Department

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CITY OF BREA, CALIFORNIA

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2025

**Table of Contents**

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b> .....	<b><u>8</u></b>
Transmittal Letter .....	10
List of Principal Officials .....	19
Organizational Chart .....	20
Certificate of Achievement for Excellence in Financial Reporting (GFOA) .....	21
<b><u>FINANCIAL SECTION</u></b> .....	<b><u>23</u></b>
<b>Independent Auditors' Report</b> .....	<b>24</b>
<b>Management's Discussion and Analysis (Unaudited)</b> .....	<b>28</b>
<b>Basic Financial Statements</b> .....	<b>44</b>
<b>Government-Wide Financial Statements</b> .....	<b>45</b>
Statement of Net Position .....	46
Statement of Activities .....	48
Balance Sheet .....	52
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position .....	55
Statement of Revenues, Expenditures and Changes in Fund Balances .....	56
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	58
<b>Proprietary Fund Financial Statements</b> .....	<b>59</b>
Statement of Net Position .....	62
Statement of Revenues, Expenses and Changes in Net Position .....	63
Statement of Cash Flows .....	64
<b>Fiduciary Fund Financial Statements</b> .....	<b>66</b>
Statement of Fiduciary Net Position .....	68
Statement of Changes in Fiduciary Net Position .....	69
<b>Notes to the Basic Financial Statements</b> .....	<b>71</b>

## Table of Contents

### FINANCIAL SECTION (continued)

	<u>Page</u>
<b>Required Supplementary Information</b> .....	<b>121</b>
Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan .....	122
Schedule of Changes in the Net Pension Liability and Related Ratios - Safety Plan .....	124
Schedule of Proportionate Share of Net Pension Liability - Safety Plan .....	126
Schedule of Plan Contributions - Miscellaneous and Safety Plans .....	127
Schedule of Plan Contributions - OPEB Plan .....	130
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budgetary and Actual	131
General .....	132
Affordable Housing .....	133
Housing Successor .....	134
<b>Notes to Required Supplementary Information</b> .....	<b>135</b>
<b>Supplementary Information</b> .....	<b>138</b>
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual ..	140
Capital Improvement Fund .....	141
Nonmajor Governmental Funds .....	142
Combining Balance Sheet .....	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	150
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budgetary and Actual ..	155
Gas Tax .....	156
Narcotics Enforcement Asset Seizure .....	157
Air Quality Improvement .....	158
Park Development .....	159
Measure M .....	160
Community Development Block Grant .....	161
Blackstone CFD .....	162
La Floresta CFD .....	163
Taylor - Morrison CFD .....	164
Central Park Village CFD .....	165
Development .....	166
National Opioid Settlement .....	167
Organized Retail Theft Grant .....	168
Capital and Mitigation Improvement .....	169
Storm Drain .....	170
Nonmajor Enterprise Funds .....	171
Combining Statement of Net Position .....	172
Statement of Revenues, Expenses and Changes in Net Position .....	173
Combining Statement of Cash Flows .....	174

## Table of Contents

	<u>Page</u>
Internal Service Funds .....	175
Combining Statement of Net Position .....	176
Combining Statement of Revenues, Expenses and Changes in Net Position .....	177
Combining Statement of Cash Flows .....	178
Fiduciary Funds - Custodial Funds .....	179
Combining Balance Sheet .....	180
Combining Statement of Change in Net Position .....	182
<b><u>STATISTICAL SECTION</u></b> .....	<b><u>185</u></b>
<b>Financial Trends</b> .....	<b>187</b>
Net Position by Component, Last Ten Fiscal Years .....	188
Changes in Net Position, Last Ten Fiscal Years .....	189
Fund Balance - Governmental Funds, Last Ten Fiscal Years .....	191
Changes in Fund Balances - Governmental Funds, Last Ten Fiscal Years .....	192
<b>Revenue Capacity Information</b> .....	<b>193</b>
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years .....	194
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years .....	195
Principal Property Tax Rates, Last Ten Fiscal Years .....	196
Property Tax Levies and Collections, Last Ten Fiscal Years .....	197
Taxable Sales by Category, Last Ten Fiscal Years .....	198
<b>Debt Capacity Information</b> .....	<b>199</b>
Ratio of Outstanding Debt by Type, Last Ten Fiscal Years .....	200
Ratio of Net General Bonded Debt Outstanding, Last Ten Fiscal Years .....	201
Direct and Overlapping Governmental Activities Debt .....	202
Legal Debt Margin, Last Ten Fiscal Years .....	203
Pledged Revenue Coverage, Last Ten Fiscal Years .....	204
<b>Demographic and Economic Information</b> .....	<b>205</b>
Demographic and Economic Statistics, Last Ten Fiscal Years .....	206
Principal Employers, Current and Ten Fiscal Years .....	207
<b>Operating Information</b> .....	<b>208</b>
Full Time Equivalent City Government Employees by Function, Last Ten Fiscal Years .....	209
Operating Indicators, Last Ten Fiscal Years .....	210
Capital Assets Statistics, Last Ten Fiscal Years .....	211

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## **INTRODUCTORY SECTION**

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December 8, 2025

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Brea, a California City, for the fiscal year ending June 30, 2025. This report has been prepared in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

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

LSL, 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, 2025, 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, 2025, 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.

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

---

**Cecilia Hupp**  
*Mayor*

**Marty Simonoff**  
*Mayor Pro Tem*

**Christine Marick**  
*Council Member*

**Blair Stewart**  
*Council Member*

**Steven Vargas**  
*Council Member*

## **CITY OF BREDA PROFILE**

The City of Brea, a diverse residential and business community, is located at the most northern tip of Orange County at the juncture of three counties with access to major airports, popular regional attractions, beaches, deserts and mountains. Nestled among the hillsides, just 25 miles southeast of Los Angeles, Brea is home to more than 47,900 residents and hosts a daytime working population of more than 125,000.

The City has major retail centers featuring one of the county's most prominent shopping centers, the Brea Mall. Other premier shopping centers include the Brea Union Plaza, Downtown Brea, the Brea Marketplace, the Village at La Floresta, Brea Imperial Center, and a host of other retail and service businesses. Brea is also a center for companies such as ViewSonic Corporation, EVGA Corporation, American Financial Network, Inc., California Roadside Service, Kirkhill Aircraft Part Co. and Flexfit LLC. Several companies' corporate headquarters are located within Brea, including Beckman-Coulter, and Suzuki Motor of America.

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

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

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

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

**LOCAL ECONOMIC FACTORS**

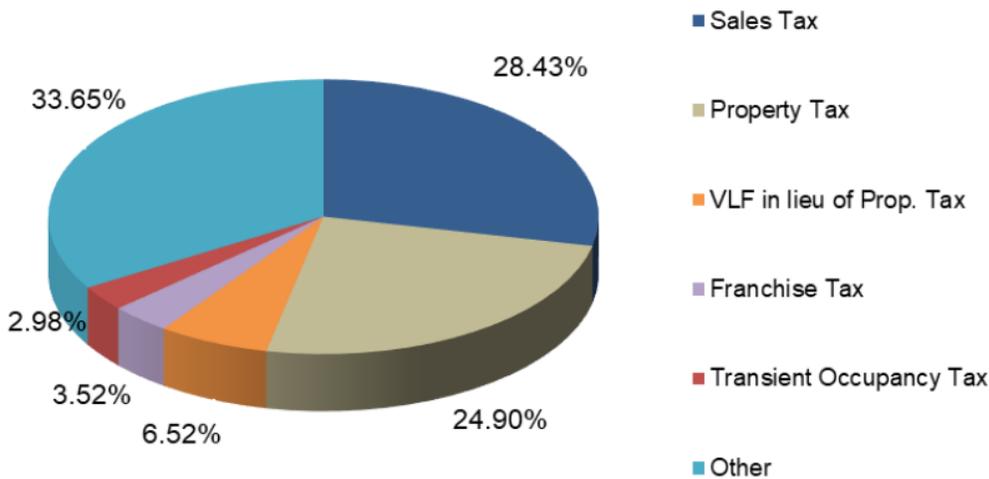
Brea encompasses about 8,300 acres or 13 square miles of land. The City’s land use is distributed as follows:

<u>Land Use Distribution</u>	<u>Percent</u>
Residential (single-family, multi-family, and mobile homes)	43.0%
Commercial and Office	5.0%
Industrial	11.6%
Parks and Open Space	17.6%
Public Facilities (City facilities, schools, drainage channels, and fire stations)	2.6%
Mixed Use	2.7%
Cemetery	0.3%
Other (streets)	<u>17.2%</u>
 Total	 <u>100.0%</u>

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

The current land use mix produces General Fund revenues of approximately \$87.8 million. Sales taxes, property taxes and franchise taxes account for the top three sources of revenue. These revenue sources account for 56.8% of the total amount of General Fund revenues. The remaining revenues account for 43.2% of the total and are represented by a broad range of sources.

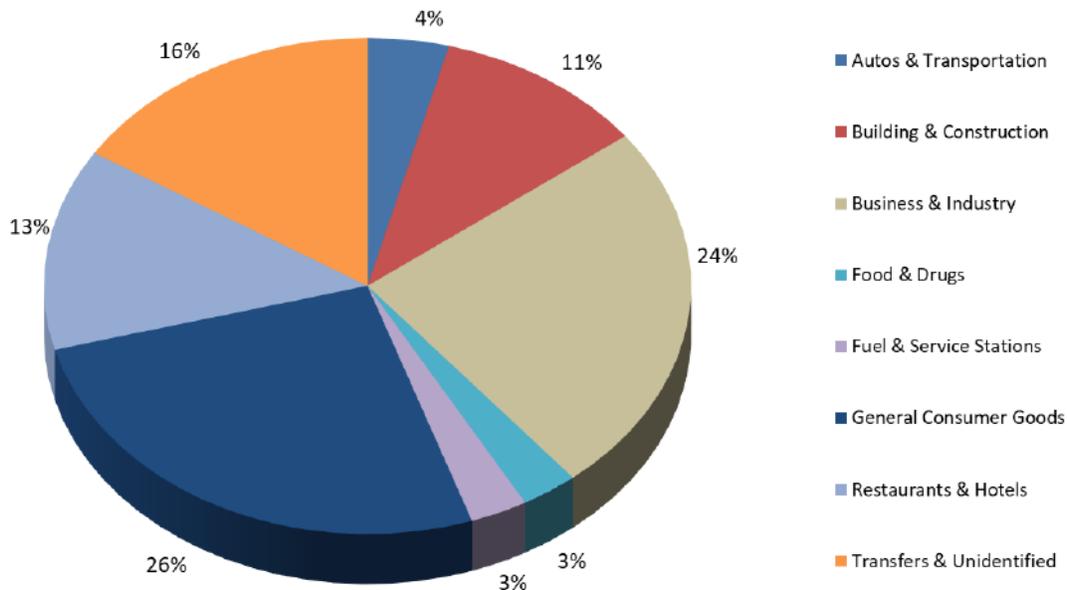
**General Fund Revenues by Revenue Source  
Fiscal Year Ended June 30, 2025**



## Sales Tax

Sales tax represents the single largest source of General Fund revenue at \$25 million. It is derived from the major economic categories as listed in the following chart. The general consumer goods category, including department stores, apparel stores and general merchandise, makes up 26% of the total sales tax generated. This sector includes the regional Brea Mall, which is one of the largest malls in Orange County. The second largest economic sector being business and industry. 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.

**Sales Tax by Economic Categories  
Fiscal Year Ended June 30, 2025**



## Property Taxes

Brea is a very diverse community as previously indicated in the land use chart. General Fund property taxes represent \$21.9 million or 25% of General Fund revenues. Assessed valuation of all property (including the former Brea Redevelopment Agency) in Brea is \$13.7 billion, an increase of 4.15% over the prior fiscal year. The valuation is split between residential at 60%, commercial/industrial at 36%, and the remaining 4% for other miscellaneous uses. Of the City's 18,719 dwelling units, 62.2% are single-family units, 32.4% are multi-family units and 5.4% are mobile homes. Housing costs in Brea continue to rank among the highest in North Orange County. Brea, like other cities in Orange County, is experiencing an increase in housing prices. The median price of a single-family home increased to \$1,090,000, up from \$1,040,000, which is a 4.8% rise compared to the previous fiscal year.

## Vehicle License Fees (VLF)

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

Beginning in January 2005, the Vehicle License Fee was permanently reduced to 0.65% from 2.0% of the vehicle’s fair market value. Any loss to cities by this rate reduction at that time was made up, dollar for dollar, with an allocation from the County’s Educational Revenue Augmentation Fund (ERAF) property tax account with two payments, due on or before January 31<sup>st</sup> and May 1<sup>st</sup> 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 38.7% of the \$3.1 million in annual franchise tax revenue. The remaining 61.3% of this revenue includes franchise fees for oil pipelines, cable television, and other non-city utilities.

**Franchise Taxes  
Fiscal Year Ended June 30, 2025**

	Annual Revenue	Percent of Total
Public Utilities	\$ 1,196,810	38.7%
All Others	1,892,220	61.3%
 Totals	 \$ 3,089,030	 100.0%

**ECONOMIC OUTLOOK**

Development within Brea continues and remains active with large-scale projects underway including the Brea Mall Mixed Use Project which will redevelop a 15.5-acre portion of the current Brea Mall providing new retail, restaurants, residential and commercial opportunities for the community including a state-of-the-art fitness center. Demolition started and construction of various buildings have begun including a new mall entrance. Construction is underway on the landscaping and outdoor plaza. The residential apartment building is anticipated to begin grading operations by the end of the year. The project is a multi-phased effort and is anticipated all new retail restaurants, and the fitness center will be available to the public by summer 2026.

Brea Plaza, a vibrant shopping center located along Imperial Highway, between the 57 Freeway and Associated Road, is also undergoing a remodel that will modernize the area located in the northwest corner of the shopping center. This project has demolished the previous theater building and added an expanded ground floor retail space, as well as a new second-floor commercial space with an outdoor balcony area to the renovated building. Construction is anticipated to be completed by December 2025.

Development improvements are also being made to the Gaslight Square site located on Imperial Highway west of State Route 57 which is a mixed-use site that demolished a portion of the project site to add a new 2,000 square foot drive through restaurant with an outdoor seating area and a 6,000 square foot commercial building consisting of a bank, restaurant and fitness studio. Construction of the shell has been finalized and tenant improvements are underway.

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

In addition, the use of excess General Fund reserves above the City's policy limit of 25% helps the organization maintain service levels to the community as the organization regains momentum in the coming fiscal years. This fund balance strategy will avoid making severe service reductions until the organization has an opportunity to better understand the changing economic environment.

Staff also continue to closely monitor actual versus projected revenues and opportunities for vacancy savings that will assist in providing more firm estimates as the organization navigates the next two fiscal years. Staff are committed to providing budget updates to the City Council as the financial picture changes.

Overall, it is important to note that Brea is paying all of its obligations on time; is setting aside funding for ongoing capital facility and equipment replacement; and is funding a robust Capital Improvement Program (CIP) to adequately maintain City infrastructure.

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

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

- Uncertainty at the State and Federal level;
- Increases in the cost of living (inflation);
- Capital assets replacement needs;
- Economic pressures impacting the City's sales tax base; and
- CalPERS projected rate increases

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

## **LONG-TERM FINANCIAL PLANNING**

### Brea Forward 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. As needed, this group is also instrumental in tackling economic impacts on the City's Budget. Brea Forward meets as needed to address changes to the organization that may be necessary to financially sustain the City over the course of the next several fiscal years and beyond.

### Capital Improvement Program (CIP) Budget

The goal of the seven-year CIP is to enhance the quality of life in the community, ensure a safe environment and to promote transportation improvement in the City. The CIP budget for fiscal year 2025-27 reflects the City Council's commitment to this goal by enhancing existing infrastructure and providing new infrastructure to aid 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 on June 30, 2025, was \$807,181.

### Capital Asset Replacement Reserves

Funds are set aside annually for the replacement of City-owned infrastructure, facilities and capital assets. In addition to a fixed annual contribution, an assessment is made at the end of each fiscal year to determine whether an additional contribution can be made based upon a review of General Fund excess revenues over expenditures. The balance in Capital Asset Replacement Reserves on June 30, 2025, was \$3,969,621.

### Pension Rate Stabilization Program

On November 17, 2015, the City of Brea established a pension rate stabilization program with Public Agency Retirement Services (PARS) to reduce the future unfunded pension liability for current and future retirement costs for both safety and non-safety employees. The City's initial contribution of \$6,000,000 from the General Fund was made during FY 2015-16. During FY 2018-19, the City's Enterprise Funds contributed an additional \$756,800 for a total contribution of \$6,756,800. The balance as of June 30, 2025, including interest earned to date was \$11,711,522.

## **MAJOR INITIATIVES**

### Revenue Enhancement Initiatives

Balancing the City's biennial budget requires a strategic approach across the organization, including the careful allocation of resources and the implementation of creative solutions to reduce expenditures, streamline operations, and enhance revenues over the two-year period and beyond. At the City Council and Executive Offsite Meeting on January 28, 2025 and at the May 6, 2025 Budget Workshop, longer-term revenue considerations were discussed. This included directions to explore the following initiatives:

- Evaluation of lease agreements at the Civic & Cultural Center;
- Evaluation of subsidies provided to other agencies, user groups, and/or events;
- Evaluation of oil franchise fees and cell tower lease agreements;
- Evaluation of market outreach to film industry;
- Updates to the Brea Mall Message Board signage revenue projections;
- Consideration of short-term rentals and other business opportunities; and
- Consideration of business license tax and transient occupancy tax (TOT) updates.

Staff are diligently working on evaluating these revenue initiatives and as information becomes available it will be brought to City Council for consideration and approval.

### State Route 57/Lambert Road Interchange Improvements

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

### Arovista Park Modernization Project

The City embarked on the modernization of a 30+ year old park in its historic south Brea neighborhood. With key pedestrian connections to the downtown via the Tracks at Brea trail system, and adjacent to the Brea Senior Center, Brea Creek Golf Course and local schools, this 14-acre site serves as a primary location for multi-generational recreational uses for the community. The City is also adding the first all-accessible playground in North Orange County which will provide an opportunity for children and adults of all ages and all abilities to have a safe space to play and enjoy the outdoors. The construction of Arovista Park East (Phase One) began in May 2024 and is anticipated to be completed in 2026 with a project budget of \$24.1 million.

### In-House Ambulance Program

In order to enhance service to the Brea community, the Brea Fire Department developed an in-house ambulance program. Rather than contracting with a private ambulance company, the fire department will own and operate the ambulances, and the ambulance operators/Emergency Medical Technicians (EMTs) on the ambulances will be City employees. The in-house ambulance program is fully implemented. As part of the development of this program, the City entered a contract with a third party ambulance billing provider. As of July 1, 2024, the City has taken over the billing component of ambulance transportation.

### Integrated Crime Center (ICC)

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

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Brea for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024. This was the 35<sup>th</sup> consecutive year that the City of Brea has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**ACKNOWLEDGMENTS**

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

We also would like to thank our independent auditing firm, LSL, LLP for their expertise and advice in the preparation of this year’s financial report.

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

Sincerely,



Kristin Griffith  
City Manager



Monica Lo  
Director of Administrative Services

# City Council



**Blair Stewart**  
*Mayor*



**Cecilia Hupp**  
*Mayor Pro Tem*



**Christine Marick**  
*Council Member*



**Marty Simonoff**  
*Council Member*



**Steve Vargas**  
*Council Member*

## Elected Official

*Treasurer* **Denise Eby**

## Administrative Personnel

*City Manager* **Kristin Griffith**

*Assistant City Manager/  
Community Development Director* **Jason Killebrew**

*Administrative Services Director* **Monica Lo**

*Chief of Police* **Adam Hawley**

*City Clerk* **Lillian Harris-Neal**

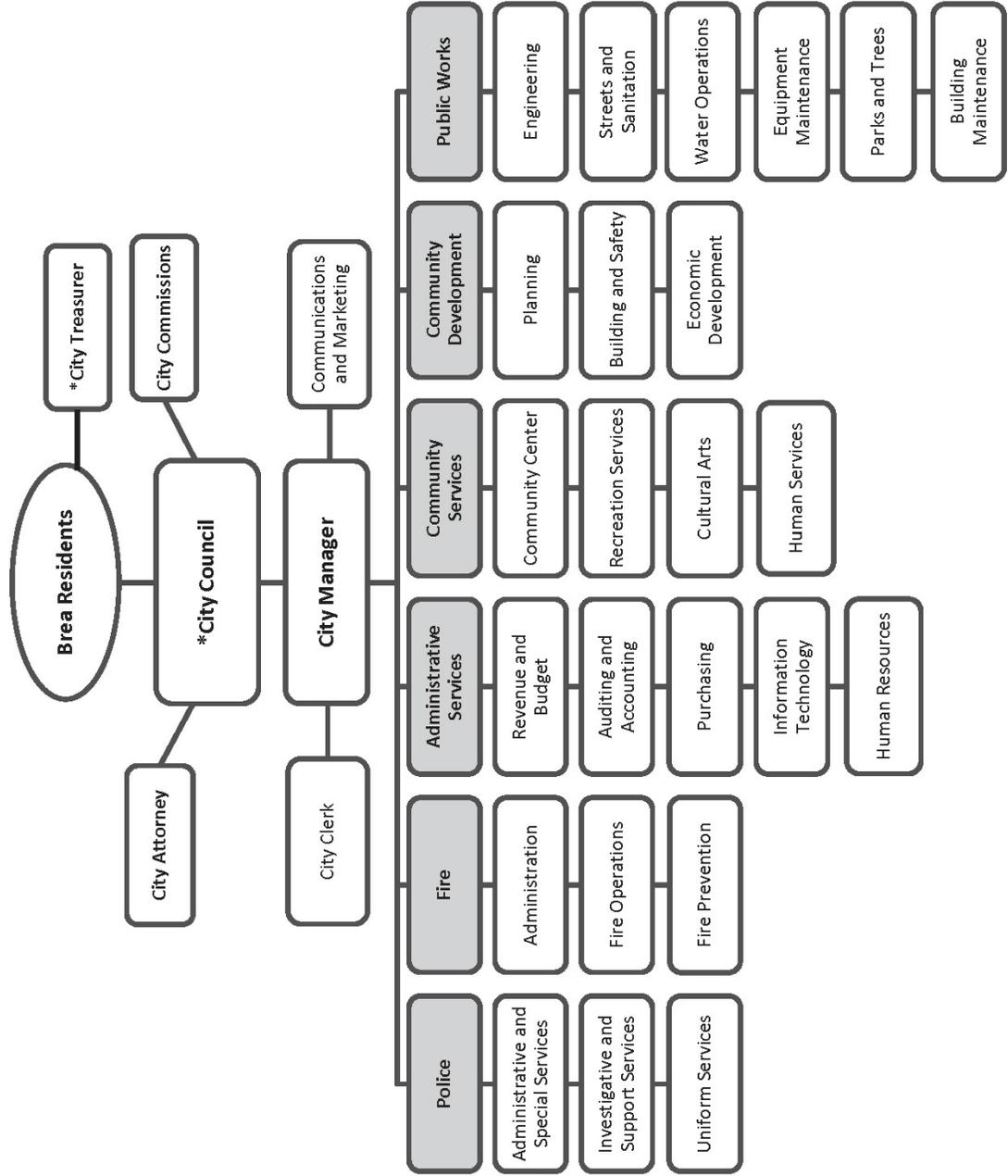
*Community Services Director* **Carrie Hernandez**

*Public Works Director* **Michael Ho**

*Fire Chief* **Mark Terrill**

*City Attorney* **Terence Boga**

# CITY ORGANIZATION CHART



\*Elected



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Brea  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrill*

Executive Director/CEO

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brea, California, (hereafter, the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

##### Change in Accounting Principle

As described in Note 18 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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



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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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



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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*LSL, LLP*

Irvine, California  
December 8, 2025

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Financial Highlights for Year Ended June 30, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Brea's Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2025. 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 liabilities and deferred inflows at the close of the most recent fiscal year resulting in a net position of \$329.4 million.
- The City's total net position decreased overall by \$15 million, of which \$22.9 million is related to a decrease in governmental activities, while \$7.9 million is related to an increase in business-type activities. The decrease in net position is primarily related to pension expenses and implementation of GASB Statement No. 101, Compensated Absences (GASB 101), as discussed further in this document. Of the \$7.9 million increase in business-type activities, \$4.3 million is related to the Water Utility fund revenues exceeding expenditures, \$2.7 million is related to the Sewer Utility fund revenues exceeding expenditures and \$1.7 million relating to activities in Nonmajor Enterprise Funds. Approximately \$700 thousand decreased the business-type activities net position as a result of GASB 101.
- The City's noncurrent liabilities of \$238.2 million primarily include \$161.6 million in net pension liabilities, \$21 million in other post-employment (OPEB) liabilities and \$55.6 million of outstanding bonded debt, leases, subscription IT liabilities, compensated absences, and claims. Total capital assets, net of depreciation and amortization, represents \$360.3 million of the \$559.3 million in total assets. A significant portion of the capital assets have been funded through bond financing from the former Brea Redevelopment Agency.

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

- At the close of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$103.1 million, an increase of \$3.1 million, which is largely due to the changes in the nonmajor governmental funds increase of \$4.1 million and offset by a \$1 million decrease in the capital improvements fund as a result of more capital expenditures for fiscal year ended June 30, 2025. Of the total combined fund balance of \$103.1 million for governmental funds, \$63.6 million was restricted, \$7.5 million was assigned, \$1.6 million committed and \$30.4 million was unassigned.
- The General Fund reported a decrease of about \$500 thousand primarily due to a one-time revenue of \$6.5 million from the Olinda Alpha Landfill and a full year of revenue from the advanced life support services resulting in a \$2 million increase in charges for services. Additionally, there was also an increase of a combined \$1 million from other charges for services and investment income. The increase in revenue was offset by an increase of \$4.6 million in public safety expenses related to an increase in salaries and benefits, as well as \$6 million spent on the modernization of Arovista Park resulting in a total ending fund balance of \$54.5 million. Of the total ending fund balance, \$7.5 million was assigned, \$14 million was restricted, \$1.6 million was committed and \$31.4 million was unassigned. The unassigned balance is available for future appropriations.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

## BASIC FINANCIAL STATEMENTS

**Government-wide Financial Statements** – The Government-wide Financial Statements are intended to provide a “Big Picture” view of the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets (including non-spendable assets like streets and roads) and any deferred outflows, liabilities (including long-term liabilities that may be paid over twenty or more years) and any deferred inflows of resources. All of the current year revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

**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 water utility, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. The City charges fees to customers to recover the cost of providing these services.

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

The City utilizes three broad categories of funds:

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

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

**Fiduciary Funds** – The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Net Position** – Net position may serve over time as a useful indicator of a government’s financial position. The City’s combined net position for the year ended June 30, 2025, was \$329.4 million of which \$318.8 million was the net investment in capital assets such as construction in progress, equipment, buildings and infrastructure. Of the remaining total, \$67.1 million was restricted to specific law, contracts or other agreements such as affordable housing, public safety, capital projects and debt service. The remaining deficit of \$56.5 million was unrestricted.

**Table 1**  
**Net Position**  
**June 30, 2025**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 111,306	\$ 111,866	\$ 38,583	\$ 29,620	\$ 149,889	\$ 141,486
Capital assets	222,642	217,462	137,693	138,415	360,335	355,877
Noncurrent assets	33,803	30,761	15,263	17,189	49,066	47,950
Total assets	<u>367,751</u>	<u>360,089</u>	<u>191,539</u>	<u>185,224</u>	<u>559,290</u>	<u>545,313</u>
Deferred charge on refunding	-	-	847	907	847	907
Deferred pension/OPEB related items	43,707	75,278	1,573	2,846	45,280	78,124
Total Deferred Outflows of Resources	<u>43,707</u>	<u>75,278</u>	<u>2,420</u>	<u>3,753</u>	<u>46,127</u>	<u>79,031</u>
Noncurrent liabilities						
Due within one year	6,605	5,420	2,085	1,857	8,690	7,277
Due in more than one year	181,154	181,133	48,387	51,982	229,541	233,115
Other liabilities	16,897	17,108	6,113	5,510	23,010	22,618
Total liabilities	<u>204,656</u>	<u>203,661</u>	<u>56,585</u>	<u>59,349</u>	<u>261,241</u>	<u>263,010</u>
Deferred Pension/OPEB/Lease related	14,120	16,121	619	800	14,739	16,921
Total Deferred Inflows of Resources	<u>14,120</u>	<u>16,121</u>	<u>619</u>	<u>800</u>	<u>14,739</u>	<u>16,921</u>
Net Investment in Capital Assets	219,133	214,585	99,637	98,595	318,770	313,180
Restricted	63,564	54,760	3,546	2,684	67,110	57,444
Unrestricted	<u>(90,015)</u>	<u>(53,760)</u>	<u>33,571</u>	<u>27,549</u>	<u>(56,444)</u>	<u>(26,211)</u>
Total net position	<u>\$ 192,682</u>	<u>\$ 215,585</u>	<u>\$ 136,754</u>	<u>\$ 128,828</u>	<u>\$ 329,436</u>	<u>\$ 344,413</u>

**Net Investment of Capital Assets** – The largest component of the \$559.3 million in total assets is the City’s investment in capital assets (e.g., land, buildings, infrastructure, and equipment), representing \$360.3 million or 64.4% of total assets.

**Noncurrent Liabilities** –Of the \$238.2 million in long-term (non-current) liabilities, \$55.6 million represents outstanding bonded debt, leases, SBITA, claims, and compensated absences, \$161.6 million represents net pension liability, and \$21 million represents the City’s total OPEB liability. During the fiscal year ended June 30, 2025, noncurrent liabilities decreased by \$2.2 million. This increase includes a 3% decrease in net pension liabilities, a 4.3% decrease in OPEB liability, and a 7.2% increase related to the bonds, leases, SBITA, claims and compensated absences primarily due to the implementation of GASB 101. Governments are now required to account for the estimated sick leave balances and related payroll liabilities in addition to the accrued vacation as part of compensated absences. Please refer to Notes 9,10, and 18 to the basic financial statements for additional information.

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

**Table 2**  
**Changes in Net Position**  
**Fiscal Year Ended June 30, 2025**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 10,743	\$ 7,983	\$ 37,231	\$ 34,968	\$ 47,974	\$ 42,951
Operating grants and contributions	7,894	6,906	11	145	7,905	7,051
Capital grants and contributions	1,369	3,864	-	-	1,369	3,864
<b>General Revenues</b>						
<b>Taxes</b>						
Property taxes	25,241	24,080	-	-	25,241	24,080
Sales taxes	26,339	27,128	-	-	26,339	27,128
Transient occupancy taxes	2,621	2,617	-	-	2,621	2,617
Franchise taxes	3,089	3,149	-	-	3,089	3,149
Other taxes	5,818	5,570	-	-	5,818	5,570
Rental Income	3,004	2,906	-	-	3,004	2,906
Use of money and property	6,518	5,113	1,904	1,132	8,422	6,245
Other	10,323	4,398	-	-	10,323	4,398
Gain on sale of capital asset	77	183	69	52	146	235
<b>Total Revenues</b>	<b>103,036</b>	<b>93,897</b>	<b>39,215</b>	<b>36,297</b>	<b>142,251</b>	<b>130,194</b>
<b>Expenses</b>						
General government	9,926	13,215	-	-	9,926	13,215
Public safety	80,541	72,585	-	-	80,541	72,585
Community development	5,782	10,402	-	-	5,782	10,402
Community services	11,071	9,701	-	-	11,071	9,701
Public works	14,899	10,200	-	-	14,899	10,200
Interest on long-term debt	39	96	-	-	39	96
Water utility	-	-	19,480	17,671	19,480	17,671
Sewer utility	-	-	1,681	2,532	1,681	2,532
Urban runoff	-	-	694	723	694	723
Sanitation	-	-	4,037	4,154	4,037	4,154
Information technology external support	-	-	543	1,097	543	1,097
Golf course	-	-	4,156	3,765	4,156	3,765
<b>Total Expenses</b>	<b>122,258</b>	<b>116,199</b>	<b>30,591</b>	<b>29,942</b>	<b>152,849</b>	<b>146,141</b>
Change in net position before transfers	(19,222)	(22,302)	8,624	6,355	(10,598)	(15,947)
Transfers	-	875	-	(875)	-	-
Change in net position	(19,222)	(21,427)	8,624	5,480	(10,598)	(15,947)
Net position at beginning of year, as restated	211,904	237,012	128,130	123,348	340,034	360,360
Net position at end of year	\$ 192,682	\$ 215,585	\$ 136,754	\$ 128,828	\$ 329,436	\$ 344,413

The City's total revenues for the fiscal year ended June 30, 2025, were \$142.3 million. The majority of the revenues consists of \$48 million (33.7%) from fees charged for services, and \$63.1 million (44.4%) in taxes revenue. Overall, revenues for the fiscal year ended June 30, 2025 increased by \$12 million, a 9.3% increase from the prior year.

- Charges for services increased by \$5 million, primarily due to the recent cost recovery from the Water Fund of about \$2 million as well as an increase in the General Fund of about \$2 million due to the advanced life support services provided by the Fire and Rescue Department.
- Capital grants and contributions decreased by \$2.5 million, partly due to a \$1 million reduction of grants related to the COVID-19 funding and another \$1 million decrease in County grants supporting capital projects.

- Total taxes increased by \$564 thousand mainly attributable to a \$1 million increase in property taxes offset by a \$789 thousand decrease in sales taxes.
- Use of money and property increased \$2.2 million (35%) mainly due to the increase in investment income as a result of favorable market rates.

The City's total expenses were \$152.9 million, comprised of \$9.9 million (6.5%) for general government, \$80.5 million (52.7%) for public safety, \$15 million (9.7%) for public works, \$11.1 million (7.2%) for community services, \$5.8 million (3.8%) for community development and \$30.6 million (20.1%) for business-type activities. Total expenses increased \$6.7 million from the prior year. Of the total increase, majority pertain to an \$8 million increase in expenses for public safety, an increase of \$4.7 million in public works, and an increase of \$1.8 million in water expenses. These were offset by a decrease in expenses in the general government and community development of \$3.3 million and \$4.6 million, respectively. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City's pension expense.

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

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

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

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

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

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

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

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

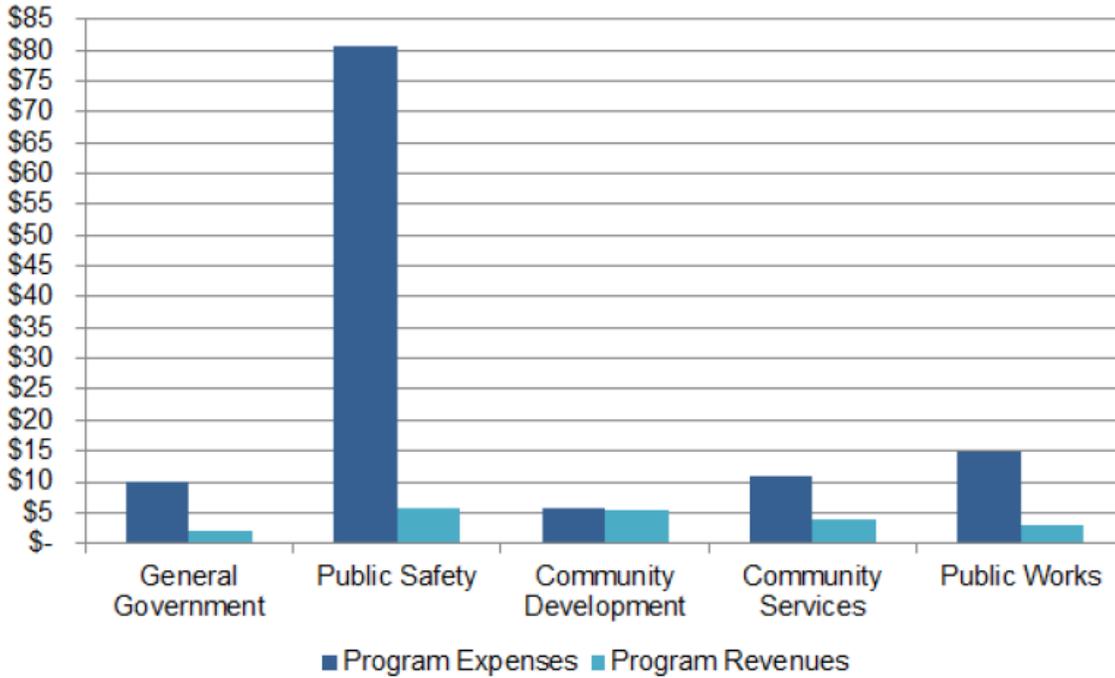
**Table 3**  
**Governmental Activities**  
**Fiscal Year Ended June 30, 2025**  
**(in thousands)**

	Program Expenses		Program Revenues	
	2025	2024	2025	2024
General government	\$ 9,926	\$ 13,215	\$ 2,154	\$ 1,884
Public safety	80,541	72,585	5,619	3,105
Community development	5,782	10,402	5,344	5,081
Community services	11,071	9,701	4,027	3,355
Public works	14,899	10,200	2,862	5,328
Interest on long-term debt	39	96	-	-
<b>Totals</b>	<b>\$ 122,258</b>	<b>\$ 116,199</b>	<b>\$ 20,006</b>	<b>\$ 18,753</b>

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

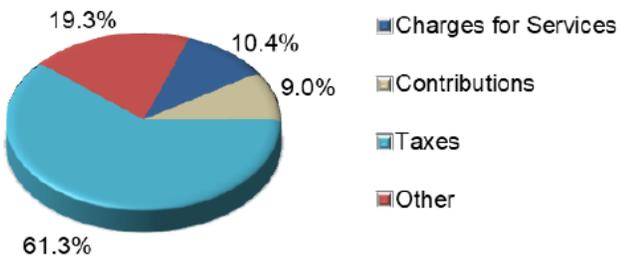
Overall program expenses have increased from prior year by \$6.1 million and an increase in net cost of services by \$4.8 million due to the significant increase in pension expense as previously discussed. Please refer to Note 10 to the financial statements and the required supplementary information for additional information on the City’s pension expense.

**Table 4**  
**Program Expenses and Revenues - Governmental Activities**  
**Fiscal Year Ended June 30, 2025**  
(in millions)

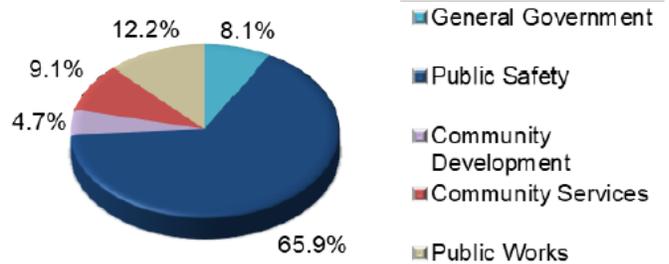


**Table 5**  
**Governmental Activities**  
**Fiscal Year Ended June 30, 2025**

Revenues by Source



Functional Expense



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

*Revenues*

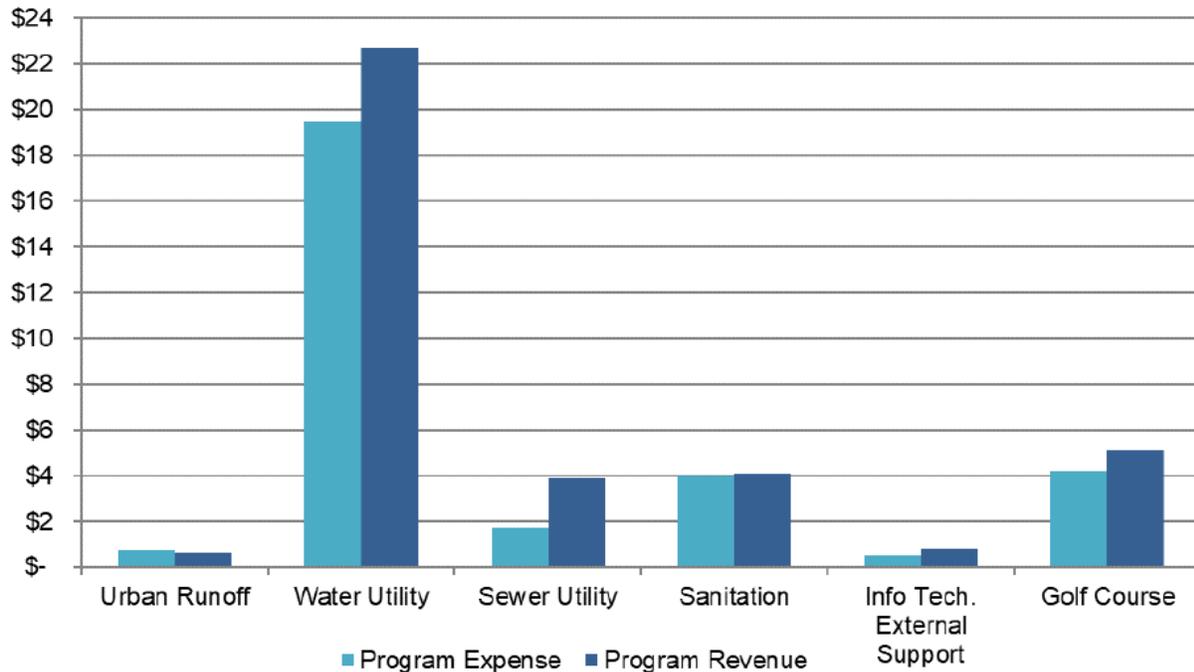
- The City’s total governmental activities included program and general revenues of \$103 million. Charges for services were \$10.7 million (10.4%), both operating and capital grants and contributions were \$9.3 million (9%), taxes were \$63.1 million (61.3%) and other revenues were \$19.9 million (19.3%).

*Expenses*

- In the current year, expenses for all Governmental Activities totaled \$122.3 million. Of this amount, 8.1% was spent on general government, 65.9% on public safety (including both police and fire), 9.1% on community services, 4.7% on community development, and 12.2% on public works.

**Business-type Activities** – Business-type Activities increased the City’s net position by \$8.6 million, primarily due to the changes in the net position of the water utility, sewer utility, urban runoff, sanitation, information technology external support to public agencies and golf course activities. These activities are financed mainly by fees charged to external parties for goods and services.

**Table 6**  
**Program Expense & Revenue – Business-type Activities**  
**Fiscal Year Ended June 30, 2025**  
**(in millions)**



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

The Water Utility experienced an increase in net position of \$4.3 million. Of the \$18.5 million in water related expenses, 45.0% was for the purchase of water, 26.1% was for maintenance and other operating expenses, 16.4% was related to depreciation expense, and 12.5% for personnel costs. Water rates were adjusted in June 2023, with subsequent CPI increases, to fund ongoing operations, recapture the bond coverage ratio, and provide funding for planned capital improvements to the water utility system.

The Sewer Utility had an increase in net position of \$2.8 million. The increase in net position was primarily due to operating income of \$2.2 million, which was mainly due to a decrease in personnel services related to the pension and OPEB liabilities.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds** – Utilizing the financial resources measurement focus, the City's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the City's governmental funds reported a total combined fund balance of \$103.1 million, an increase of \$3 million from the prior year. Approximately 61.7% of the City's governmental funds ending fund balances, or \$63.6 million was restricted fund balance and is legally restricted by external parties. The remaining \$39.5 million is nonspendable, committed, assigned and unassigned fund balance, which is available for spending at the government's discretion. Please refer to Note 13 to financial statements for additional details on fund balance classifications.

The General Fund ended the fiscal year with a fund balance of \$54.5 million, which is a net decrease of \$500 thousand, which is explained on page 30. The General Fund's unassigned fund balance of \$31.4 million is available for future appropriations.

The Affordable Housing Fund ended the fiscal year with a fund balance of \$4.6 million, all of which is restricted for affordable housing activities.

The Low and Moderate Income Housing Asset Fund ended the fiscal year with a fund balance of \$19.4 million all of which is restricted for low and moderate income housing activities.

The City's Capital Projects Fund ended the fiscal year with a fund balance of \$5 million, a decrease of \$1 million. This decrease was primarily due to expenditures on capital projects and improvements. The \$5 million fund balance is restricted for future capital projects.

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

The Water Utility Fund ended the fiscal year with a net position of \$96.7 million. The increase in net position was primarily due to revenues over expenses of \$4.3 million. Of the \$96.7 million in net position, \$69.9 million is net investment in capital assets, \$2.9 million is restricted for debt service and \$23.9 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

The Sewer Utility Fund ended the fiscal year with \$27.2 million in net position, an increase of \$2.7million. The increase in net position was primarily due to a decrease of \$1 million in expenses as compared to prior year, while revenue slightly increased. Of the \$27.2 million in net position \$19.4 million is net investment in capital assets and \$7.6 million is unrestricted. Amounts have been allocated or encumbered for capital projects currently under construction. Please refer to the Capital Asset Table 7 below for additional discussion.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### *Variances to Original Budget*

Differences between the General Fund original budget revenues and the final amended budget were decreased by \$842 thousand and are briefly summarized as follows:

- Overall increase in taxes of \$200 thousand was primarily due to increase in real property tax transfer revenue that was received more than projected.
- Overall increase in intergovernmental revenues of \$578 thousand is primarily attributed to State and Federal reimbursement received throughout the fiscal year. This includes Cal-OES reimbursement for various Fire Strike Team responses such as the Park Fire in Chico, the Lake Fire in Santa Barbara County and the Airport Fire in Trabuco Canyon.
- Overall increase in other revenues of \$64 thousand was primarily due to recovery of property damage costs associated with various traffic accidents reimbursed by insurance policyholders and/or responsible parties.

Differences between the General Fund original budget expenditures for other financing sources (uses) and the final amended budget were increased by \$15.3 million and was mainly attributed to funding various equipment and capital improvement projects including the modernization of Arovista Park.

### *Variances with Final Budget*

Differences between the General Fund final budget revenues and actual resources were \$283 thousand more than anticipated. The major variance was attributed to investment income being higher than expected offset by a shortfall in taxes revenue.

Differences between the General Fund final budget expenditures and actual expenditures were \$4.7 million less than anticipated. The variance is primarily attributed to salaries and benefits savings as well as the continuation of projects including the General Plan Update effort and the new in-house Ambulance Services Program in the Fire Services Department.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2025, amounts to \$360.3 million (net of accumulated depreciation and amortization). This investment includes a broad range of capital assets such as land, structures and improvements, furniture, machinery and equipment, park facilities, roads, sidewalks, water system, storm drains, sound walls, and bridges. The total net increase (including additions and deletions) of \$4.4 represents a 1.2% increase from the previous fiscal year.

**Table 7**  
**Capital Assets (net of depreciation and amortization)**  
**Fiscal Year Ended June 30, 2025**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 62,093	\$ 62,093	\$ 11,629	\$ 11,629	\$ 73,722	\$ 73,722
Water rights	-	-	32,375	32,375	32,375	32,375
Structures and improvements	57,534	59,795	4,026	4,086	61,560	63,881
Equipment	7,829	6,929	352	371	8,181	7,300
Infrastructure	62,500	65,333	81,616	85,172	144,116	150,505
Construction in progress	32,256	23,081	7,695	4,775	39,951	27,856
Right-to-use assets	430	231	-	7	430	238
<b>Totals</b>	<b>\$ 222,642</b>	<b>\$ 217,462</b>	<b>\$ 137,693</b>	<b>\$ 138,415</b>	<b>\$ 360,335</b>	<b>\$ 355,877</b>

The increase of \$5.2 million for governmental activities was due to the net increase of \$9.2 million of various projects to construction-in-progress (CIP) and remaining reduction due to accumulated depreciation to various pavement, traffic and street improvement projects. The \$722 thousand decrease in Business-Type Activities is due to an increase of \$2.9 million continuous water infrastructure improvement projects that are ongoing throughout the City and the related depreciation of about \$3.7 million.

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

**Long-Term Debt**

At the end of the current fiscal year, the City had total long-term debt outstanding for bonds, leases, SBITAS, claims and compensated absences of \$55.6 million for all governmental and business-type activities.

**Table 8  
Long Term Debt  
Fiscal Year Ended June 30, 2025  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Lease revenue bonds	\$ 2,220	\$ 2,220	\$ -	\$ -	\$ 2,220	\$ 2,220
Water revenue bonds	-	-	36,060	37,675	36,060	37,675
Leases	243	69	-	-	243	69
Subscription IT liabilities	115	124	-	7	115	131
Compensated absences	7,283	3,152	788	313	8,071	3,457
Claims and judgments	5,689	4,823	-	-	5,689	4,823
Unamortized Bond Premium	417	464	2,843	3,046	3,260	3,510
<b>Totals</b>	<b>\$ 15,967</b>	<b>\$ 10,852</b>	<b>\$ 39,691</b>	<b>\$ 41,041</b>	<b>\$ 55,658</b>	<b>\$ 51,885</b>

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

**FACTORS AFFECTING NEXT YEAR’S BUDGET**

The fiscal year 2025-27 biennial General Fund budgeted revenues are \$74.4 million for fiscal year 2025-26 and budgeted expenditures are \$72.3 million.

A brief summary of the factors considered when preparing year one of the fiscal year 2025-27 budget are summarized below:

- Sales tax revenue is the City’s single largest revenue source representing approximately 37% of the FY 2025-27 General Fund budget. Sales tax revenues are projected to increase on average 6% over the FY 2024-25 actuals for the next two years with an average growth of 1.7% for the remaining three years covering FY 2027-28 through FY 2029-30. This assumption includes preliminary sales tax growth related to new development including the Brea Mall Mixed Use Project and is subject to change as more information becomes available.
- General Fund property taxes are the second-largest revenue source representing 22% of the FY 2025-27 budget. Property tax revenues are anticipated to grow by 4.0% over the FY 2024-25 year-end estimate and future years beyond FY 2026-27 remain conservative at 2%. They will be adjusted as more information becomes available regarding development projects within the community and as construction begins to break ground.
- The FY 2025-27 General Fund Operating Budget also takes into consideration the use of excess General Fund reserves above the City’s policy limit of 25% and transfers from other funds to assist the organization in maintaining service levels to the community as the organization regains momentum in the coming fiscal years. This fund balancing strategy will avoid making severe service reductions until the organization has an opportunity to better understand the changing economic environment.

- In addition, staff continues to explore new revenue opportunities with City Council, including but not limited, to short-term rental opportunities, economic development incentive initiatives, cell tower lease opportunities and evaluation of various tax updates to transient occupancy tax (“hotel tax”) and business license tax. These efforts will help maintain long-term financial perspective and will be included in the budget as decisions are approved by City Council.

#### **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, CA 92821, at (714) 990-7676.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF BREA, CALIFORNIA**  
**Statement of Net Position**  
**June 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 93,527,716	\$ 32,311,269	\$ 125,838,985
Receivables (net of uncollectibles)			
Accounts	4,024,316	4,460,240	8,484,556
Taxes	276,741	-	276,741
Accrued interest	4,283,269	-	4,283,269
Due from other governments	6,041,329	30,320	6,071,649
Notes and loans	16,180,432	-	16,180,432
Lease receivables	5,444,120	-	5,444,120
Internal balances	534,494	(534,494)	-
Restricted assets			
Cash and investments	13,988,708	1,232,246	15,220,954
Cash and investments with fiscal agent	32	2,314,289	2,314,321
Land held for resale	800,000	-	800,000
Prepaid items	8,247	992	9,239
Capital assets (not being depreciated)	94,348,716	51,698,888	146,047,604
Capital assets (net of accumulated depreciation/amortization)	128,293,287	85,994,063	214,287,350
Equity in California Domestic Water Company	-	14,031,086	14,031,086
<b>Total assets</b>	<b>367,751,407</b>	<b>191,538,899</b>	<b>559,290,306</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	847,286	847,286
Pension-related	41,906,298	1,236,547	43,142,845
OPEB-related	1,801,182	336,135	2,137,317
<b>Total deferred outflows of resources</b>	<b>43,707,480</b>	<b>2,419,968</b>	<b>46,127,448</b>
<b>LIABILITIES</b>			
Accounts payable	5,412,811	5,078,954	10,491,765
Due to other governments	1,517,014	-	1,517,014
Accrued liabilities	1,762,772	115,299	1,878,071
Accrued interest	14,720	614,261	628,981
Deposits payable	858,702	304,650	1,163,352
Unearned revenue	7,332,223	-	7,332,223
Noncurrent liabilities			
Due within one year			
Bonds, notes, leases, SBITA, claims, and compensated absences	5,455,690	1,973,830	7,429,520
Net OPEB liability	1,149,744	111,152	1,260,896
Due in more than one year			
Net Pension Liability	153,813,029	7,759,470	161,572,499
Net OPEB Liability	16,829,372	2,910,289	19,739,661
Bonds, notes, leases, SBITA, claims and compensated absences	10,510,858	37,717,071	48,227,929
<b>Total liabilities</b>	<b>204,656,935</b>	<b>56,584,976</b>	<b>261,241,911</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related	3,592,540	-	3,592,540
OPEB-related	5,319,911	619,338	5,939,249
Lease-related	5,207,862	-	5,207,862
<b>Total deferred inflows of resources</b>	<b>14,120,313</b>	<b>619,338</b>	<b>14,739,651</b>
<b>NET POSITION</b>			
Net investment in capital assets	219,132,101	99,637,427	318,769,528
Restricted			
General government	9,426,090	-	9,426,090
Public safety	5,409,975	-	5,409,975
Community development	41,365,676	-	41,365,676
Public works	7,362,536	-	7,362,536
Debt service	-	3,546,535	3,546,535
Unrestricted	(90,014,739)	33,570,591	(56,444,148)
<b>Total net position</b>	<b>\$ 192,681,639</b>	<b>\$ 136,754,553</b>	<b>\$ 329,436,192</b>

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**CITY OF BREA, CALIFORNIA**  
**Statement of Activities**  
**For The Year Ended June 30, 2025**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Contributions and Grants</b>	<b>Capital Contributions and Grants</b>
<b>Primary government</b>				
<b>Governmental activities</b>				
General government	\$ 9,926,499	\$ 889,491	\$ 1,264,861	\$ -
Public safety	80,540,696	3,201,002	2,415,704	2,500
Community development	5,782,006	3,190,648	1,915,194	238,371
Community services	11,071,303	3,076,354	950,341	-
Public works	14,899,504	385,375	1,347,775	1,128,679
Interest on long-term debt	38,743	-	-	-
<b>Total governmental activities</b>	<b>122,258,751</b>	<b>10,742,870</b>	<b>7,893,875</b>	<b>1,369,550</b>
<b>Business-type activities</b>				
Water utility	19,479,790	22,726,227	-	-
Sewer utility	1,681,230	3,883,048	-	-
Urban runoff	694,518	586,250	-	-
Sanitation	4,036,613	4,065,871	11,360	-
Information technology	543,209	824,287	-	-
Golf course	4,155,846	5,145,808	-	-
<b>Total business-type activities</b>	<b>30,591,206</b>	<b>37,231,491</b>	<b>11,360</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 152,849,957</b>	<b>\$ 47,974,361</b>	<b>\$ 7,905,235</b>	<b>\$ 1,369,550</b>
		<b>General revenues</b>		
		General revenues		
		Property taxes		
		Transient occupancy taxes		
		Sales taxes		
		Franchise taxes		
		Other taxes		
		Rental income		
		Use of money and property		
		Other		
		Gain (loss) on sale of capital assets		
		<b>Total general revenues</b>		
		<b>Change in net position</b>		
		Net position-beginning		
		Restatement - change in accounting principle		
		Net position-beginning, as restated		
		<b>Net position-ending</b>		

**Net (Expenses) Revenues and  
Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (7,772,147)	\$ -	\$ (7,772,147)
(74,921,490)	-	(74,921,490)
(437,793)	-	(437,793)
(7,044,608)	-	(7,044,608)
(12,037,675)	-	(12,037,675)
(38,743)	-	(38,743)
<b>(102,252,456)</b>	<b>-</b>	<b>(102,252,456)</b>
-	3,246,437	3,246,437
-	2,201,818	2,201,818
-	(108,268)	(108,268)
-	40,618	40,618
-	281,078	281,078
-	989,962	989,962
-	<b>6,651,645</b>	<b>6,651,645</b>
<b>(102,252,456)</b>	<b>6,651,645</b>	<b>(95,600,811)</b>
25,241,367	-	25,241,367
2,620,969	-	2,620,969
26,338,645	-	26,338,645
3,089,030	-	3,089,030
5,817,622	-	5,817,622
3,003,790	-	3,003,790
6,518,112	1,904,400	8,422,512
10,323,383	-	10,323,383
76,655	68,514	145,169
<b>83,029,573</b>	<b>1,972,914</b>	<b>85,002,487</b>
<b>(19,222,883)</b>	<b>8,624,559</b>	<b>(10,598,324)</b>
215,584,772	128,828,332	344,413,104
(3,680,250)	(698,338)	(4,378,588)
211,904,522	128,129,994	340,034,516
<b>\$ 192,681,639</b>	<b>\$ 136,754,553</b>	<b>\$ 329,436,192</b>

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## **Major Governmental Funds**

### **General Fund**

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

### **Affordable Housing Fund**

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

### **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 nonmajor special revenue funds and General Fund.

### **Nonmajor Governmental Funds**

Nonmajor 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 nonmajor governmental funds.

**CITY OF BREA, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>General</u>	<u>Affordable Housing</u>	<u>Housing Successor</u>	<u>Capital Improvements</u>
<b>ASSETS</b>				
Cash and investments	\$ 36,357,072	\$ 10,510,070	\$ 5,173,206	\$ 8,478,066
Receivables (net of uncollectibles)				
Accounts	3,677,598	-	54,477	-
Taxes	247,557	-	-	-
Interest	983,652	-	3,299,617	-
Notes and loans	-	101,276	14,562,142	-
Leases	5,444,120	-	-	-
Due from other funds	1,120,450	-	-	-
Prepaid items	8,247	-	-	-
Land held for resale	-	-	800,000	-
Due from other governments	3,649,604	-	-	749,353
Restricted assets				
Cash and investments	13,988,708	-	-	-
Cash and investments with fiscal agent	32	-	-	-
<b>Total assets</b>	<b>\$ 65,477,040</b>	<b>\$ 10,611,346</b>	<b>\$ 23,889,442</b>	<b>\$ 9,227,419</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,128,282	\$ 1,270	\$ 374,435	\$ 3,005,671
Accrued liabilities	1,590,348	-	3,784	9,989
Unearned revenues	62,117	6,028,492	-	458,978
Deposits payable	857,785	-	917	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>3,638,532</b>	<b>6,029,762</b>	<b>379,136</b>	<b>3,474,638</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to leases	5,207,862	-	-	-
Unavailable revenues	2,169,909	-	4,147,631	748,648
<b>Total deferred inflows of resources</b>	<b>7,377,771</b>	<b>-</b>	<b>4,147,631</b>	<b>748,648</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	8,247	-	-	-
Restricted	13,988,740	4,581,584	19,362,675	5,004,133
Committed	1,578,689	-	-	-
Assigned	7,475,407	-	-	-
Unassigned	31,409,654	-	-	-
<b>Total fund balances (deficits)</b>	<b>54,460,737</b>	<b>4,581,584</b>	<b>19,362,675</b>	<b>5,004,133</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 65,477,040</b>	<b>\$ 10,611,346</b>	<b>\$ 23,889,442</b>	<b>\$ 9,227,419</b>

**CITY OF BREA, CALIFORNIA**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2025**

	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 20,927,330	\$ 81,445,744
Receivables (net of uncollectibles)		
Accounts	181,930	3,914,005
Taxes	29,184	276,741
Interest	-	4,283,269
Notes and loans	1,517,014	16,180,432
Leases	-	5,444,120
Due from other funds	-	1,120,450
Prepaid items	-	8,247
Land held for resale	-	800,000
Due from other governments	1,637,814	6,036,771
Restricted assets		
Cash and investments	-	13,988,708
Cash and investments with fiscal agent	-	32
<b>Total assets</b>	<b>\$ 24,293,272</b>	<b>\$ 133,498,519</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 408,774	\$ 4,918,432
Accrued liabilities	56,459	1,660,580
Unearned revenues	782,636	7,332,223
Deposits payable	-	858,702
Due to other governments	1,517,014	1,517,014
Due to other funds	1,120,450	1,120,450
<b>Total liabilities</b>	<b>3,885,333</b>	<b>17,407,401</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to leases	-	5,207,862
Unavailable revenues	715,896	7,782,084
<b>Total deferred inflows of resources</b>	<b>715,896</b>	<b>12,989,946</b>
<b>FUND BALANCES (DEFICITS)</b>		
Nonspendable	-	8,247
Restricted	20,627,145	63,564,277
Committed	-	1,578,689
Assigned	-	7,475,407
Unassigned	(935,102)	30,474,552
<b>Total fund balances (deficits)</b>	<b>19,692,043</b>	<b>103,101,172</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 24,293,272</b>	<b>\$ 133,498,519</b>

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**CITY OF BREA, CALIFORNIA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2025**

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

Total fund balances - governmental funds		\$ 103,101,172
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		214,942,584
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	\$ 40,877,372	
Deferred outflows-OPEB related	1,599,290	
Deferred inflows-pension related	(3,592,540)	
Deferred inflows-OPEB related	<u>(4,930,803)</u>	
Total deferred outflows and inflows related to post-employment benefits		33,953,319
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Long-term receivables		7,782,084
Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.		6,314,732
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Lease revenue bonds	(2,220,000)	
Leases and SBITA payable	(257,297)	
Compensated absences	(6,910,895)	
Accrued interest payable on long-term debt	(14,720)	
Net pension liability	(147,356,408)	
Net OPEB liability	<u>(16,236,354)</u>	
Total long-term liabilities		(172,995,674)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Bond premiums		<u>(416,578)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 192,681,639</u></u></b>

**CITY OF BREA, CALIFORNIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2025**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>General</u>	<u>Affordable Housing</u>	<u>Housing Successor</u>	<u>Capital Improvements</u>
<b>REVENUES</b>				
Taxes	\$ 54,251,895	\$ -	\$ -	\$ -
Licenses and permits	393,256	-	-	-
Intergovernmental	16,864,156	-	-	1,227,635
Charges for services	6,498,550	-	-	307,687
Investment income, net	3,640,643	566,690	298,438	411,471
Fines and forfeitures	323,014	-	-	-
Rental income	3,003,790	-	-	-
Other revenues	2,835,238	155,345	126,226	-
<b>Total revenues</b>	<b>87,810,542</b>	<b>722,035</b>	<b>424,664</b>	<b>1,946,793</b>
<b>EXPENDITURES</b>				
Current				
General government	8,797,691	24,740	12,638	86,925
Public safety	50,908,623	-	-	-
Community services	10,079,172	-	-	-
Community development	3,289,247	15,240	630,425	-
Public works	7,577,676	-	-	493,231
Capital outlay	1,025,597	-	-	10,866,620
Debt service				
Principal	144,239	-	-	-
Interest and fiscal charges	94,636	-	-	-
<b>Total expenditures</b>	<b>81,916,881</b>	<b>39,980</b>	<b>643,063</b>	<b>11,446,776</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,893,661</b>	<b>682,055</b>	<b>(218,399)</b>	<b>(9,499,983)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600,000	-	-	8,493,963
Transfers out	(7,315,226)	-	-	-
Proceeds from sale of capital assets	88,838	-	-	-
Leases and SBITAs issuance proceeds	231,951	-	-	-
<b>Total other financing sources (uses)</b>	<b>(6,394,437)</b>	<b>-</b>	<b>-</b>	<b>8,493,963</b>
<b>Net change in fund balances</b>	<b>(500,776)</b>	<b>682,055</b>	<b>(218,399)</b>	<b>(1,006,020)</b>
Fund balances-beginning	54,961,513	3,899,529	19,581,074	6,010,153
<b>Fund balances (deficit)-ending</b>	<b>\$ 54,460,737</b>	<b>\$ 4,581,584</b>	<b>\$ 19,362,675</b>	<b>\$ 5,004,133</b>

**CITY OF BREA, CALIFORNIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**For The Year Ended June 30, 2025**

	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
Taxes	\$ 3,038,116	\$ 57,290,011
Licenses and permits	-	393,256
Intergovernmental	4,150,600	22,242,391
Charges for services	-	6,806,237
Investment income, net	920,241	5,837,483
Fines and forfeitures	-	323,014
Rental income	-	3,003,790
Other revenues	2,987,228	6,104,037
<b>Total revenues</b>	<b>11,096,185</b>	<b>102,000,219</b>
<b>EXPENDITURES</b>		
Current		
General government	330,075	9,252,069
Public safety	1,853,965	52,762,588
Community services	129,140	10,208,312
Community development	1,133,079	5,067,991
Public works	1,310,654	9,381,561
Capital outlay	602,114	12,494,331
Debt service		
Principal	-	144,239
Interest and fiscal charges	-	94,636
<b>Total expenditures</b>	<b>5,359,027</b>	<b>99,405,727</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,737,158</b>	<b>2,594,492</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	56,000	9,149,963
Transfers out	(1,684,737)	(8,999,963)
Proceeds from sale of capital assets	-	88,838
Leases and SBITAs issuance proceeds	-	231,951
<b>Total other financing sources (uses)</b>	<b>(1,628,737)</b>	<b>470,789</b>
<b>Net change in fund balances</b>	<b>4,108,421</b>	<b>3,065,281</b>
Fund balances-beginning	15,583,622	100,035,891
<b>Fund balances (deficit)-ending</b>	<b>\$ 19,692,043</b>	<b>\$ 103,101,172</b>

**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, 2025**

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

Net change in fund balances - total governmental funds:		\$ 3,065,281
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.</p>		
Capital outlay	\$ 12,426,121	
Depreciation/amortization expense	<u>(7,584,098)</u>	
Total adjustment		4,842,023
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Earned but unavailable grant revenues		285,255
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position.</p>		
Loss/(gain) on disposal of capital assets		3,583
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Leases and subscriptions issued	(231,951)	
Lease and subscription payments	144,239	
Amortization of bond premiums and discounts	<u>47,658</u>	
Total adjustment		(40,054)
<p>Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		(1,433,639)
<p>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.</p>		
Accrued interest on long-term debt	12,359	
Compensated absences	(455,875)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(26,266,280)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>764,464</u>	
Total adjustment		<u>(25,945,332)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ (19,222,883)</u></b>

**Proprietary Fund Financial Statements**

## **Major Enterprise Funds**

### **Water Utility Fund**

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

### **Sewer Utility Fund**

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

### **Nonmajor Enterprise Funds**

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

### **Governmental Activities**

#### **Internal Services Funds**

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

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**CITY OF BREA, CALIFORNIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 16,815,487	\$ 8,758,178	\$ 6,737,604	\$ 32,311,269	\$ 12,081,972
Receivables (net of uncollectibles)					
Accounts	3,287,046	420,009	753,185	4,460,240	110,311
Due from other governments	-	-	30,320	30,320	4,558
Prepaid expenses	-	-	992	992	-
Restricted					
Cash and investments	618,712	226,516	387,018	1,232,246	-
Cash and investments with fiscal agent	2,314,289	-	-	2,314,289	-
Total current assets	23,035,534	9,404,703	7,909,119	40,349,356	12,196,841
Noncurrent					
Capital assets, net of depreciation and amortization	107,907,244	19,424,626	10,361,081	137,692,951	7,699,419
Equity in California Domestic Water Company (CDWC)	14,031,086	-	-	14,031,086	-
Total noncurrent assets	121,938,330	19,424,626	10,361,081	151,724,037	7,699,419
<b>Total assets</b>	<b>144,973,864</b>	<b>28,829,329</b>	<b>18,270,200</b>	<b>192,073,393</b>	<b>19,896,260</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	847,286	-	-	847,286	-
Deferred pension related items	661,035	156,574	418,938	1,236,547	1,028,926
Deferred OPEB related items	156,723	54,431	124,981	336,135	201,892
<b>Total deferred outflows of resources</b>	<b>1,665,044</b>	<b>211,005</b>	<b>543,919</b>	<b>2,419,968</b>	<b>1,230,818</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	3,870,085	171,599	1,037,270	5,078,954	494,379
Accrued liabilities	64,139	16,617	34,543	115,299	102,192
Accrued interest	614,261	-	-	614,261	-
Deposits payable	304,650	-	-	304,650	-
Claims and judgments, due within one year	-	-	-	-	2,070,685
Compensated absences, due within one year	195,358	32,427	46,045	273,830	136,727
Bonds, notes, leases, and SBITAs, due within one year	1,700,000	-	-	1,700,000	31,605
Net OPEB Liability, due within one year	55,079	22,389	33,684	111,152	86,628
Total current liabilities	6,803,572	243,032	1,151,542	8,198,146	2,922,216
Noncurrent liabilities					
Claims and judgments, due in more than one year	-	-	-	-	3,618,009
Compensated absences, due in more than one year	371,902	75,098	67,261	514,261	235,776
Bonds, notes, leases, and SBITAs, due in more than one year	37,202,810	-	-	37,202,810	68,976
Net pension liability	4,148,070	982,519	2,628,881	7,759,470	6,456,621
Net OPEB liability	1,175,960	417,222	1,317,107	2,910,289	1,656,134
Total noncurrent liabilities	42,898,742	1,474,839	4,013,249	48,386,830	12,035,516
<b>Total liabilities</b>	<b>49,702,314</b>	<b>1,717,871</b>	<b>5,164,791</b>	<b>56,584,976</b>	<b>14,957,732</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred OPEB related items	282,386	107,457	229,495	619,338	389,108
<b>Total deferred inflows of resources</b>	<b>282,386</b>	<b>107,457</b>	<b>229,495</b>	<b>619,338</b>	<b>389,108</b>
<b>NET POSITION</b>					
Net investment in capital assets	69,851,720	19,424,626	10,361,081	99,637,427	7,598,838
Restricted for debt service	2,933,001	226,516	387,018	3,546,535	-
Unrestricted	23,869,487	7,563,864	2,671,734	34,105,085	(1,818,600)
<b>Total net position</b>	<b>\$ 96,654,208</b>	<b>\$ 27,215,006</b>	<b>\$ 13,419,833</b>	<b>137,289,047</b>	<b>\$ 5,780,238</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				(534,494)	
<b>Net position of business-type activities</b>				<b>\$ 136,754,553</b>	

**CITY OF BREA, CALIFORNIA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2025**

	Business-Type Activities			Governmental Activities	
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 22,160,317	\$ 3,791,784	\$ 10,436,564	\$ 36,388,665	\$ 12,126,733
Connection fees	137,875	31,946	-	169,821	-
Fines and forfeitures	300,133	58,440	86,263	444,836	-
Other revenues	127,902	878	99,389	228,169	57,196
<b>Total operating revenues</b>	<b>22,726,227</b>	<b>3,883,048</b>	<b>10,622,216</b>	<b>37,231,491</b>	<b>12,183,929</b>
<b>OPERATING EXPENSES</b>					
Personnel services	2,294,646	11,216	1,391,975	3,697,837	3,783,226
Maintenance and operations	4,817,516	1,051,826	7,912,733	13,782,075	6,624,246
Cost of purchased water	8,317,133	-	-	8,317,133	-
Claims and judgments	-	-	-	-	2,801,446
Depreciation and amortization	3,034,822	566,061	90,093	3,690,976	1,052,284
<b>Total operating expenses</b>	<b>18,464,117</b>	<b>1,629,103</b>	<b>9,394,801</b>	<b>29,488,021</b>	<b>14,261,202</b>
<b>Operating income (loss)</b>	<b>4,262,110</b>	<b>2,253,945</b>	<b>1,227,415</b>	<b>7,743,470</b>	<b>(2,077,273)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	-	11,360	11,360	-
Interest income	1,003,504	496,915	403,981	1,904,400	674,854
Interest expense	(1,085,985)	-	(205)	(1,086,190)	(4,124)
Change in equity in CDWC	76,079	-	-	76,079	-
Gain on disposal of capital assets	68,514	-	9,000	77,514	12,973
<b>Total nonoperating revenues (expenses)</b>	<b>62,112</b>	<b>496,915</b>	<b>424,136</b>	<b>983,163</b>	<b>683,703</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>4,324,222</b>	<b>2,750,860</b>	<b>1,651,551</b>	<b>8,726,633</b>	<b>(1,393,570)</b>
Transfers out	-	-	-	-	(150,000)
<b>Change in net position</b>	<b>4,324,222</b>	<b>2,750,860</b>	<b>1,651,551</b>	<b>8,726,633</b>	<b>(1,543,570)</b>
Net position-beginning	92,723,218	24,622,178	11,915,356		7,573,390
Restatement - change in accounting principle	(393,232)	(158,032)	(147,074)		(249,582)
Net position-beginning, as restated	92,329,986	24,464,146	11,768,282		7,323,808
<b>Net position-ending</b>	<b>\$ 96,654,208</b>	<b>\$ 27,215,006</b>	<b>\$ 13,419,833</b>		<b>\$ 5,780,238</b>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(102,074)	
<b>Changes in net position of business-type activities</b>				<b>\$ 8,624,559</b>	

**CITY OF BREA, CALIFORNIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2025**

	Business-Type Activities			Governmental Activities	
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 22,536,625	\$ 3,918,014	\$ 10,507,930	\$ 36,962,569	\$ 12,277,532
Payments to suppliers and service providers	(12,713,848)	(909,003)	(7,848,187)	(21,471,038)	(8,307,640)
Payments to employees for salaries and benefits	(2,446,292)	(666,712)	(1,737,555)	(4,850,559)	(3,624,981)
<b>Net cash provided by (used for) operating activities</b>	<b>7,376,485</b>	<b>2,342,299</b>	<b>922,188</b>	<b>10,640,972</b>	<b>344,911</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	-	-	-	-	(150,000)
Operating grants and contributions	-	-	150,023	150,023	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>150,023</b>	<b>150,023</b>	<b>(150,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(2,164,497)	(485,798)	(333,197)	(2,983,492)	(1,266,406)
Principal paid on capital debt	(1,615,000)	-	(7,381)	(1,622,381)	(53,725)
Interest paid on capital debt	(1,264,302)	-	(205)	(1,264,507)	(4,124)
Proceeds from sales of assets	83,514	-	9,000	92,514	38,457
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(4,960,285)</b>	<b>(485,798)</b>	<b>(331,783)</b>	<b>(5,777,866)</b>	<b>(1,285,798)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	1,003,516	496,915	403,981	1,904,412	659,776
Purchase of investments	-	-	(992)	(992)	-
<b>Net cash provided by (used for) investing activities</b>	<b>1,003,516</b>	<b>496,915</b>	<b>402,989</b>	<b>1,903,420</b>	<b>659,776</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,419,716</b>	<b>2,353,416</b>	<b>1,143,417</b>	<b>6,916,549</b>	<b>(431,111)</b>
Cash and cash equivalents-beginning	16,328,772	6,631,278	5,981,205	28,941,255	12,513,083
<b>Cash and cash equivalents-ending</b>	<b>\$ 19,748,488</b>	<b>\$ 8,984,694</b>	<b>\$ 7,124,622</b>	<b>\$ 35,857,804</b>	<b>\$ 12,081,972</b>

**CITY OF BREA, CALIFORNIA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>					
Cash and investments	\$ 16,815,487	\$ 8,758,178	\$ 6,737,604	\$ 32,311,269	\$ 12,081,972
Restricted cash and investments	618,712	226,516	387,018	1,232,246	-
Cash and investments with fiscal agent	2,314,289	-	-	2,314,289	-
Total cash and cash equivalents	<u>\$ 19,748,488</u>	<u>\$ 8,984,694</u>	<u>\$ 7,124,622</u>	<u>\$ 35,857,804</u>	<u>\$ 12,081,972</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 4,262,110	\$ 2,253,945	\$ 1,227,415	\$ 7,743,470	\$ (2,077,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation/amortization expense	3,034,822	566,061	90,093	3,690,976	1,052,284
(Increase) decrease in accounts receivable	(204,839)	34,966	(114,286)	(284,159)	93,603
(Increase) decrease in prepaid items	-	-	-	-	4,620
Increase (decrease) in accounts payable	420,801	142,823	64,546	628,170	247,690
Increase (decrease) in accrued liabilities	6,153	(7,925)	(3,641)	(5,413)	11,999
Increase (decrease) in deposits payable	15,237	-	-	15,237	-
Increase (decrease) in compensated absences	13,810	(109,637)	(126,847)	(222,674)	3,593
Increase (decrease) in claims and judgments	-	-	-	-	865,742
Increase (decrease) in net pension liability	(131,305)	(521,552)	(190,370)	(843,227)	206,037
Increase (decrease) in net OPEB liability	(40,304)	(16,382)	(24,722)	(81,408)	(63,384)
Total adjustments	3,114,375	88,354	(305,227)	2,897,502	2,422,184
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 7,376,485</u>	<u>\$ 2,342,299</u>	<u>\$ 922,188</u>	<u>\$ 10,640,972</u>	<u>\$ 344,911</u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>					
Acquisition of subscription assets	\$ -	\$ -	\$ -	\$ -	\$ 162,166
Loss on disposal of assets	-	-	-	-	16,866
Amortization on bond discount/(premium)	-	(203,057)	-	(203,057)	-

**Fiduciary Fund Financial Statements**

**Private Purpose Trust Fund**

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

**Custodial Funds**

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

**CITY OF BREA, CALIFORNIA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2025**

	<b>Private Purpose Trust Fund</b>	
	<b>Successor Agency of the Former RDA</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 1,136,317	\$ 8,495,297
Receivables		
Accounts	942,965	4,000
Property taxes	-	7,517
Accrued interest	4,266	49,599
Due from other governments	-	52,045
Restricted assets		
Cash and investments with fiscal agent	12,292,217	703,994
Capital assets (net of accumulated depreciation)	-	361,395
<b>Total assets</b>	<b>14,375,765</b>	<b>9,673,847</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	1,764,657	-
<b>Total deferred outflows of resources</b>	<b>1,764,657</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts payable	-	446,132
Accrued liabilities	-	7,997
Accrued interest	1,091,444	-
Unearned revenue	-	185,217
Due to other governments	-	31,877
Long-term liabilities		
Due in one year	10,795,000	-
Due in more than one year	66,959,857	-
<b>Total liabilities</b>	<b>78,846,301</b>	<b>671,223</b>
<b>NET POSITION</b>		
Restricted for		
Individuals, organizations, and other governments	-	9,002,624
Unrestricted	(62,705,879)	-
<b>Total net position (deficit)</b>	<b>\$ (62,705,879)</b>	<b>\$ 9,002,624</b>

**CITY OF BREA, CALIFORNIA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2025**

	<b>Private Purpose Trust Fund</b>	
	<b>Successor Agency of the Former RDA</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Contributions		
Taxes and special assessments	\$ 13,488,452	\$ 976,877
Employee or member contributions	-	2,003,784
Interest and changes in fair value of investments	311,268	506,378
Miscellaneous	516,966	1,181,545
<b>Total additions</b>	<b>14,316,686</b>	<b>4,668,584</b>
<b>DEDUCTIONS</b>		
Administrative expenses	-	7,172,790
Contractual services	12,685	-
Interest expense	2,915,633	336,869
Debt service payments for Community Facilities Districts	-	550,000
Transfer of funds to the City of Whittier	-	40,644
<b>Total deductions</b>	<b>2,928,318</b>	<b>8,100,303</b>
<b>Net increase (decrease) in fiduciary net position</b>	<b>11,388,368</b>	<b>(3,431,719)</b>
Net position (deficit)-beginning	(74,094,247)	12,434,343
<b>Net position (deficit)-ending</b>	<b>\$ (62,705,879)</b>	<b>\$ 9,002,624</b>

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## **Notes to the Basic Financial Statements**

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Description of the Reporting Entity**

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

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

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

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

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

**Brea Public Financing Authority**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 ("Authority") was created by a joint exercise of powers agreement between the City of Brea, Los Angeles County, and Orange County on May 18, 1999. The purpose of the authority is to provide a means for each party to the agreement to contribute money to street improvement projects, to form an assessment district and to levy an assessment to finance the balance of the projects. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's primary source of income is from new assessments that result in additional taxes. Separate financial statements are not prepared for the Midbury Assessment Authority. There were no activities recorded for the Midbury Assessment Authority during the fiscal year as the project has been completed and is in the dissolution process.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the City are not included in these statements.

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of sales tax revenues and certain revenues related to refuse revenue sharing which are considered available if collected within 90 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

**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 Affordable Housing Fund is used to account for revenues received and expenditures made for the development of low to moderate income housing. The primary source of revenue is fees collected from developers.
- The Housing Successor Fund accounts for the housing assets as a result of the dissolution of the former Brea Redevelopment Agency. Resources generated from these assets are to be used for low to moderate income housing purposes. The primary sources of revenue are from loan repayments generated from the use of the former Brea Redevelopment Agency's Low and Moderate Income Housing Funds.
- The Capital Improvements Capital Projects Fund accounts for the costs of constructing street improvements, parks and other public improvements not normally included within the other Capital Projects Funds. Financing is provided by federal, state and county grant revenues and interfund transfers from the General Fund and special revenue funds.

**The City reports the following major proprietary funds:**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.
- Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- Internal Service Funds account for financial transactions related to repairs, replacement, and maintenance of City-owned buildings and vehicles and to account for the City's self-insurance programs and operations of the internal information technology services program. These services are provided to other departments or agencies of the City on a cost reimbursement basis.
- Custodial Funds account for assets held by the City in a custodial capacity as a trustee or as a custodian. These assets include deposits from assessment district's property owners.
- Private-Purpose Trust Fund accounts for the assets, deferred outflows or resources, and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds' function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual net position balances in internal service funds are allocated back to the governmental and enterprise funds that they originally charged.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, and Fund Balances**

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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

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

**Restricted Cash and Investments**

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

Additionally, the City has established participation in both the Public Agency Retirement Services (PARS) Post-Employment Benefits Trust Program and the Post-Retirement Health Care Trust Program as tax-exempt trusts within the meaning of Section 115 of the IRS Code. The balances and activities of the Trusts are irrevocably dedicated to funding future obligations to CalPERS and OPEB liabilities. 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.

**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). 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, 2025. The County of Orange assesses, bills, and collects property taxes for the City.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Items**

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

**Land Held for Resale**

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

**Capital Assets**

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

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

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

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

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Land and construction in progress are not depreciated. Property, plant and equipment of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

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

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

**Deferred Outflows/Inflows of Resources**

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

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

**Compensated Absences**

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Vacation**

Permanent City employees earn from 10 to 20 vacation days a year, depending upon their length of employment. The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

**Sick Leave**

Permanent City employees earn 12 sick days a year. The City's policy permits employees to accumulate earned but unused sick leave. Any unused sick leave is forfeited; converted to CalPERS service credits; or for certain employees, transferred to a retiree health savings account upon termination of employment. A liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

**Long-Term Obligations**

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt service expenditures including principal and interest payments are reported as expenditures.

**Claims and Judgments**

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

**Other Postemployment Benefits (OPEB)**

OPEB expense, deferred outflows/inflows of resources related to OPEB, and an implied subsidy payment were used to measure the net OPEB liability. The City does not provide any cash subsidy towards the benefit. The value of the trust as of the June 30, 2025 fiscal year end was \$426,016. The General Fund is used to liquidate the governmental fund OPEB liability.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The General Fund is used to liquidate the governmental fund net pension liability.

**Fund Balances**

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

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

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

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

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. As of June 30, 2025, \$65,300,921 of net position is restricted by enabling legislation.

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

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

**E. Property Taxes**

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

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

***GASB Statement No. 101, Compensated Absences***

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GASB Statement No. 102, Certain Risk Disclosures***

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

**G. New GASB Pronouncements Effective in Future Fiscal Years**

***GASB Statement No. 103, Financial Reporting Model Improvements***

The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement also requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GASB Statement No. 104, Disclosure of Certain Capital Assets***

The requirements of this statement will provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balances or Net Position**

The following individual nonmajor funds have a deficit at June 30, 2025:

Deficit Fund Balances:

Community Development Block Grant Special Revenue Fund	\$ 157,687
Organized Retail Theft Grant Special Revenue Fund	777,415

Deficit Net Position:

Sanitation Enterprise Fund	158,790
Information Technology External Support Enterprise Fund	1,550,585
Information Technology Internal Service Fund	1,829,190
Building Occupancy Internal Service Fund	378,424

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

At June 30, 2025, the Successor Agency of the Former RDA private purpose trust fund had a deficit net position amount of \$62,705,879. The deficit balance will be eliminated with future property tax revenue.

**CITY OF BREAA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 3 - CASH AND INVESTMENTS**

As of June 30, 2025, 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	\$ 125,838,985	\$ 9,631,614	\$ 135,470,599
Restricted assets:			
Cash and investments	15,220,954	-	15,220,954
Cash and investments with fiscal agents	2,314,321	12,996,211	15,310,532
Total cash and investments	<u>\$ 143,374,260</u>	<u>\$ 22,627,825</u>	<u>\$ 166,002,085</u>

Cash and investments as of June 30, 2025 consisted of the following:

Cash on hand	\$ 10,845
Deposits with financial institutions	4,886,737
Total cash	<u>4,897,582</u>
Investments	130,573,017
Restricted cash and investments	15,220,954
Cash and investments with fiscal agents	15,310,532
Total investments	<u>161,104,503</u>
Total cash and investments	<u>\$ 166,002,085</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. Deposits**

The carrying amount of the City's cash deposits was \$4,886,737 at June 30, 2025. Bank balances were \$5,050,566 at that date. The \$163,829 difference represents outstanding checks and other reconciling items.

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 government agency.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**B. Investments**

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

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

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

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

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

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

For purposes of complying with legal investment limitations, the percentages referenced above refer 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.

**NOTE 3 - CASH AND 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 \$75,000,000. The fair value of the position in the investment pool is the same as the value of the pool shares. The balance available for withdrawal on demand is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated and not registered with the Securities and Exchange Commission (SEC).

**Restricted Cash & Investments**

The City has established a Section 115 Trust to accumulate resources for future contributions to CalPERS. As of June 30, 2025, the City reported \$13,411,063 in restricted cash and investments. As of June 30, 2025, the City had \$12,178,817 of restricted cash and investments reported in the general fund and \$1,232,246 held in the business-type funds in a Section 115 Trust and an OPEB Trust for future pension and OPEB contributions. In January 2016 and amended August 2021, the City adopted an investment policy for the Section 115, which authorized the following investments:

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

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

**C. Risk Disclosures**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Investment Type	Minimum Legal Rating	Not Rated	AAA/A-1	AA+	AA-	AA
U.S. Treasury Obligations	N/A	\$ -	\$ -	\$ 34,876,366	\$ -	\$ -
U.S. Government Sponsored Enterprise Securities	N/A	-	13,372,235	8,990,553	1,018,380	3,069,355
Corporate Bonds	A	-	439,641	-	4,005,603	1,644,039
Money Market Mutual Funds	AAA	-	2,054,346	-	-	-
Asset-Backed Securities	AA	-	9,405,196	-	-	-
California Local Agency Investment Fund	N/A	34,057,318	-	-	-	-
Supranationals	AA	-	2,799,557	-	-	-
Restricted Cash and Investments - Section 115 Trust						
U.S. Government Sponsored Enterprise Securities	N/A	2,714,616	-	-	-	-
Corporate Bonds	BBB-	360,943	261,692	-	14,629	24,708
Foreign Issues		20,478	-	-	-	-
Money Market Mutual Funds	N/A	8,773,868	-	-	-	-
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	15,310,532	-	-	-	-
<b>Total</b>		<b>\$ 61,237,755</b>	<b>\$ 28,332,667</b>	<b>\$ 43,866,919</b>	<b>\$ 5,038,612</b>	<b>\$ 4,738,102</b>

Investment Type	Minimum Legal Rating	A+	A	A-	BBB+/BB+	Total
U.S. Treasury Obligations	N/A	\$ -	\$ -	\$ -	\$ -	\$ 34,876,366
U.S. Government Sponsored Enterprise Securities	N/A	3,298,006	1,022,740	3,048,660	-	33,819,929
Corporate Bonds	A	4,665,947	3,813,860	801,106	-	15,370,196
Money Market Mutual Funds	AAA	-	-	-	-	2,054,346
Asset-Backed Securities	AA	-	-	-	-	9,405,196
California Local Agency Investment Fund	N/A	-	-	-	-	34,057,318
Supranationals	AA	-	-	-	-	2,799,557
Restricted Cash and Investments - Section 115 Trust						
U.S. Government Sponsored Enterprise Securities	N/A	-	-	-	-	2,714,616
Corporate Bonds	BBB-	40,843	256,199	218,104	619,742	1,796,860
Foreign Issues		-	25,360	39,213	40,668	125,719
Money Market Mutual Funds	N/A	-	-	-	-	8,773,868
Restricted Cash and Investments with Fiscal Agents						
Money Market Mutual Funds	N/A	-	-	-	-	15,310,532
<b>Total</b>		<b>\$ 8,004,796</b>	<b>\$ 5,118,159</b>	<b>\$ 4,107,083</b>	<b>\$ 660,410</b>	<b>\$ 161,104,503</b>

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

**Custodial Credit Risk**

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 3 - CASH AND INVESTMENTS (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	% of Total Investments
Freddie Mac Multifamily Structured Pass-Through Certificate	Agency mortgage-backed security	\$ 11,652,617	9.26 %
U.S. Treasury Obligation	U.S. Treasury Obligation	34,876,366	31.23 %

**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, 2025, the City had the following investments and original maturities:

Investment Type	Investment Maturities (in Years)				Total
	12 months or less	12 to 24 months	25 to 60 months	More than 60 months	
Investments held by City					
U.S. Treasury Obligations	\$ 3,005,655	\$ 5,408,661	\$ 26,462,050	\$ -	\$ 34,876,366
U.S. Government Sponsored Enterprise Securities	2,344,678	2,037,451	29,437,800	-	33,819,929
Corporate Bonds	2,615,842	3,232,224	9,522,130	-	15,370,196
Money Market Mutual Funds	2,054,346	-	-	-	2,054,346
Asset-Backed Securities	30,219	581,481	8,793,496	-	9,405,196
California Local Agency Investment Fund	34,057,318	-	-	-	34,057,318
Supranationals	2,799,557	-	-	-	2,799,557
Restricted Cash and Investments- Section 115 Trust					
U.S. Government Sponsored Enterprise Securities	-	-	62,006	2,652,610	2,714,616
Corporate Bonds	52,479	106,188	801,724	836,469	1,796,860
Foreign Issues	-	-	46,055	79,664	125,719
Money Market Mutual Funds	8,773,868	-	-	-	8,773,868
Restricted Cash and Investments with Fiscal Agents					
Money Market Mutual Funds	15,310,532	-	-	-	15,310,532
	<u>\$ 71,044,494</u>	<u>\$ 11,366,005</u>	<u>\$ 75,125,261</u>	<u>\$ 3,568,743</u>	<u>\$ 161,104,503</u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**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.

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

The City has the following recurring fair value measurements as of June 30, 2025:

Investment Type	Total	Investments not subject to hierarchy	Level 2
U.S. Treasury Obligations	\$ 34,876,366	\$ -	\$ 34,876,366
U.S. Government Sponsored Enterprise Securities			
Securities	33,819,929	-	33,819,929
Corporate Bonds	15,370,196	-	15,370,196
Money Market Mutual Funds	2,054,346	2,054,346	-
Asset-Backed Securities	9,405,196	-	9,405,196
California Local Agency Investment Fund	34,057,318	34,057,318	-
Supranationals	2,799,557	-	2,799,557
Restricted Cash and Investments- Section 115 Trust			
U.S. Government Sponsored Enterprise Securities	2,714,616	-	2,714,616
Corporate Bonds	1,796,860	-	1,796,860
Foreign Issues	125,719	-	125,719
Money Market Mutual Funds	8,773,868	8,773,868	-
Restricted Cash and Investments with Fiscal Agents			
Money Market Mutual Funds	15,310,532	15,310,532	-
Total	\$ 161,104,503	\$ 60,196,064	\$ 100,908,439

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 4 - CALIFORNIA DOMESTIC WATER COMPANY (CDWC)**

The City purchases 85.2% of its water for the Water Utility fund operations through the California Domestic Water Company (CDWC). CDWC is a private mutual water company, organized as a not-for-profit under Section Code 501(c)(12), which provides water primarily to wholesale customers in east Whittier, La Habra and Brea.

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

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

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

The City holds 1,502.72 acre feet of water rights in the Main San Gabriel Basin which are capitalized at cost, and reported as "water rights" within capital assets. Each year, these water rights are temporarily leased to CDWC in order for CDWC to deliver water to the City based on its ownership. For the year ended June 30, 2025, based on the limits set by the Main San Gabriel Basin Water Master, the City was able to purchase 0.80958 acre feet of water per acre foot of water rights owned, or 1,216.57 acre feet at a cost of \$334,991.

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

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 0.80958 acre feet of water per acre foot of water rights owned, or 556.87 acre feet at the common stock entitlement rate for a total cost of \$153,063.

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

As of June 30, 2025, the City holds 2,320.50 shares of Common Stock in the CDWC. The City values its common stock holdings using the equity method of investment as the City holds approximately 27.93% of the total shares outstanding. The City reported an increase of \$76,079 as the change in equity for the year ended June 30, 2025. 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, 2025, the City was entitled to purchase 1.60 acre feet of water per common stock share owned or 3,712.80 acre feet at the common stock entitlement rate, for a total cost of \$1,478,208.

Additionally, the City leased 196.50 shares of common stock from other shareholders during the fiscal year. This entitled the City to purchase an additional 314.40 acre feet at the common stock entitlement rate for a total cost of \$123,498 for a combined total of \$1,601,706 at the common stock entitlement rate.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 4 - CALIFORNIA DOMESTIC WATER COMPANY (CDWC) (CONTINUED)**

During the year ended June 30, 2025, the City also purchased 3,257.03 acre feet for \$3,871,802 from CDWC in excess of its entitlement. Other amounts paid to CDWC for the year ended June 30, 2025, including annual common stock assessments and readiness-to-serve charges totaled \$1,125,090.

During the year ended June 30, 2025, the City paid \$7,086,053 to CDWC for purchases of water during the year.

**NOTE 5 - NOTES, LOANS, AND DEFERRED LOANS RECEIVABLE**

Notes and loans receivable consist of rehabilitation loans made from Community Development Block Grant (“CDBG”) and HOME grant funds to low income individuals that need assistance in rehabilitating their homes or mobile homes to meet current code standards. Amounts are due from the proceeds only upon the sale or transfer of the property. Loans made to mobile home owners are forgiven if the owner lives in the property 5 years or more. Repayments received by the City from homeowners are remitted to the County. Thus, the City has offset the notes and loans receivable balance with a liability due to other governments on the accompanying balance sheet. Additionally, the Affordable Housing Trust reports home buyer assistance loans to low and moderate income individuals to assist in purchasing a home. Homebuyer assistance loans repayment begins 5 years after the loan was originated, and is repaid over a 30 year period. Notes and loans receivable from each of these funds are comprised of the following at June 30, 2025:

CDBG Fund	\$	1,498,773
HOME Grant Fund		18,241
Affordable Housing Fund		101,276
Total notes and loans receivable	<u>\$</u>	<u>1,618,290</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 City has classified fund balance as “restricted” indicating that these resources are not current available resources.

The outstanding balance of these notes and loans are reported in the Housing Successor Fund and are comprised of the following at June 30, 2025:

Home Buyer Assistance Loans	\$	3,226,805
Rehabilitation Loans		92,959
Developer/Organization Loans:		
Acacia Apartments		1,214,545
Birch Hills Affordable Apartments		4,750,000
Bonterra Apartments		1,001,019
Imperial Apartments		2,853,000
La Habra Housing		597,814
South Walnut Bugalows		826,000
Total notes and loans receivable in the Housing Successor Fund	<u>\$</u>	<u>14,562,142</u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 6 - LEASE RECEIVABLES**

As of year-end June 30, 2025, the City had entered into various lease agreements as the lessor where it had leased its land and buildings, ranging from two years to 75 years. As of June 30, 2025, the outstanding leases receivable total \$5,444,120. These leases require the various lessees to make periodic payments to the City, and range in interest rates from 0.727% to 3.451%. The offsetting entry to the leases receivable is a deferred inflows and the value of the deferred inflows at June 30, 2025 is \$5,207,862. The City will be systematically recognizing revenue over the terms of the leases. The City recognized \$253,452 in lease revenue during the fiscal year.

Fiscal Year	Principal	Interest	Total Payments
2026	\$ 195,422	\$ 138,505	\$ 333,927
2027	167,661	133,928	301,589
2028	146,325	129,898	276,223
2029	99,816	126,350	226,166
2030	75,567	124,165	199,732
2031 - 2035	408,442	590,218	998,660
2036 - 2040	464,551	534,109	998,660
2041 - 2045	528,368	470,292	998,660
2046 - 2050	600,951	397,709	998,660
2051 - 2055	683,506	315,154	998,660
2056 - 2060	768,978	221,682	990,660
2061 - 2065	750,367	117,628	867,995
2066 - 2070	455,759	44,241	500,000
2071 - 2072	98,407	1,594	100,001
	<u>\$ 5,444,120</u>	<u>\$ 3,345,473</u>	<u>\$ 8,789,593</u>

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2025, is as follows:

Due to Other Funds	Due From Other Funds
	General Fund
Nonmajor Governmental Funds	\$ 1,120,450
Total	<u>\$ 1,120,450</u>

The balances due among the General Fund and Nonmajor Governmental Funds for \$1,120,450 were related to Community Development Block Grant Fund (CDBG) and Organized Retail Theft Grant Fund having negative cash and represents a short-term cash flow borrowing between the General Fund and the Nonmajor Governmental Funds.

**A. Transfers In/Out from Other Funds**

Transfers Out	Transfers In			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 7,259,226	\$ 56,000	\$ 7,315,226
Internal Service Funds	150,000	-	-	150,000
Nonmajor Governmental Funds	450,000	1,234,737	-	1,684,737
Total	<u>\$ 600,000</u>	<u>\$ 8,493,963</u>	<u>\$ 56,000</u>	<u>\$ 9,149,963</u>

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS (CONTINUED)**

1. The General Fund transferred \$7,259,226 to the Capital Improvement Fund for various capital improvement program projects.
2. The General Fund transferred \$56,000 to the Nonmajor Governmental Funds for capital improvement projects.
3. The Internal Service Funds transferred \$150,000 to the General Fund for capital improvement projects.
4. The Nonmajor Governmental Funds transferred \$450,000 to the General Fund for the street maintenance program.
5. Nonmajor Governmental Funds transferred \$1,234,737 to the Capital Improvements Fund for various capital improvement program projects.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 8 - CAPITAL ASSETS**

Summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	Beginning Balance	Transfers	Additions	Deletions	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated/amortized					
Land	\$ 62,092,796	\$ -	\$ -	\$ -	\$ 62,092,796
Construction-in-progress	23,081,404	(2,146,179)	11,320,695	-	32,255,920
Total capital assets, not being depreciated/amortized	85,174,200	(2,146,179)	11,320,695	-	94,348,716
Capital assets, being depreciated					
Structures and improvements	124,490,421	-	60,330	-	124,550,751
Equipment	23,283,396	565,721	2,079,552	(1,532,293)	24,396,376
Infrastructure	162,278,489	1,580,458	-	-	163,858,947
Total capital assets, being depreciated	310,052,306	2,146,179	2,139,882	(1,532,293)	312,806,074
Less accumulated depreciation					
Structures and improvements	(64,694,664)	-	(2,321,986)	-	(67,016,650)
Equipment	(16,354,550)	-	(1,692,422)	1,479,867	(16,567,105)
Infrastructure	(96,945,175)	-	(4,413,443)	-	(101,358,618)
Total accumulated depreciation	(177,994,389)	-	(8,427,851)	1,479,867	(184,942,373)
Right-to-use assets					
Equipment	136,966	-	204,864	(52,189)	289,641
Subscription IT asset	343,666	-	202,913	-	546,579
Total capital assets being amortized	480,632	-	407,777	(52,189)	836,220
Less accumulated amortization for					
Equipment	(69,592)	-	(31,297)	52,189	(48,700)
Subscription IT asset	(180,700)	-	(177,234)	-	(357,934)
Total accumulated amortization	(250,292)	-	(208,531)	52,189	(406,634)
Total capital assets, being depreciated/amortized, net	132,288,257	2,146,179	(6,088,723)	(52,426)	128,293,287
Total governmental activities capital assets	\$ 217,462,457	\$ -	\$ 5,231,972	\$ (52,426)	\$ 222,642,003
<b>Business-type activities</b>					
Capital assets, not being depreciated/amortized					
Land	\$ 11,628,748	\$ -	\$ -	\$ -	\$ 11,628,748
Water rights - fee title	23,931,020	-	-	-	23,931,020
Water rights - preferred stock	8,444,404	-	-	-	8,444,404
Construction-in-progress	4,774,981	-	2,919,735	-	7,694,716
Total capital assets, not being depreciated/amortized	48,779,153	-	2,919,735	-	51,698,888
Capital assets, being depreciated/amortized					
Structures and improvements	4,651,539	-	-	-	4,651,539
Equipment	924,984	-	63,757	(94,114)	894,627
Infrastructure	159,557,093	-	-	-	159,557,093
Subscription IT asset	14,859	-	-	-	14,859
Total capital assets, being depreciated/amortized	165,148,475	-	63,757	(94,114)	165,118,118
Less accumulated depreciation/amortization					
Structures and improvements	(565,945)	-	(59,209)	-	(625,154)
Equipment	(554,328)	-	(67,625)	79,112	(542,841)
Infrastructure	(74,384,530)	-	(3,556,713)	-	(77,941,243)
Subscription IT asset	(7,388)	-	(7,429)	-	(14,817)
Total accumulated depreciation/amortization	(75,512,191)	-	(3,690,976)	79,112	(79,124,055)
Total capital assets, being depreciated/amortized, net	89,636,284	-	(3,627,219)	(15,002)	85,994,063
Total business-type activities capital assets	\$ 138,415,437	\$ -	\$ (707,484)	\$ (15,002)	\$ 137,692,951

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

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

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

Governmental Activities

City

General government	\$	407,743
Public Safety		775,188
Community Services		489,268
Public Works		5,911,899
Total City		<u>7,584,098</u>

Internal Service

Information Technology		207,840
Vehicle Maintenance		700,338
Building Occupancy		144,106
Total Internal Service		<u>1,052,284</u>

Total Governmental Activities	\$	<u><u>8,636,382</u></u>
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Business-Type Activities

Water Utility	\$	3,034,822
Sewer Utility		566,061
Urban Runoff		1,750
Information Technology		7,429
Golf		80,914
Total Business-Type Activities	\$	<u><u>3,690,976</u></u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 9 - LONG-TERM DEBT**

**A. Governmental Activities Long-Term Liabilities**

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2025, is noted below:

	Beginning Balance As Restated	Additions	Deletions	Ending Balance	Amount Due Within One Year
Lease Revenue Bonds					
2021 Refunding Lease Revenue Bonds	\$ 2,220,000	\$ -	\$ -	\$ 2,220,000	\$ -
Leases	69,538	204,864	(31,095)	243,307	55,051
Subscription IT Liabilities	124,129	157,310	(166,868)	114,571	45,595
Compensated Absences*	6,823,931	459,467	-	7,283,398	3,284,359
Claims and Judgements	4,822,952	2,768,785	(1,903,043)	5,688,694	2,070,685
Totals	<u>\$ 14,060,550</u>	<u>\$ 3,590,426</u>	<u>\$ (2,101,006)</u>	<u>\$ 15,549,970</u>	<u>\$ 5,455,690</u>
Unamortized Bond Premium				416,578	
				<u>\$ 15,966,548</u>	

\*Compensated absences presented as a net change in accordance with GASB No. 101, Compensated Absences.

**2021 Refunding Lease Revenue Bonds**

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

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ -	\$ 88,800	\$ 88,800
2027	-	88,800	88,800
2028	335,000	88,800	423,800
2029	370,000	75,400	445,400
2030	410,000	60,600	470,600
2031-2035	945,000	121,400	1,066,400
2036	160,000	6,400	166,400
Total	<u>\$ 2,220,000</u>	<u>\$ 530,200</u>	<u>\$ 2,750,200</u>

**1. Leases**

As of year-end June 30, 2025, the City has entered into various lease agreements as the lessee for the use of various pieces of equipment, for terms of five years. As of June 30, 2025, the value of the lease liability outstanding is \$243,307. The city is required to make monthly fixed payments, and these leases have interest rates ranging from 0.727% to 3.305%.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 55,051	\$ 6,101	\$ 61,152
2027	58,795	4,681	63,476
2028	51,265	2,987	54,252
2029	43,182	1,678	44,860
2030	35,014	456	35,470
Total	<u>\$ 243,307</u>	<u>\$ 15,903</u>	<u>\$ 259,210</u>

**2. Subscription Liabilities**

As of June 30, 2025, the City had various SBITA contracts. The City is required to make principal and interest payments ranging from \$10,247 to \$24,508 through June 2028. The subscription liability was valued using discount rates between 1.85% - 3.59% based on the City's incremental borrowing rate at the inception of the subscriptions.

Remaining principal and interest payments on subscriptions are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 45,595	\$ 3,163	\$ 48,758
2027	33,664	1,825	35,489
2028	35,312	934	36,246
Total	<u>\$ 114,571</u>	<u>\$ 5,922</u>	<u>\$ 120,493</u>

**B. Business-Type Activities Long – Term Liabilities**

A summary of changes in business-type activities long-term debt for the year ended June 30, 2025 is noted below:

	Beginning Balance As Restated	Additions	Deletions	Ending Balance	Amount Due Within One Year
Water Revenue Bonds					
2014 Water Revenue Bonds	\$ 445,000	\$ -	\$ (445,000)	\$ -	\$ -
2019 Water Revenue Bonds	20,075,000	-	(950,000)	19,125,000	1,010,000
2020 Water Revenue Bonds	17,155,000	-	(220,000)	16,935,000	690,000
Subscription IT Liabilities	7,381	-	(7,381)	-	-
Compensated Absences*	1,010,764	-	(222,673)	788,091	273,830
Totals	<u>\$ 38,693,145</u>	<u>\$ -</u>	<u>\$ (1,845,054)</u>	<u>36,848,091</u>	<u>\$ 1,973,830</u>
Unamortized Bond Premium				2,842,810	
				<u>\$ 39,690,901</u>	

\*Compensated absences presented as a net change in accordance with GASB No. 101, Compensated Absences.

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**3. Water Revenue Bonds**

**2014 Water Revenue Refunding Bonds**

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

The bonds consisted of \$9,440,000 serial bonds maturing in the years 2015 to 2034, payable July 1 in annual installments of \$255,000 to \$700,000 and bear interest at 3.25% to 5.00%. Bonds maturing July 1, 2039, in the amount of \$4,005,000 are term bonds and bear interest at 5.00%. Bonds maturing July 1, 2044, in the amount of \$5,110,000 are term bonds and bear interest at 5.00%. The 2014 Water Revenue Bonds were partially refunded by the 2020 Water Revenue Refunding Bonds. As of June 30, 2025, these bonds were fully paid off.

**2019 Water Revenue Refunding Bonds**

In August 2019, the City of Brea issued \$23,475,000 of 2019 Water Revenue Refunding Bonds with interest rates ranging from 3.0% to 4.0%. The proceeds from the bonds were used to current refund all of the remaining outstanding 2009 Water Revenue Bonds and advance refund 2010 Series B Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2039. Principal matures annually on July 1. The outstanding balance at June 30, 2025, was \$19,125,000.

**2020 Water Revenue Refunding Bonds**

In October 2020, the City of Brea issued \$17,960,000 of 2020 Water Revenue Refunding Bonds with interest rates ranging from 0.391% to 3.212%. The proceeds from the bonds were used to current refund a portion of the remaining outstanding 2014 Water Revenue Bonds. Interest on the Water Revenue Refunding Bonds is payable semi-annually on July 1 and January 1 of each year until 2044. Principal matures annually on July 1 in amounts ranging from \$220,000 to \$1,090,000. The net proceeds of \$17,864,812 (including an underwriter's discount of \$95,188) were deposited in an irrevocable trust with an escrow agent to provide funds to refund the 2014 bonds in full and to provide funds for the future debt service payment on the 2014 bonds. As a result, the 2014 bonds are partially defeased, and the liability for those bonds has been removed from the statement of net position. The outstanding balance at June 30, 2025 was \$16,935,000.

**Water Revenue Bonds Debt Coverage Requirement**

The City has covenanted that gross revenues (including interest revenue and connection fees), less operation and maintenance costs as defined in the bond document, shall be at least 1.25 times the sum of all debt service on all parity obligations. Gross revenues for the year ended June 30, 2025, were \$22,726,225. Operation and maintenance costs for the year ended June 30, 2025, were \$15,429,295, excluding depreciation. Total debt service for the fiscal year ended was \$2,899,946. This resulted in a debt coverage ratio of 2.52 for the year ended June 30, 2025.

**4. Pledged Revenues**

Future net revenues of the Water Utility Fund for each year's debt service payment are pledged until the extinguishment of the debt in 2044 and are not available for other uses. Remaining principal and interest payments on this debt as of June 30, 2025 was \$46,951,181.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,700,000	\$ 1,199,946	\$ 2,899,946
2027	1,770,000	1,139,925	2,909,925
2028	1,850,000	1,074,515	2,924,515
2029	1,930,000	1,003,629	2,933,629
2030	2,010,000	927,583	2,937,583
2031-2035	11,130,000	3,524,575	14,654,575
2036-2040	10,545,000	1,600,076	12,145,076
2041-2045	5,125,000	420,932	5,545,932
Total	\$ 36,060,000	\$ 10,891,181	\$ 46,951,181

**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 custodial funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the full faith and credit nor taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders.

In November 2017, the City of Brea issued on behalf of the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) \$8,555,000 aggregate principal of 2017 Special Tax Refunding Bonds to advance refund in full the Community Facilities District No. 2008-2 (Brea Plaza Area Public Improvements) 2009 Special Tax Bonds. The bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual special tax levied on property within the District. The bonds mature from 2018 to 2039, with remaining annual installments ranging from \$255,000 to \$575,000. The remaining interest rates on the bonds range from 2.000% to 4.000%. The outstanding balance at June 30, 2025, was \$6,755,000.

In August 2019, the Brea Public Financing Authority issued Local Agency Revenue Refunding Bonds, Series 2019, in the amount of \$6,820,000, for and on behalf of the City of Brea Community Facilities District No. 1997-1 (Olinda Heights Public Improvements). The purpose of the bonds is to acquire two series of bonds: (i) \$2,505,000 aggregate principal amount to be issued by the City of Brea for the Communities Facilities District No. 1997-1; and (ii) \$4,315,000 aggregate principal amount 2019 Special Tax Refunding Bonds to be issued by the Brea Olinda Unified School District for the Brea Olinda Unified School District Community Facilities District No. 95-1 (Olinda Heights). A portion of the proceeds was for a current refunding of the 2005 Series A Local Agency Revenue Bonds. The bonds mature from 2020 to 2035, with remaining annual installments ranging from \$215,000 to \$680,000 per year. The interest rates on the bonds range from 4.000% to 5.000%. The outstanding balance at June 30, 2025 was \$4,255,000.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN**

**A. CalPERS Safety and Miscellaneous Employees' Plans**

The City contributes to the pension plans offered by the California Public Employees Retirement System (CalPERS). The City's employees participate in separate cost-sharing Safety (police and fire) and Miscellaneous (agent-multiple employer) defined benefit pension plans. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

**B. Benefits Provided**

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

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Miscellaneous Plan		
	Tier 1*	Tier 2	PEPRA (Tier 3)
Hire Date	Prior to September 17, 1999	September 17, 1999 to December 31, 2012 and Non-PEPRA hired on or after January 1, 2013	January 1, 2013 and after
Benefit Formula	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 years	Minimum 50 years	Minimum 52 years
Monthly Benefits, as a % of eligible Compensation	1.426% - 2.418% 50 years - 63 years respectively	1.426% - 2.418% 50 years - 63 years respectively	1.000% - 2.500% 52 years - 67+ years respectively
Required Employee Contribution Rates	7.080%	7.080%	6.250%
Required Employer Contribution Rates	9.960%	9.960%	6.326%

\*Closed to new entrants

**C. Employees Covered**

At the June 30, 2023 valuation, the following employees were covered by the benefit terms of the Miscellaneous Plan:

	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	351
Inactive employees entitled to but not yet receiving benefits	348
Active Employees	187
	<u>886</u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**D. Contributions**

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

The employer contributions to the Miscellaneous Plan during the year ended June 30, 2025 was \$4,788,000.

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

The Miscellaneous Plan's total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Age and Service
Payroll Growth	2.80%
Investment Rate of Return	6.80%% Net of Pension Plan Investment Includes Inflation
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

\*\*The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

(1) An Expected Inflation of 2.30% used for this period.

(2) Figures are based on the 2022 Asset Liability Management Study.

**F. Discount Rate**

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**G. Changes in the Net Pension Liability**

Miscellaneous	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (measurement date)	\$ 174,828,327	\$ 127,453,799	\$ 47,374,528
Changes recognized for the measurement period:			
Service cost	2,655,175	-	2,655,175
Interest on total pension liability	11,852,881	-	11,852,881
Differences between expected and actual experience	239,349	-	239,349
Contributions-employer	-	5,105,584	(5,105,584)
Contributions-employee	-	1,262,034	(1,262,034)
Net investment income	-	12,221,313	(12,221,313)
Benefit payments, including refunds of employee contributions	(9,228,776)	(9,228,776)	-
Administrative expense	-	(103,710)	103,710
Net changes during 2023-24	5,518,629	9,256,445	(3,737,816)
Balance at June 30, 2024 (measurement date)	\$ 180,346,956	\$ 136,710,244	\$ 43,636,712

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability/(asset)	\$ 66,682,558	\$ 43,636,712	\$ 24,552,379

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

For the year ended June 30, 2025, the City recognized pension expense of \$6,343,373 for the Miscellaneous Plan. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 4,788,000	\$ -
Differences between expected and actual experience	302,107	-
Net difference between projected and actual earnings on pension plan investments	1,863,825	-
Miscellaneous Plan Total	<u>\$ 6,953,932</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources are amortized in pension expense for the year the gain or loss occurs, except for contributions subsequent to the measurement period of \$4,788,000 for the Miscellaneous Plan, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2026. 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, 2024 measurement date, the expected average remaining service lifetime is 2.4 years for the Miscellaneous Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Miscellaneous Plan Deferred Outflows/(Inflows) of Resources
2026	\$ 71,567
2027	3,379,362
2028	(577,925)
2029	(707,072)
Total	<u>\$ 2,165,932</u>

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The Safety Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Safety Plan			
	Tier 1*	Tier 2*	Tier 3	PEPRA (Tier 4)
Hire Date	Prior to June 30, 1984	On June 30, 1984 and prior to September 17, 2011	September 17, 2011 to December 31, 2012 and Non-PEPRA hired on or after June 1, 2013	January 1, 2013 and after
Benefit Formula	3.0% @ 50	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement Age	Minimum 50 years	Minimum 50 years	Minimum 50 years	Minimum 50 years
Monthly Benefits, as a % of Eligible Compensation	3.00%	3.00%	2.00% - 2.70%	2.00% - 2.70%
Required Employee Contribution Rates	8.99%	8.99%	8.99%	13.75%
Required Employer Contribution Rates	24.06%	24.06%	24.06%	17.08%

\*Closed to new entrants

**J. Contributions**

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

The employer contributions to the Safety Plan during the year ended June 30, 2025 was \$13,554,001.

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

As of June 30, 2025, based on the measurement date of June 30, 2024, the City reported a net pension liability of \$117,935,787 for its proportionate share of the PERF C Cost Sharing Plan.

The City's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024. The City's proportion of the net pension liability based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the PERF C Cost Sharing Plan measured as of June 30, 2024 and 2025 was 1.59430% and 1.61759%, respectively.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2025, the City recognized pension expense of \$38,509,478 for the Safety Plan. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 13,554,001	\$ -
Changes of assumptions	2,905,695	-
Differences between expected and actual experience	9,624,609	312,937
Changes in employer's proportion	-	2,749,253
Differences between employer's contributions and proportionate share of contributions	4,404,127	530,350
Net difference between projected and actual earnings on pension plan investments	5,700,481	-
<b>Total</b>	<b>\$ 36,188,913</b>	<b>\$ 3,592,540</b>

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 \$13,554,001, which will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2026. 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, 2024 measurement date, the expected average remaining service lifetime is 3.8 years for the Safety Plan. Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Safety Plan Deferred Outflows/(Inflows) of Resources
2026	\$ 6,914,492
2027	13,910,797
2028	167,525
2029	(1,950,442)
<b>Total</b>	<b>\$ 19,042,372</b>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The Safety Plan's total pension liability in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Age and Service
Payroll Growth	2.80%
Investment Rate of Return	6.80% Net of Pension Plan Investment Includes Inflation
Mortality Table**	Derived using CalPERS' Membership Data for all Funds

\*\*The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

Changes of assumptions – Noted no changes.

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

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

The following presents the City's proportionate share of the net pension liability for the Safety Plan, calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 - percentage point lower or 1 - percentage point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 163,427,267	\$ 117,935,787	\$ 80,730,152

**N. Summary of Miscellaneous Plan and Safety Plan Amounts**

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expenses
Miscellaneous Plan	\$ 43,636,712	\$ 6,953,932	\$ -	\$ 6,343,373
Safety Plan	117,935,787	36,188,913	3,592,540	38,509,478
Total	\$ 161,572,499	\$ 43,142,845	\$ 3,592,540	\$ 44,852,851

**CITY OF BREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

In addition to providing pension benefits, the City provides medical insurance for certain employees after they separate from the City, through an agent multiple 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.

**B. Benefits Provided**

The City opened a trust starting fiscal year 2025. Asset information can be found in the PARS “Public Agencies Post-Employment Benefits Trust Schedule of Changes in Fiduciary Net Position by Subaccount” (audited asset statement) for the year ended June 30, 2024.

**C. Employees Covered by Benefit Terms**

Inactive members currently receiving benefits	228
Inactive members entitled to but not yet receiving benefits	104
Active members	<u>229</u>
Total	<u><u>561</u></u>

**D. Net OPEB Liability**

The City’s net OPEB liability of \$21,000,557 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

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

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.93%
Inflation	2.50%
Payroll Growth	2.75%
Mortality	(1)
Healthcare Trend Rate	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA	3.50% annually
Participation at Retirement	Actives: 60% Retirees: 100% if covered, 5% re-elect at age 65 if waved and under 65

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

**E. Changes of Assumptions**

For the June 30, 2024 measurement date, the discount rate was changed from 3.65% to 3.93%.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**F. Change in the Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2024	\$ 21,951,211	\$ -	\$ 21,951,211
Changes recognized for the measurement period			
Service cost	606,145	-	606,145
Interest on net OPEB liability	800,332	-	800,332
Changes of assumptions	(670,222)	-	(670,222)
Contributions-employer	-	1,699,267	(1,699,267)
Net investment income	-	1,051	(1,051)
Benefit payments, including refunds of employee contributions	(1,260,893)	(1,260,893)	-
Administrative expense	-	(13,409)	13,409
Net changes during 2024-25	(524,638)	426,016	(950,654)
Balance at June 30, 2025	<u>\$ 21,426,573</u>	<u>\$ 426,016</u>	<u>\$ 21,000,557</u>

Sensitivity of the net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.93%) or 1 percentage-point higher (4.93%) than the current discount rate:

	Discount Rate -1% (2.93%)	Current Discount Rate (3.93%)	Discount Rate +1% (4.93%)
Plan's net OPEB liability/(asset)	<u>\$ 23,569,830</u>	<u>\$ 21,000,557</u>	<u>\$ 18,871,371</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the Net OPEB liability of the City, as well as what the City’s Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Plan's net OPEB liability/(asset)	<u>\$ 19,848,371</u>	<u>\$ 21,000,557</u>	<u>\$ 22,945,235</u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$387,535. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Amount paid by the employer from OPEB as the benefits come due subsequent to the measurement date	\$ 1,296,791	\$ -
Changes of assumptions	840,526	4,495,165
Differences between expected and actual experience	-	1,444,084
<b>Total</b>	<b>\$ 2,137,317</b>	<b>\$ 5,939,249</b>

The \$1,296,791 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in the year ended June 30, 2026. 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 Ending June 30,	Amortization
2026	\$ (879,240)
2027	(1,620,365)
2028	(1,409,574)
2029	(827,416)
2030	(301,200)
Thereafter	(60,928)
<b>Total</b>	<b>\$ (5,098,723)</b>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 12 - SELF-INSURANCE PROGRAM**

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

At June 30, 2025, the City was self-insured for workers' compensation up to \$500,000 per occurrence and general liability and auto liability insurance up to \$350,000 per occurrence. The coverage for general and auto liability extends to \$20,000,000 per occurrence with a \$20,000,000 annual pooled aggregate. Member agencies may be assessed the difference between funds available and the \$20,000,000 annual pooled aggregate in proportion to its annual premium. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

At June 30, 2025, \$5,688,694 has been accrued for general liability and workers' compensation claims in the Risk Management Internal Service Fund. These amounts represent estimates of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2025, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage.

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

Claims and Judgements at June 30, 2023	\$ 5,708,005
Claims Payments	(1,816,455)
Claims Incurred and Changes in Estimates	<u>931,402</u>
Claims and Judgements at June 30, 2024	4,822,952
Claims Payments	(1,903,043)
Claims Incurred and Changes in Estimates	<u>2,768,785</u>
Claims and Judgements at June 30, 2025	<u><u>\$ 5,688,694</u></u>

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 13 - FUND BALANCE CLASSIFICATION**

Fund balances in the governmental funds as of June 30, 2025, have been classified as follows:

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
	General	Affordable Housing	Housing Successor	Capital Improvements		
Nonspendable						
Prepaid items	\$ 8,247	\$ -	\$ -	\$ -	\$ -	\$ 8,247
Total nonspendable	8,247	-	-	-	-	8,247
Restricted						
Prop 172	1,322,963	-	-	-	-	1,322,963
COPS	313,589	-	-	-	-	313,589
Lighting and Maintenance Districts	600,241	-	-	-	-	600,241
Low and Moderate Income Housing Asset	-	4,581,584	19,362,675	-	-	23,944,259
Gas Tax	-	-	-	-	7,231,645	7,231,645
Narcotic Enforcement Asset Seizure	-	-	-	-	452,180	452,180
Air Quality Improvement	-	-	-	-	291,802	291,802
Park Development	-	-	-	-	2,463,312	2,463,312
Measure M	-	-	-	-	3,938,091	3,938,091
Blackstone CFD	-	-	-	-	2,627,999	2,627,999
La Floresta CFD	-	-	-	-	525,219	525,219
Taylor-Morrison CFD	-	-	-	-	148,118	148,118
Central Park Village CFD	-	-	-	-	250,401	250,401
National Opioid Settlement	-	-	-	-	704,659	704,659
Capital and Mitigation Improvement	-	-	-	-	1,621,000	1,621,000
Storm Drain	-	-	-	-	372,719	372,719
Capital Projects	-	-	-	5,004,133	-	5,004,133
Pension Stabilization	11,751,947	-	-	-	-	11,751,947
Total restricted	13,988,740	4,581,584	19,362,675	5,004,133	20,627,145	63,564,277
Committed						
General Plan Maintenance Fee	1,561,209	-	-	-	-	1,561,209
Brea War Memorial	17,480	-	-	-	-	17,480
Total committed	1,578,689	-	-	-	-	1,578,689
Assigned to						
Community Benefit and Economic Development	1,143,030	-	-	-	-	1,143,030
OPEB	606,373	-	-	-	-	606,373
Community Center	807,181	-	-	-	-	807,181
Capital Asset Replacement	3,969,621	-	-	-	-	3,969,621
Encumbrances	949,202	-	-	-	-	949,202
Total assigned	7,475,407	-	-	-	-	7,475,407
Unassigned						
General Fund	31,409,654	-	-	-	-	31,409,654
Nonmajor Governmental Funds (deficit)	-	-	-	-	(935,102)	(935,102)
Total unassigned	31,409,654	-	-	-	(935,102)	30,474,552
Total fund balances (deficits)	\$ 54,460,737	\$ 4,581,584	\$ 19,362,675	\$ 5,004,133	\$ 19,692,043	\$ 103,101,172

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**NOTE 14 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The following material construction and other significant commitments existed at June 30, 2025:

Project	Contract Amount	Expenditures to date as of June 30, 2025	Remaining Commitment
Capital Improvements Fund			
57 Freeway & Lambert Road	\$ 511,830	\$ 457,599	\$ 54,231
Imperial/SR57 Interchange	688,720	487,264	201,456
Citywide Slurry Seal Program	389,830	378,902	10,928
Birch St Improv Associated To Valencia	1,277,599	840,781	436,818
ICC Citywide Camera Network	259,880	225,592	34,288
Arovista Park Modernization	19,505,419	8,589,884	10,915,535
Total	<u>\$ 22,633,278</u>	<u>\$ 10,980,022</u>	<u>\$ 11,653,256</u>

**Encumbrances**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Encumbrances
General Fund	\$ 1,968,638
Low and Moderate Income Housing Fund	9,961
Capital Improvements Fund	12,378,647
Nonmajor Funds	602,238
Total	<u>\$ 14,959,484</u>

**NOTE 15 - CONTINGENCIES**

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

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

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**Orange County City Managers Association (OCCMA)**

The City is a member of the Orange County City Managers Association (OCCMA). OCCMA is an organization that provides a platform for City Managers to learn best practices, collaborate and share ideas. The City was appointed to serve as Treasurer and assumed administrative responsibilities of OCCMA. Therefore, OCCMA activities are reported as a custodial fund of the City. For the fiscal year ended June 30, 2025, the City received \$2,328 for assisting with Treasury functions.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

**North Orange County Public Safety Collaboration (NOC)**

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

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

The City is a member of the Integrated Law and Justice Agency of Orange County (ILJAOC), along with 24 other cities and local law enforcement agencies. The purpose of ILJAOC is to facilitate and share criminal justice information and data among the member agencies. The Agency has a twelve-member Board of Directors. The City was appointed to serve as Treasurer/Controller and assumed administrative responsibilities of ILJAOC. Therefore, the activities of ILJAOC are reported as a custodial fund of the City. During the year ended June 30, 2025, ILJAOC paid \$67,321 to the City for its share of operating and replacement costs. The City paid \$21,468 in membership fees to ILJAOC. Separately prepared financial statements for ILJAOC are available on the City's website.

**NOTE 17 - SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY**

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

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On August 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2011-085.

Each year, the successor agency is allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full, and all assets have been liquidated.

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

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

**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	\$ 1,136,317
Cash and Investments with Fiscal Agents	<u>12,292,217</u>
Total cash and investments	<u>\$ 13,428,534</u>

**B. Long-Term Debt**

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2025, follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Tax Allocation Bonds					
2003 Tax Allocation Bonds	\$ 17,125,412	\$ 897,861	\$ -	\$ 18,023,273	\$ -
2013 Tax Allocation Bonds	20,765,000	-	(6,610,000)	14,155,000	6,920,000
2016 Tax Allocation Bonds Series A	3,305,000	-	(1,085,000)	2,220,000	1,120,000
2016 Tax Allocation Bonds Series B	490,000	-	(160,000)	330,000	165,000
2017 Tax Allocation Bonds Series A	33,589,618	-	(760,000)	32,829,618	795,000
2017 Tax Allocation Bonds Series B	10,110,000	-	(1,750,000)	8,360,000	1,795,000
Subtotal	<u>\$ 85,385,030</u>	<u>\$ 897,861</u>	<u>\$ (10,365,000)</u>	<u>\$ 75,917,891</u>	<u>\$ 10,795,000</u>
Unamortized Bond Discounts and Premiums				1,836,966	
Total				<u>\$ 77,754,857</u>	

**1. Tax Allocation Bonds**

2003 Tax Allocation Bonds

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

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

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

**NOTE 17 - SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)**

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 to the Brea Redevelopment Agency issued 2017 Tax Allocation Refunding Bonds, Series A of which a portion of the proceeds was used to redeem the term bonds portion of the outstanding balance of the 2003 Tax Allocation Bonds. Upon issuance of the 2017 A Bonds, a portion of the sale proceeds was transferred to the 2003 Escrow fund. On the redemption date, moneys deposited in the escrow fund were used to pay the redemption price for the refunded bonds totaling \$16,475,000. As a result, except for the capital appreciation bonds, the liability for the term bonds has been removed. During fiscal year 2024-2025, the outstanding balance was increased for the accretion of interest associated with the bonds. The outstanding balance of the capital appreciation bonds at June 30, 2025, was \$18,023,273.

2013 Tax Allocation Refunding Bonds

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

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

A financial guaranty insurance policy has been issued and, accordingly, no cash reserve balance is required. Bond payments are secured by a first pledge on all tax revenues on parity with the 2003 and 2017 Tax Allocation Bonds. The outstanding balance at June 30, 2025, was \$14,155,000.

2016 Tax Allocation Refunding Bonds, Series A and B

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

The Series A Serial Bonds totaling \$10,425,000 have remaining principal repayments ranging from \$1,055,000 to \$1,120,000 with interest rates ranging from 2.00% to 4.00%. The outstanding balance at June 30, 2025 was \$2,220,000.

The Series B Serial Bonds totaling \$1,540,000 have remaining principal repayment ranging from \$155,000 to \$165,000 with interest rates ranging from 1.25% to 4.00%. The outstanding balance at June 30, 2025 was \$330,000.

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

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 17 - SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)**

2017 Tax Allocation Refunding Bonds, Series A and B

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

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

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

The outstanding balance of the Series A Bonds at June 30, 2025 was \$32,829,618.

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

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

The outstanding balance of the Series B Bonds at June 30, 2025 was \$8,360,000.

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,795,000	\$ 2,412,156	\$ 13,207,156
2027	9,890,000	1,988,538	11,878,538
2028	8,100,000	1,597,563	9,697,563
2029	8,460,012	2,631,260	11,091,272
2030	7,324,015	2,894,401	10,218,416
2031-2035	28,268,864	5,767,112	34,035,976
2036-2040	3,080,000	152,448	3,232,448
Totals	<u>\$ 75,917,891</u>	<u>\$ 17,443,478</u>	<u>\$ 93,361,369</u>

**NOTE 17 - SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)**

**2. Pledged Revenues – Tax Allocation Bonds**

The Successor Agency to the to the Brea Redevelopment 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 \$93,361,369, with annual debt service requirements indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$13,488,452 and the debt service obligation was \$13,280,633.

**3. Non-Commitment Multifamily Housing Revenue Bonds**

In July 2010, the Successor Agency to the to the Brea Redevelopment Agency, on behalf of Tonner Hills Housing Partners, LP (the “Borrower”), was authorized to issue \$5,858,319 and \$7,741,681 Brea Redevelopment Agency Multifamily Housing Revenue Bonds (Tonner Hills Apartment Homes) 2010 Series A-1 and A-2, respectively, for the purpose of providing funding necessary for the acquisition, construction and equipping of a 94-unit multifamily rental housing project in the City. The Agency and the Borrower also entered into a non-interest bearing loan agreement in amount of \$1,200,000. These bonds are not the obligations of the Agency and will be paid solely from future rent revenue. The outstanding balance is determined when a construction draw requisition is submitted to the bank for payment, limited up to the authorized amounts for each of the series. Currently, the bonds are only paying interest to bondholders for debt service payments. When the bonds are converted, then the Borrower will pay principal and interest per bond conversion. The outstanding balance at June 30, 2025, was \$3,137,590 for Series A-1.

**H. Insurance**

The Successor Agency of the former Redevelopment Agency is covered under the insurance policy of the City of Brea at June 30, 2025.

**I. Deficit Net Position**

As of June 30, 2025, the Agency had a deficit net position of \$62,705,879. This will be reduced with future receipt of distributions from the Redevelopment Property Tax Trust Fund from the County.

**NOTE 18 - ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES**

**Change in Accounting Principle**

During the current year, the City implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

**CITY OF BREA, CALIFORNIA**  
**Notes to the Basic Financial Statements**  
**For The Year Ended June 30, 2025**

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**NOTE 18 - ADJUSTMENTS AND RESTATEMENTS OF BEGINNING BALANCES**

	June 30, 2024 As Previously Reported	Restatement GASB 101 implementation	June 30, 2024 Restated
Internal service funds			
Vehicle Replacement	\$ 7,186,287	\$ (141,380)	\$ 7,044,907
Building Occupancy	27,313	(108,202)	(80,889)
Total internal service funds	<u>\$ 7,213,600</u>	<u>\$ (249,582)</u>	<u>\$ 6,964,018</u>
Government-wide			
Governmental activities	\$ 207,586,819	\$ (3,430,668)	\$ 204,156,151
Internal service funds	7,997,953	(249,582)	7,748,371
Total government-wide	<u>\$ 215,584,772</u>	<u>\$ (3,680,250)</u>	<u>\$ 211,904,522</u>
Proprietary funds			
Major funds			
Water Utility	\$ 92,723,218	\$ (393,232)	\$ 92,329,986
Sewer Utility	24,622,178	(158,032)	24,464,146
Nonmajor funds	11,915,356	(147,074)	11,768,282
Total proprietary funds	<u>\$ 129,260,752</u>	<u>\$ (698,338)</u>	<u>\$ 128,562,414</u>

**NOTE 19 - SUBSEQUENT EVENTS**

The City evaluated subsequent events for recognition and disclosure through December 8, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in these financial statements.

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**Required Supplementary Information**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 2,655,175	\$ 2,570,196	\$ 2,507,756	\$ 2,292,411
Interest on total pension liability	11,852,881	11,511,001	11,062,559	10,893,584
Changes of benefit terms	-	238,052	-	-
Changes of assumptions	-	-	4,989,438	-
Difference between expected and actual experience	239,349	1,787,357	(1,925,595)	230,181
Benefit payments, including refunds of employee contributions	(9,228,776)	(9,587,727)	(8,667,849)	(8,108,945)
<b>Net change in total pension liability</b>	<b>5,518,629</b>	<b>6,518,879</b>	<b>7,966,309</b>	<b>5,307,231</b>
Total pension liability-beginning	174,828,327	168,309,448	160,343,139	155,035,908
<b>Total pension liability-ending (a)</b>	<b>180,346,956</b>	<b>174,828,327</b>	<b>168,309,448</b>	<b>160,343,139</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	5,105,584	4,957,441	4,491,118	4,297,066
Contributions-employee	1,262,034	1,058,108	1,028,136	1,029,029
Net investment income	12,221,313	7,733,265	(10,262,883)	25,693,669
Benefit payments, including refunds of employee contributions	(9,228,776)	(9,587,727)	(8,667,849)	(8,108,945)
Net plan to plan resource movement	-	-	-	-
Administrative expense	(103,710)	(90,730)	(85,268)	(113,962)
Other miscellaneous income/(expense)	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>9,256,445</b>	<b>4,070,357</b>	<b>(13,496,746)</b>	<b>22,796,857</b>
Plan fiduciary net position-beginning	127,453,799	123,383,442	136,880,188	114,083,331
<b>Plan fiduciary net position-ending (b)</b>	<b>136,710,244</b>	<b>127,453,799</b>	<b>123,383,442</b>	<b>136,880,188</b>
<b>Net pension liability/(asset) (a) - (b)</b>	<b>\$ 43,636,712</b>	<b>\$ 47,374,528</b>	<b>\$ 44,926,006</b>	<b>\$ 23,462,951</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>75.80%</b>	<b>72.90%</b>	<b>73.30%</b>	<b>85.40%</b>
Covered-employee payroll	\$ 16,471,311	\$ 15,436,610	\$ 12,313,380	\$ 15,083,837
<b>Plan net pension liability/(asset) as a percentage of covered-employee payroll</b>	<b>264.93%</b>	<b>306.90%</b>	<b>364.90%</b>	<b>155.60%</b>

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

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

*Changes of Assumptions:* There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 2,377,727	\$ 2,331,399	\$ 2,447,787	\$ 2,355,806	\$ 2,046,427	\$ 2,062,984
10,517,185	10,290,427	9,781,021	9,338,038	9,044,787	8,692,445
-	-	-	-	-	-
-	-	(670,255)	7,763,702	-	(2,142,611)
(2,276,288)	1,588,377	1,347,129	(972,574)	(950,961)	(1,784,268)
(7,527,291)	(6,867,189)	(6,401,688)	(6,040,591)	(5,294,666)	(5,086,167)
<b>3,091,333</b>	<b>7,343,014</b>	<b>6,503,994</b>	<b>12,444,381</b>	<b>4,845,587</b>	<b>1,742,383</b>
151,944,575	144,601,561	138,097,567	125,653,186	120,807,599	119,065,216
<b>155,035,908</b>	<b>151,944,575</b>	<b>144,601,561</b>	<b>138,097,567</b>	<b>125,653,186</b>	<b>120,807,599</b>
3,946,996	3,351,489	2,943,356	2,810,705	2,403,298	2,132,083
1,078,029	1,063,078	1,141,012	1,135,787	1,071,389	1,087,960
5,601,590	6,920,527	8,532,272	10,371,791	510,663	2,130,803
(7,527,291)	(6,867,189)	(6,401,688)	(6,040,591)	(5,294,666)	(5,086,167)
-	-	8,966	(68,950)	-	-
(156,681)	(76,178)	(157,356)	(137,174)	(57,456)	(106,071)
-	248	(298,822)	-	-	-
<b>2,942,643</b>	<b>4,391,975</b>	<b>5,767,740</b>	<b>8,071,568</b>	<b>(1,366,772)</b>	<b>158,608</b>
111,140,688	106,748,713	100,980,973	92,909,405	94,276,177	94,117,569
<b>114,083,331</b>	<b>111,140,688</b>	<b>106,748,713</b>	<b>100,980,973</b>	<b>92,909,405</b>	<b>94,276,177</b>
<b>\$ 40,952,577</b>	<b>\$ 40,803,887</b>	<b>\$ 37,852,848</b>	<b>\$ 37,116,594</b>	<b>\$ 32,743,781</b>	<b>\$ 26,531,422</b>
<b>73.60%</b>	<b>73.10%</b>	<b>73.80%</b>	<b>73.10%</b>	<b>73.90%</b>	<b>78.00%</b>
\$ 15,618,412	\$ 15,187,853	\$ 15,773,914	\$ 16,716,903	\$ 15,474,119	\$ 15,043,603
<b>262.20%</b>	<b>268.70%</b>	<b>240.00%</b>	<b>222.00%</b>	<b>211.60%</b>	<b>176.40%</b>

**CITY OF BREA, CALIFORNIA**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Safety Plan**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 3,203,351	\$ 3,263,982	\$ 3,257,422	\$ 3,216,910
Interest on total pension liability	18,915,355	18,359,943	17,527,382	16,994,058
Changes of assumptions	-	-	(743,259)	14,075,011
Difference between expected and actual experience	(31,244)	3,599,666	(224,664)	(2,374,086)
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)	(11,322,632)
<b>Net change in total pension liability</b>	<b>7,699,931</b>	<b>12,022,359</b>	<b>7,531,057</b>	<b>20,589,261</b>
Total pension liability-beginning	270,173,742	258,151,383	250,620,326	230,031,065
<b>Total pension liability-ending (a)</b>	<b>277,873,673</b>	<b>270,173,742</b>	<b>258,151,383</b>	<b>250,620,326</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	7,928,182	6,943,831	6,122,219	5,562,362
Contributions-employee	1,219,554	1,090,070	1,117,627	1,103,737
Net investment income	8,890,536	11,226,191	13,829,770	16,755,962
Benefit payments, including refunds of employee contributions	(14,387,531)	(13,201,232)	(12,285,824)	(11,322,632)
Net plan to plan resource movement	-	-	(9,613)	68,950
Administrative expense	(249,637)	(122,130)	(254,161)	(223,176)
Other miscellaneous income/(expense)	-	399	(482,656)	-
<b>Net change in fiduciary net position</b>	<b>3,401,104</b>	<b>5,937,129</b>	<b>8,037,362</b>	<b>11,945,203</b>
Plan fiduciary net position-beginning	177,078,406	171,141,277	163,103,915	151,158,712
<b>Plan fiduciary net position-ending (b)</b>	<b>180,479,510</b>	<b>177,078,406</b>	<b>171,141,277</b>	<b>163,103,915</b>
<b>Net pension liability/(asset) (a) - (b)</b>	<b>\$ 97,394,163</b>	<b>\$ 93,095,336</b>	<b>\$ 87,010,106</b>	<b>\$ 87,516,411</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>65.00%</b>	<b>65.50%</b>	<b>66.30%</b>	<b>65.10%</b>
Covered-employee payroll	\$ 11,736,459	\$ 11,724,815	\$ 11,688,892	\$ 10,703,998
<b>Plan net pension liability/(asset) as a percentage of covered-employee payroll</b>	<b>829.80%</b>	<b>794.00%</b>	<b>744.40%</b>	<b>817.60%</b>

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

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

*Changes of Assumptions:* None in 2020-2022. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. 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 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2015, amounts reported were based on the 7.50% discount rate.

<sup>1</sup> Fiscal year 2015 was the first year of GASB Statement No. 68 implementation.

<sup>2</sup> Fiscal year 2022, the City's safety plan was transferred to the CalPERs Cost-Sharing Safety Plan

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	6/30/2016	6/30/2015	6/30/2014
\$	2,745,588	\$ 2,865,433	\$ 3,080,297
	16,654,242	16,223,231	15,749,580
	-	(3,994,113)	-
	(2,403,349)	(2,307,435)	-
	(11,396,941)	(10,585,623)	(10,108,174)
	5,599,540	2,201,493	8,721,703
	224,431,525	222,230,032	213,508,329
	<b>230,031,065</b>	<b>224,431,525</b>	<b>222,230,032</b>
	4,627,179	3,591,767	3,655,839
	973,955	1,084,088	1,024,137
	746,473	3,517,885	24,058,889
	(11,396,941)	(10,585,623)	(10,108,174)
	-	-	-
	(95,259)	(175,877)	-
	-	-	-
	<b>(5,144,593)</b>	<b>(2,567,760)</b>	<b>18,630,691</b>
	156,303,305	158,871,065	140,240,374
	<b>151,158,712</b>	<b>156,303,305</b>	<b>158,871,065</b>
<b>\$</b>	<b>78,872,353</b>	<b>\$ 68,128,220</b>	<b>\$ 63,358,967</b>
	<b>65.70%</b>	<b>69.60%</b>	<b>71.50%</b>
\$	10,168,516	\$ 9,980,447	\$ 9,919,059
	<b>775.70%</b>	<b>682.60%</b>	<b>638.80%</b>

**CITY OF BREA, CALIFORNIA**  
**Schedule of Proportionate Share of Net Pension Liability**  
**As of June 30, for the Last Ten Fiscal Years <sup>2</sup>**

<b>Reporting Date <sup>1</sup> as of June 30,</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of Net Pension Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability as a % of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a % of the Total Pension Liability</b>
<b><u>Safety Plan</u></b>					
2025	1.6176%	\$ 117,935,787	\$ 16,388,159	719.6%	64.59%
2024	1.5943%	119,172,727	13,841,154	861.0%	62.70%
2023	1.6399%	112,689,685	14,012,786	804.2%	71.40%
2022	2.1028%	73,798,584	11,367,662	649.2%	63.1%

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

*Benefit Changes:* None

*Changes of Assumptions:* None

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

<sup>2</sup> *Fiscal year 2022 was the first year of the City's cost-sharing safety plan.*

**CITY OF BREA, CALIFORNIA**  
**Schedule of Plan Contributions - Miscellaneous and Safety Plans**  
**As Of June 30, For The Last Ten Fiscal Years**

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as a</u> <u>% of Covered</u> <u>Payroll</u>
<b><u>Miscellaneous Plan</u></b>					
2025	\$ 4,788,000	\$ 4,788,000	\$ -	\$ 15,061,990	31.8%
2024	4,223,828	4,223,828	-	14,464,071	29.2%
2023	4,086,520	4,086,520	-	12,712,806	32.1%
2022	3,707,509	3,707,509	-	12,313,380	30.1%
2021	3,578,109	3,578,109	-	15,083,837	23.7%
2020	3,228,649	3,228,649	-	15,618,412	20.7%
2019	2,802,915	2,802,915	-	15,187,853	18.5%
2018	2,433,536	2,433,536	-	15,773,914	15.4%
2017	2,279,397	2,279,397	-	16,716,903	13.6%
2016	2,403,298	2,403,298	-	15,474,119	15.5%
<b><u>Safety Plan</u></b>					
2025	\$ 13,554,001	\$ 13,554,001	\$ -	\$ 18,212,969	74.4%
2024	11,850,759	11,850,759	-	16,388,159	72.3%
2023	11,215,589	11,215,589	-	13,841,154	81.0%
2022	10,200,946	10,200,946	-	14,012,786	72.8%
2021	9,453,973	9,453,973	-	11,367,662	83.2%
2020	8,657,724	8,657,724	-	11,736,459	73.8%
2019	7,500,416	7,500,416	-	11,724,815	64.0%
2018	6,573,125	6,573,125	-	11,688,892	56.2%
2017	5,863,082	5,863,082	-	10,703,998	54.8%
2016	4,627,179	4,627,179	-	10,168,516	45.5%

Notes to Schedule of Plan Contributions

**Miscellaneous and Safety Plans**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Asset valuation method	Fair value
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80%
Investment rate of return	6.80%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**CITY OF BREA, CALIFORNIA**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**As of June 30, For the Last Ten Fiscal Years<sup>1</sup>**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 606,145	\$ 723,690	\$ 994,959	\$ 1,123,147
Interest on total pension liability	800,332	881,363	638,376	679,725
Changes of assumptions	(670,222)	(1,561,914)	(4,765,135)	(1,005,114)
Difference between expected and actual experience	-	(1,632,463)	-	(628,511)
Benefit payments, including refunds of employee contributions	(1,260,893)	(1,266,048)	(1,242,198)	(1,244,546)
<b>Net change in total OPEB liability</b>	<b>(524,638)</b>	<b>(2,855,372)</b>	<b>(4,373,998)</b>	<b>(1,075,299)</b>
Total OPEB liability-beginning	21,951,211	24,806,583	29,180,581	30,255,880
<b>Total OPEB liability-ending (a)</b>	<b>\$ 21,426,573</b>	<b>\$ 21,951,211</b>	<b>\$ 24,806,583</b>	<b>\$ 29,180,581</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	1,699,267	-	-	-
Contributions-employee	-	-	-	-
Net investment income	1,051	-	-	-
Benefit payments, including refunds of employee contributions	(1,260,893)	-	-	-
Net plan to plan resource movement	-	-	-	-
Administrative expense	(13,409)	-	-	-
Other miscellaneous income/(expense)	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>426,016</b>	<b>-</b>	<b>-</b>	<b>-</b>
Plan fiduciary net position-beginning	-	-	-	-
<b>Plan fiduciary net position-ending (b)</b>	<b>426,016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net OPEB liability/(asset) (a) - (b)</b>	<b>\$ 21,000,557</b>	<b>\$ 21,951,211</b>	<b>\$ 24,806,583</b>	<b>\$ 29,180,581</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	2%	-%	-%	-%
Covered payroll	\$ 40,147,129	\$ 27,929,541	\$ 27,218,064	\$ 26,326,166
<b>Plan net OPEB liability/(asset) as a percentage of covered payroll</b>	<b>52.31%</b>	<b>78.60%</b>	<b>91.10%</b>	<b>110.80%</b>

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

*Benefit Changes:* None

*Changes in Assumptions:* Discount rate was updated based on municipal bond rate as of the measurement date.

<sup>1</sup> Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

A trust was established during fiscal year 2025. As such, a schedule of fiduciary net position will be presented going forward.

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 787,934	\$ 849,287	\$ 882,455	\$ 1,020,496
884,296	1,000,101	936,624	801,573
4,760,345	976,091	(908,163)	(2,488,279)
-	(2,073,628)	-	-
<u>(1,308,694)</u>	<u>(1,225,956)</u>	<u>(1,170,100)</u>	<u>(1,146,800)</u>
5,123,881	(474,105)	(259,184)	(1,813,010)
25,131,999	25,606,104	25,865,288	27,678,298
<b><u>\$ 30,255,880</u></b>	<b><u>\$ 25,131,999</u></b>	<b><u>\$ 25,606,104</u></b>	<b><u>\$ 25,865,288</u></b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b><u>\$ 30,255,880</u></b>	<b><u>\$ 25,131,999</u></b>	<b><u>\$ 25,606,104</u></b>	<b><u>\$ 25,865,288</u></b>
-%	-%	-%	-%
\$ 27,571,820	\$ 27,001,678	\$ 27,465,185	\$ 33,837,681
<b>109.70%</b>	<b>93.10%</b>	<b>93.20%</b>	<b>76.40%</b>

**CITY OF BREA, CALIFORNIA**  
**Schedule of Plan Contributions - OPEB Plan**  
**As of June 30, For the Last Ten Fiscal Years<sup>1</sup>**

<b>Fiscal Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a % of Covered Payroll</b>
2025	\$ 1,688,375	\$ 1,296,791	\$ 391,584	\$ 40,147,129	3.2%
2024	1,699,267	1,699,267	-	27,929,541	6.1%
2023	1,266,048	1,266,048	-	27,218,064	4.7%
2022	1,247,940	1,247,940	-	26,326,166	4.7%
2021	1,249,898	1,249,898	-	27,571,820	4.5%
2020	1,314,118	1,314,118	-	27,001,678	4.9%
2019	1,230,660	1,230,660	-	27,465,185	4.5%

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

**Notes to Schedule of Plan Contributions - OPEB Plan**

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

**Methods and assumptions used to determine contributions**

Discount Rate	6.25%
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGETARY AND ACTUAL**

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General**  
**For The Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 56,045,008	\$ 56,245,008	\$ 54,251,895	\$ (1,993,113)
Licenses and permits	403,429	403,429	393,256	(10,173)
Intergovernmental	16,053,355	16,631,852	16,864,156	232,304
Charges for services	5,866,802	5,866,802	6,498,550	631,748
Investment income, net	1,134,876	1,134,876	3,640,643	2,505,767
Fines and forfeitures	495,988	495,988	323,014	(172,974)
Rental income	3,021,299	3,021,299	3,003,790	(17,509)
Other revenues	3,664,069	3,727,966	2,835,238	(892,728)
<b>Total revenues</b>	<b><u>86,684,826</u></b>	<b><u>87,527,220</u></b>	<b><u>87,810,542</u></b>	<b><u>283,322</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
City management	3,654,764	3,877,401	3,371,764	505,637
Administrative services	5,622,566	5,831,821	5,425,927	405,894
Public safety				
Police	29,833,042	30,140,167	29,679,245	460,922
Fire	20,585,322	21,584,096	21,229,378	354,718
Community services	9,444,404	9,847,029	10,079,172	(232,143)
Community development	3,559,428	4,986,765	3,289,247	1,697,518
Public works	7,970,810	8,403,838	7,577,676	826,162
Capital outlay				
Debt service	706,818	1,781,788	1,025,597	756,191
Principal	-	-	144,239	(144,239)
Interest and fiscal charges	177,600	177,600	94,636	82,964
<b>Total expenditures</b>	<b><u>81,554,754</u></b>	<b><u>86,630,505</u></b>	<b><u>81,916,881</u></b>	<b><u>4,713,624</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>5,130,072</u></b>	<b><u>896,715</u></b>	<b><u>5,893,661</u></b>	<b><u>4,996,946</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,754,276	3,999,364	600,000	(3,399,364)
Transfers out	(4,801,600)	(20,322,277)	(7,315,226)	13,007,051
Proceeds from sale of capital assets	8,659	8,659	88,838	80,179
Leases and SBITAs issuance proceeds	-	-	231,951	231,951
<b>Total other financing sources (uses)</b>	<b><u>(1,038,665)</u></b>	<b><u>(16,314,254)</u></b>	<b><u>(6,394,437)</u></b>	<b><u>9,919,817</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 4,091,407</u></b>	<b><u>\$ (15,417,539)</u></b>	<b><u>(500,776)</u></b>	<b><u>\$ 14,916,763</u></b>
Fund balances-beginning			54,961,513	
<b>Fund balances-ending</b>			<b><u>\$ 54,460,737</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Affordable Housing**  
**For The Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 8,688,491	\$ -	\$ (8,688,491)
Investment income, net	73,200	73,200	566,690	493,490
Other revenues	122,954	122,954	155,345	32,391
<b>Total revenues</b>	<b><u>196,154</u></b>	<b><u>8,884,645</u></b>	<b><u>722,035</u></b>	<b><u>(8,162,610)</u></b>
<b>EXPENDITURES</b>				
Current				
General government	3,600	3,600	24,740	(21,140)
Community development	27,432	9,115,923	15,240	9,100,683
<b>Total expenditures</b>	<b><u>31,032</u></b>	<b><u>9,119,523</u></b>	<b><u>39,980</u></b>	<b><u>9,079,543</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 165,122</u></b>	<b><u>\$ (234,878)</u></b>	<b><u>682,055</u></b>	<b><u>\$ 916,933</u></b>
Fund balances-beginning			<u>3,899,529</u>	
<b>Fund balances-ending</b>			<b><u>\$ 4,581,584</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Housing Successor**  
**For The Year Ended June 30, 2025**

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	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment income, net	103,000	103,000	298,438	195,438
Other revenues	41,900	41,900	126,226	84,326
<b>Total revenues</b>	<b><u>144,900</u></b>	<b><u>144,900</u></b>	<b><u>424,664</u></b>	<b><u>279,764</u></b>
<b>EXPENDITURES</b>				
Current				
General government	6,200	6,200	12,638	(6,438)
Community development	327,084	2,794,528	630,425	2,164,103
<b>Total expenditures</b>	<b><u>333,284</u></b>	<b><u>2,800,728</u></b>	<b><u>643,063</u></b>	<b><u>2,157,665</u></b>
<b>Net change in fund balances</b>	<b><u>\$ (188,384)</u></b>	<b><u>\$ (2,655,828)</u></b>	<b><u>(218,399)</u></b>	<b><u>\$ 2,437,429</u></b>
Fund balances-beginning			19,581,074	
<b>Fund balances-ending</b>			<b><u>\$ 19,362,675</u></b>	

**Notes to Required Supplementary Information**

**CITY OF BREA, CALIFORNIA**  
**Notes To Required Supplementary Information**  
**For The Year Ended June 30, 2025**

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**NOTE 1 - BUDGETARY INFORMATION**

**General Budget Policies**

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

1. The City adopted biennial budget covering the annual periods from July 1, 2023 through June 30, 2024 and July 1, 2024 through June 30, 2025.
2. In May of the budget cycle, the City Manager submits to the City Council a proposed financial plan with a biennial operating budget for the upcoming fiscal years commencing July 1. The operating budget includes proposed expenditures and the sources of financing.
3. Public hearings are conducted at City Council meetings to obtain taxpayer comments.
4. On or before July 1 of each odd year, the financial plan for the two fiscal years is adopted by Council action.
5. The City Manager is authorized to transfer funds appropriated with respect to those classifications designated as other services and material and supplies within the same fund. The City Manager may transfer appropriated funds from any classification within other expenditure categories to the capital outlay classification within the same fund only; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Activities of the General Fund, Special Revenue Funds and Capital Projects Funds are included in the biennial budget. As an additional internal control mechanism, project-length financial plans are adopted for the Capital Improvement Program.
6. Formal budgetary integration is employed as a management control device during the two fiscal years for the governmental funds.
7. Legally adopted biennial budgets for all governmental funds are established on a basis consistent with generally accepted accounting principles (GAAP). For the current fiscal year, the HOME Program special revenue fund had not adopted budget.

**NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATION**

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

Excess of expenditures over appropriations per activity is as follows:

Fund	Final Budget	Expenditures	Excess
<b>Major Funds</b>			
General Fund			
Community services	\$ 9,847,029	\$ 10,079,172	\$ (232,143)
Debt service			
Principal retirement	-	144,239	(144,239)
Affordable Housing Fund			
General government	3,600	24,740	(21,140)
Housing Successor			
General government	6,200	12,638	(6,438)

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**Supplementary Information**

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## **Capital Projects Fund**

### **Capital Improvements Fund**

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

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Improvements**  
**For The Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 11,361,768	\$ 1,227,635	\$(10,134,133)
Charges for services	31,758	31,758	307,687	275,929
Investment income, net	64,390	64,390	411,471	347,081
Other revenues	16,600	59,408	-	(59,408)
<b>Total revenues</b>	<b>112,748</b>	<b>11,517,324</b>	<b>1,946,793</b>	<b>(9,570,531)</b>
<b>EXPENDITURES</b>				
Current				
General government	100,386	100,386	86,925	13,461
Public works	412,238	737,272	493,231	244,041
Capital outlay	7,555,000	56,580,368	10,866,620	45,713,748
<b>Total expenditures</b>	<b>8,067,624</b>	<b>57,418,026</b>	<b>11,446,776</b>	<b>45,971,250</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,954,876)</b>	<b>(45,900,702)</b>	<b>(9,499,983)</b>	<b>36,400,719</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,755,000	45,728,512	8,493,963	(37,234,549)
Transfers out	(300,000)	(4,700,524)	-	4,700,524
<b>Total other financing sources (uses)</b>	<b>7,455,000</b>	<b>41,027,988</b>	<b>8,493,963</b>	<b>(32,534,025)</b>
<b>Net change in fund balance</b>	<b>\$ (499,876)</b>	<b>\$ (4,872,714)</b>	<b>(1,006,020)</b>	<b>\$ 3,866,694</b>
Fund balances-beginning			6,010,153	
<b>Fund balances-ending</b>			<b>\$ 5,004,133</b>	

## **Nonmajor Governmental Funds**

### **Nonmajor 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 nonmajor Special Revenue Funds:

#### Gas Tax Fund

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

#### Narcotics Enforcement Asset Seizure Fund

This fund is used to account for revenues seized by the Police Department during narcotic investigations.

#### Air Quality Improvement Fund

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

#### Park Development Fund

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

#### Measure M Fund

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

#### Community Development Block Grant Fund

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

#### HOME Program Fund

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

#### Blackstone Community Facilities District (CFD) 2008-1 Fund

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

#### La Floresta CFD 2011-1 Fund

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

## **Nonmajor Governmental Funds**

### Taylor-Morrison CFD 2013-1 Fund

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

### Central Park Village CFD 2013-2 Fund

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

### Development Fund

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

### National Opioid Settlement Fund

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

### Organized Retail Theft Grant Fund

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

## **Nonmajor Capital Funds**

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

### **The City of Brea has the following Nonmajor Capital Projects Funds**

#### Capital and Mitigation Improvement Fund

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

#### Storm Drain Fund

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

**CITY OF BREA, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Narcotics Enforcement Asset Seizure</b>	<b>Air Quality Improvement</b>	<b>Park Development</b>
<b>ASSETS</b>				
Cash and investments	\$ 7,007,750	\$ 337,461	\$ 291,802	\$ 2,463,312
Receivables (net of uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	223,895	137,983	16,612	-
<b>Total assets</b>	<b>\$ 7,231,645</b>	<b>\$ 475,444</b>	<b>\$ 308,414</b>	<b>\$ 2,463,312</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 23,264	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>23,264</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	16,612	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>16,612</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	7,231,645	452,180	291,802	2,463,312
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>7,231,645</b>	<b>452,180</b>	<b>291,802</b>	<b>2,463,312</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 7,231,645</b>	<b>\$ 475,444</b>	<b>\$ 308,414</b>	<b>\$ 2,463,312</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>Measure M</b>	<b>Community Development Block Grant</b>	<b>HOME Program</b>	<b>Blackstone CFD</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,694,918	\$ -	\$ -	\$ 2,623,327
Receivables (net of uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	21,675
Notes and loans	-	1,498,773	18,241	-
Due from other governments	244,112	102,564	-	-
<b>Total assets</b>	<b>\$ 3,939,030</b>	<b>\$ 1,601,337</b>	<b>\$ 18,241</b>	<b>\$ 2,645,002</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 725	\$ 22,754	\$ -	\$ 1,461
Accrued liabilities	214	-	-	15,542
Unearned revenues	-	-	-	-
Due to other governments	-	1,498,773	18,241	-
Due to other funds	-	237,497	-	-
<b>Total liabilities</b>	<b>939</b>	<b>1,759,024</b>	<b>18,241</b>	<b>17,003</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	3,938,091	-	-	2,627,999
Unassigned	-	(157,687)	-	-
<b>Total fund balances (deficits)</b>	<b>3,938,091</b>	<b>(157,687)</b>	<b>-</b>	<b>2,627,999</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 3,939,030</b>	<b>\$ 1,601,337</b>	<b>\$ 18,241</b>	<b>\$ 2,645,002</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>La Floresta CFD</b>	<b>Taylor - Morrison CFD</b>	<b>Central Park Village CFD</b>	<b>Development</b>
<b>ASSETS</b>				
Cash and investments	\$ 533,979	\$ 149,082	\$ 252,099	\$ 1,053,242
Receivables (net of uncollectibles)				
Accounts	-	-	-	-
Taxes	6,415	48	1,046	-
Notes and loans	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 540,394</b>	<b>\$ 149,130</b>	<b>\$ 253,145</b>	<b>\$ 1,053,242</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 384	\$ -	\$ -	\$ 256,087
Accrued liabilities	14,791	1,012	2,744	14,519
Unearned revenues	-	-	-	782,636
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>15,175</b>	<b>1,012</b>	<b>2,744</b>	<b>1,053,242</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	525,219	148,118	250,401	-
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>525,219</b>	<b>148,118</b>	<b>250,401</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 540,394</b>	<b>\$ 149,130</b>	<b>\$ 253,145</b>	<b>\$ 1,053,242</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	Special Revenue Funds		Capital Projects Funds	
	National Opioid Settlement	Organized Retail Theft Grant	Capital and Mitigation Improvement	Storm Drain
<b>ASSETS</b>				
Cash and investments	\$ 526,639	\$ -	\$ 1,621,000	\$ 372,719
Receivables (net of uncollectibles)				
Accounts	181,930	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	912,648	-	-
<b>Total assets</b>	<b>\$ 708,569</b>	<b>\$ 912,648</b>	<b>\$ 1,621,000</b>	<b>\$ 372,719</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 451	\$ 103,648	\$ -	\$ -
Accrued liabilities	3,459	4,178	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	882,953	-	-
<b>Total liabilities</b>	<b>3,910</b>	<b>990,779</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	699,284	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>699,284</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	704,659	-	1,621,000	372,719
Unassigned	-	(777,415)	-	-
<b>Total fund balances (deficits)</b>	<b>704,659</b>	<b>(777,415)</b>	<b>1,621,000</b>	<b>372,719</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 708,569</b>	<b>\$ 912,648</b>	<b>\$ 1,621,000</b>	<b>\$ 372,719</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 20,927,330
Receivables (net of uncollectibles)	
Accounts	181,930
Taxes	29,184
Notes and loans	1,517,014
Due from other governments	1,637,814
<b>Total assets</b>	<b>\$ 24,293,272</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 408,774
Accrued liabilities	56,459
Unearned revenues	782,636
Due to other governments	1,517,014
Due to other funds	1,120,450
<b>Total liabilities</b>	<b>3,885,333</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues	715,896
<b>Total deferred inflows of resources</b>	<b>715,896</b>
<b>FUND BALANCES (DEFICITS)</b>	
Restricted	20,627,145
Unassigned	(935,102)
<b>Total fund balances (deficits)</b>	<b>19,692,043</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 24,293,272</b>

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**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Narcotics Enforcement Asset Seizure</b>	<b>Air Quality Improvement</b>	<b>Park Development</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,646,199	137,983	63,213	-
Investment income, net	356,208	20,651	16,089	129,471
Fines and forfeitures	-	-	-	-
Other revenues	-	-	-	5,775
<b>Total revenues</b>	<b>3,002,407</b>	<b>158,634</b>	<b>79,302</b>	<b>135,246</b>
<b>EXPENDITURES</b>				
Current				
General government	13,626	1,175	601	5,262
Public safety	-	188,541	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	2,951
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>13,626</b>	<b>189,716</b>	<b>601</b>	<b>8,213</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,988,781</b>	<b>(31,082)</b>	<b>78,701</b>	<b>127,033</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(917,570)	-	-	(19,107)
<b>Total other financing sources (uses)</b>	<b>(917,570)</b>	<b>-</b>	<b>-</b>	<b>(19,107)</b>
<b>Net change in fund balances</b>	<b>2,071,211</b>	<b>(31,082)</b>	<b>78,701</b>	<b>107,926</b>
Fund balances (deficit)-beginning	5,160,434	483,262	213,101	2,355,386
<b>Fund balances (deficit)-ending</b>	<b>\$ 7,231,645</b>	<b>\$ 452,180</b>	<b>\$ 291,802</b>	<b>\$ 2,463,312</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>Measure M</b>	<b>Community Development Block Grant</b>	<b>HOME Program</b>	<b>Blackstone CFD</b>
<b>REVENUES</b>				
Taxes	\$ 1,373,630	\$ -	\$ -	\$ 895,789
Intergovernmental	-	237,970	-	-
Investment income, net	82,287	-	-	144,348
Fines and forfeitures	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>1,455,917</b>	<b>237,970</b>	<b>-</b>	<b>1,040,137</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	6,061
Public safety	-	-	-	570,723
Community services	-	-	-	-
Community development	-	178,959	-	-
Public works	33,454	-	-	312,551
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>33,454</b>	<b>178,959</b>	<b>-</b>	<b>889,335</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,422,463</b>	<b>59,011</b>	<b>-</b>	<b>150,802</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(467,045)	(60,573)	-	-
<b>Total other financing sources (uses)</b>	<b>(467,045)</b>	<b>(60,573)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>955,418</b>	<b>(1,562)</b>	<b>-</b>	<b>150,802</b>
Fund balances (deficit)-beginning	2,982,673	(156,125)	-	2,477,197
<b>Fund balances (deficit)-ending</b>	<b>\$ 3,938,091</b>	<b>\$ (157,687)</b>	<b>\$ -</b>	<b>\$ 2,627,999</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>La Floresta CFD</b>	<b>Taylor - Morrison CFD</b>	<b>Central Park Village CFD</b>	<b>Development</b>
<b>REVENUES</b>				
Taxes	\$ 568,431	\$ 54,170	\$ 146,096	\$ -
Intergovernmental	-	-	-	-
Investment income, net	29,201	8,167	13,586	-
Fines and forfeitures	-	-	-	-
Other revenues	1,589	-	-	2,378,789
<b>Total revenues</b>	<b>599,221</b>	<b>62,337</b>	<b>159,682</b>	<b>2,378,789</b>
<b>EXPENDITURES</b>				
Current				
General government	1,164	326	501	296,227
Public safety	578,443	44,966	115,388	205,914
Community services	-	-	-	-
Community development	-	-	-	954,120
Public works	39,170	-	-	922,528
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>618,777</b>	<b>45,292</b>	<b>115,889</b>	<b>2,378,789</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(19,556)</b>	<b>17,045</b>	<b>43,793</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(19,556)</b>	<b>17,045</b>	<b>43,793</b>	<b>-</b>
Fund balances (deficit)-beginning	544,775	131,073	206,608	-
<b>Fund balances (deficit)-ending</b>	<b>\$ 525,219</b>	<b>\$ 148,118</b>	<b>\$ 250,401</b>	<b>\$ -</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	Special Revenue Funds		Capital Projects Funds	
	National Opioid Settlement	Organized Retail Theft Grant	Capital and Mitigation Improvement	Storm Drain
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	107,760	957,475	-	-
Investment income, net	27,975	(12,123)	83,749	20,632
Fines and forfeitures	-	-	-	-
Other revenues	601,075	-	-	-
<b>Total revenues</b>	<b>736,810</b>	<b>945,352</b>	<b>83,749</b>	<b>20,632</b>
<b>EXPENDITURES</b>				
Current				
General government	1,249	-	2,980	903
Public safety	-	149,990	-	-
Community services	129,140	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	602,114	-	-
<b>Total expenditures</b>	<b>130,389</b>	<b>752,104</b>	<b>2,980</b>	<b>903</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>606,421</b>	<b>193,248</b>	<b>80,769</b>	<b>19,729</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	56,000	-
Transfers out	-	(220,442)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(220,442)</b>	<b>56,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>606,421</b>	<b>(27,194)</b>	<b>136,769</b>	<b>19,729</b>
Fund balances (deficit)-beginning	98,238	(750,221)	1,484,231	352,990
<b>Fund balances (deficit)-ending</b>	<b>\$ 704,659</b>	<b>\$ (777,415)</b>	<b>\$ 1,621,000</b>	<b>\$ 372,719</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

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	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>	
Taxes	\$ 3,038,116
Intergovernmental	4,150,600
Investment income, net	920,241
Fines and forfeitures	-
Other revenues	2,987,228
<b>Total revenues</b>	<b>11,096,185</b>
<b>EXPENDITURES</b>	
Current	
General government	330,075
Public safety	1,853,965
Community services	129,140
Community development	1,133,079
Public works	1,310,654
Capital outlay	602,114
<b>Total expenditures</b>	<b>5,359,027</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,737,158</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	56,000
Transfers out	(1,684,737)
<b>Total other financing sources (uses)</b>	<b>(1,628,737)</b>
<b>Net change in fund balances</b>	<b>4,108,421</b>
Fund balances (deficit)-beginning	15,583,622
<b>Fund balances (deficit)-ending</b>	<b>\$ 19,692,043</b>

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGETARY AND ACTUAL**

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Gas Tax**  
**For The Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,570,120	\$ 2,570,120	\$ 2,646,199	\$ 76,079
Investment income, net	60,240	60,240	356,208	295,968
<b>Total revenues</b>	<b><u>2,630,360</u></b>	<b><u>2,630,360</u></b>	<b><u>3,002,407</u></b>	<b><u>372,047</u></b>
<b>EXPENDITURES</b>				
Current				
General government	3,700	3,700	13,626	(9,926)
<b>Total expenditures</b>	<b><u>3,700</u></b>	<b><u>3,700</u></b>	<b><u>13,626</u></b>	<b><u>(9,926)</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>2,626,660</u></b>	<b><u>2,626,660</u></b>	<b><u>2,988,781</u></b>	<b><u>362,121</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,655,000)	(6,498,748)	(917,570)	5,581,178
<b>Total other financing sources (uses)</b>	<b><u>(4,655,000)</u></b>	<b><u>(6,498,748)</u></b>	<b><u>(917,570)</u></b>	<b><u>5,581,178</u></b>
<b>Net change in fund balances</b>	<b><u>\$ (2,028,340)</u></b>	<b><u>\$ (3,872,088)</u></b>	<b><u>2,071,211</u></b>	<b><u>\$ 5,943,299</u></b>
Fund balances-beginning			5,160,434	
<b>Fund balances-ending</b>			<b><u>\$ 7,231,645</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Narcotics Enforcement Asset Seizure**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 137,983	\$ 132,983
Investment income, net	4,500	4,500	20,651	16,151
<b>Total revenues</b>	<b>9,500</b>	<b>9,500</b>	<b>158,634</b>	<b>149,134</b>
<b>EXPENDITURES</b>				
Current				
General government	550	550	1,175	(625)
Public safety	198,000	282,495	188,541	93,954
<b>Total expenditures</b>	<b>198,550</b>	<b>283,045</b>	<b>189,716</b>	<b>93,329</b>
<b>Net change in fund balances</b>	<b><u>\$ (189,050)</u></b>	<b><u>\$ (273,545)</u></b>	<b>(31,082)</b>	<b><u>\$ 242,463</u></b>
Fund balances-beginning			483,262	
<b>Fund balances-ending</b>			<b><u>\$ 452,180</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Air Quality Improvement**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 56,000	\$ 72,211	\$ 63,213	\$ (8,998)
Investment income, net	3,450	3,450	16,089	12,639
<b>Total revenues</b>	<b>59,450</b>	<b>75,661</b>	<b>79,302</b>	<b>3,641</b>
<b>EXPENDITURES</b>				
Current				
General government	500	500	601	(101)
<b>Total expenditures</b>	<b>500</b>	<b>500</b>	<b>601</b>	<b>(101)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>58,950</b>	<b>75,161</b>	<b>78,701</b>	<b>3,540</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(60,000)	(290,000)	-	290,000
Total other financing sources (uses)	(60,000)	(290,000)	-	290,000
<b>Net change in fund balances</b>	<b>\$ (1,050)</b>	<b>\$ (214,839)</b>	<b>78,701</b>	<b>\$ 293,540</b>
Fund balances-beginning			213,101	
<b>Fund balances-ending</b>			<b>\$ 291,802</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Park Development**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment income, net	\$ 6,700	\$ 6,700	\$ 129,471	\$ 122,771
Other revenues	-	-	5,775	5,775
<b>Total revenues</b>	<b>6,700</b>	<b>6,700</b>	<b>135,246</b>	<b>128,546</b>
<b>EXPENDITURES</b>				
Current				
General government	2,700	2,700	5,262	(2,562)
Public works	-	2,951	2,951	-
<b>Total expenditures</b>	<b>2,700</b>	<b>5,651</b>	<b>8,213</b>	<b>(2,562)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,000</b>	<b>1,049</b>	<b>127,033</b>	<b>125,984</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(2,069,208)	(19,107)	2,050,101
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,069,208)</b>	<b>(19,107)</b>	<b>2,050,101</b>
<b>Net change in fund balances</b>	<b>\$ 4,000</b>	<b>\$ (2,068,159)</b>	<b>107,926</b>	<b>\$ 2,176,085</b>
Fund balances-beginning			2,355,386	
<b>Fund balances-ending</b>			<b>\$ 2,463,312</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Measure M**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,477,968	\$ 1,477,968	\$ 1,373,630	\$ (104,338)
Investment income, net	46,300	46,300	82,287	35,987
<b>Total revenues</b>	<b><u>1,524,268</u></b>	<b><u>1,524,268</u></b>	<b><u>1,455,917</u></b>	<b><u>(68,351)</u></b>
<b>EXPENDITURES</b>				
Current				
General government	1,650	1,650	-	1,650
Public works	83,862	98,862	33,454	65,408
<b>Total expenditures</b>	<b><u>85,512</u></b>	<b><u>100,512</u></b>	<b><u>33,454</u></b>	<b><u>67,058</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>1,438,756</u></b>	<b><u>1,423,756</u></b>	<b><u>1,422,463</u></b>	<b><u>(1,293)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(300,000)	(1,452,347)	(467,045)	985,302
<b>Total other financing sources (uses)</b>	<b><u>(300,000)</u></b>	<b><u>(1,452,347)</u></b>	<b><u>(467,045)</u></b>	<b><u>985,302</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 1,138,756</u></b>	<b><u>\$ (28,591)</u></b>	<b><u>955,418</u></b>	<b><u>\$ 984,009</u></b>
Fund balances-beginning			2,982,673	
<b>Fund balances-ending</b>			<b><u>\$ 3,938,091</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 180,000	\$ 660,000	\$ 237,970	\$ (422,030)
<b>Total revenues</b>	<u>180,000</u>	<u>660,000</u>	<u>237,970</u>	<u>(422,030)</u>
<b>EXPENDITURES</b>				
Current				
Community development	180,000	354,577	178,959	175,618
<b>Total expenditures</b>	<u>180,000</u>	<u>354,577</u>	<u>178,959</u>	<u>175,618</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>305,423</u>	<u>59,011</u>	<u>(246,412)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(300,000)	(60,573)	239,427
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(300,000)</u>	<u>(60,573)</u>	<u>239,427</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ 5,423</u>	<u>(1,562)</u>	<u>\$ (6,985)</u>
Fund deficit-beginning			<u>(156,125)</u>	
<b>Fund deficit-ending</b>			<u>\$ (157,687)</u>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Blackstone CFD**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 896,187	\$ 896,187	\$ 895,789	\$ (398)
Investment income, net	28,000	28,000	144,348	116,348
<b>Total revenues</b>	<b>924,187</b>	<b>924,187</b>	<b>1,040,137</b>	<b>115,950</b>
<b>EXPENDITURES</b>				
Current				
General government	1,800	1,800	6,061	(4,261)
Public safety	496,071	496,071	570,723	(74,652)
Public works	460,272	476,272	312,551	163,721
<b>Total expenditures</b>	<b>958,143</b>	<b>974,143</b>	<b>889,335</b>	<b>84,808</b>
<b>Net change in fund balances</b>	<b>\$ (33,956)</b>	<b>\$ (49,956)</b>	<b>150,802</b>	<b>\$ 200,758</b>
Fund balances-beginning			2,477,197	
<b>Fund balances-ending</b>			<b>\$ 2,627,999</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**La Floresta CFD**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 549,123	\$ 549,123	\$ 568,431	\$ 19,308
Investment income, net	8,900	8,900	29,201	20,301
Other revenues	-	-	1,589	1,589
<b>Total revenues</b>	<b>558,023</b>	<b>558,023</b>	<b>599,221</b>	<b>41,198</b>
<b>EXPENDITURES</b>				
Current				
General government	2,130	2,130	1,164	966
Public safety	487,967	487,967	578,443	(90,476)
Public works	49,548	49,548	39,170	10,378
<b>Total expenditures</b>	<b>539,645</b>	<b>539,645</b>	<b>618,777</b>	<b>(79,132)</b>
<b>Net change in fund balances</b>	<b>\$ 18,378</b>	<b>\$ 18,378</b>	<b>(19,556)</b>	<b>\$ (37,934)</b>
Fund balances-beginning			544,775	
<b>Fund balances-ending</b>			<b>\$ 525,219</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Taylor - Morrison CFD**  
**For the Year Ended June 30, 2025**

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	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 54,284	\$ 54,284	\$ 54,170	\$ (114)
Investment income, net	1,500	1,500	8,167	6,667
<b>Total revenues</b>	<b><u>55,784</u></b>	<b><u>55,784</u></b>	<b><u>62,337</u></b>	<b><u>6,553</u></b>
<b>EXPENDITURES</b>				
Current				
General government	160	160	326	(166)
Public safety	38,972	38,972	44,966	(5,994)
<b>Total expenditures</b>	<b><u>39,132</u></b>	<b><u>39,132</u></b>	<b><u>45,292</u></b>	<b><u>(6,160)</u></b>
<b>Net change in fund balance</b>	<b><u>\$ 16,652</u></b>	<b><u>\$ 16,652</u></b>	<b><u>17,045</u></b>	<b><u>\$ 393</u></b>
Fund balances-beginning			<u>131,073</u>	
<b>Fund balances-ending</b>			<b><u>\$ 148,118</u></b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Central Park Village CFD**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 145,835	\$ 145,835	\$ 146,096	\$ 261
Investment income, net	2,400	2,400	13,586	11,186
<b>Total revenues</b>	<b>148,235</b>	<b>148,235</b>	<b>159,682</b>	<b>11,447</b>
<b>EXPENDITURES</b>				
Current				
General government	180	180	501	(321)
Public safety	98,431	98,431	115,388	(16,957)
Public works	248	248	-	248
<b>Total expenditures</b>	<b>98,859</b>	<b>98,859</b>	<b>115,889</b>	<b>(17,030)</b>
<b>Net change in fund balances</b>	<b>\$ 49,376</b>	<b>\$ 49,376</b>	<b>43,793</b>	<b>\$ (5,583)</b>
Fund balances-beginning			206,608	
<b>Fund balances-ending</b>			<b>\$ 250,401</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Development**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other revenues	\$ -	\$ -	\$ 2,378,789	\$ 2,378,789
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,378,789</u>	<u>2,378,789</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	296,227	(296,227)
Public safety	52,531	52,531	205,914	(153,383)
Community development	150,004	150,004	954,120	(804,116)
Public works	213,129	213,129	922,528	(709,399)
<b>Total expenditures</b>	<u>415,664</u>	<u>415,664</u>	<u>2,378,789</u>	<u>(1,963,125)</u>
<b>Net change in fund balances</b>	<u>\$ (415,664)</u>	<u>\$ (415,664)</u>	-	<u>\$ 415,664</u>
Fund balances-beginning			-	
<b>Fund balances-ending</b>			<u>\$ -</u>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**National Opioid Settlement**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 107,760	\$ 107,760
Investment income, net	-	-	27,975	27,975
Other revenues	-	403,465	601,075	197,610
<b>Total revenues</b>	<b>-</b>	<b>403,465</b>	<b>736,810</b>	<b>333,345</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	1,249	(1,249)
Community services	119,776	130,576	129,140	1,436
<b>Total expenditures</b>	<b>119,776</b>	<b>130,576</b>	<b>130,389</b>	<b>187</b>
<b>Net change in fund balances</b>	<b>\$ (119,776)</b>	<b>\$ 272,889</b>	<b>606,421</b>	<b>\$ 333,532</b>
Fund balances-beginning			98,238	
<b>Fund balances-ending</b>			<b>\$ 704,659</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Organized Retail Theft Grant**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 791,169	\$ 4,015,759	\$ 957,475	\$ (3,058,284)
Investment income, net	-	-	(12,123)	(12,123)
<b>Total revenues</b>	<b>791,169</b>	<b>4,015,759</b>	<b>945,352</b>	<b>(3,070,407)</b>
<b>EXPENDITURES</b>				
Current				
Public safety	511,202	662,764	149,990	512,774
Capital outlay	279,967	638,914	602,114	36,800
<b>Total expenditures</b>	<b>791,169</b>	<b>1,301,678</b>	<b>752,104</b>	<b>549,574</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>2,714,081</b>	<b>193,248</b>	<b>(2,520,833)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(1,979,633)	(220,442)	1,759,191
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,979,633)</b>	<b>(220,442)</b>	<b>1,759,191</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 734,448</b>	<b>(27,194)</b>	<b>\$ (761,642)</b>
Fund deficit-beginning			(750,221)	
<b>Fund deficit-ending</b>			<b>\$ (777,415)</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital and Mitigation Improvement**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment income, net	\$ 21,700	\$ 21,700	\$ 83,749	\$ 62,049
<b>Total revenues</b>	<b>21,700</b>	<b>21,700</b>	<b>83,749</b>	<b>62,049</b>
<b>EXPENDITURES</b>				
Current				
General government	4,100	4,100	2,980	1,120
<b>Total expenditures</b>	<b>4,100</b>	<b>4,100</b>	<b>2,980</b>	<b>1,120</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,600</b>	<b>17,600</b>	<b>80,769</b>	<b>63,169</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,000	56,000	56,000	-
Transfers out	-	(1,321,949)	-	1,321,949
<b>Total other financing sources (uses)</b>	<b>56,000</b>	<b>(1,265,949)</b>	<b>56,000</b>	<b>1,321,949</b>
<b>Net change in fund balances</b>	<b>\$ 73,600</b>	<b>\$ (1,248,349)</b>	<b>136,769</b>	<b>\$ 1,385,118</b>
Fund balances-beginning			1,484,231	
<b>Fund balances-ending</b>			<b>\$ 1,621,000</b>	

**CITY OF BREA, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Storm Drain**  
**For the Year Ended June 30, 2025**

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	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Investment income, net	\$ 7,000	\$ 7,000	\$ 20,632	\$ 13,632
<b>Total revenues</b>	<u>7,000</u>	<u>7,000</u>	<u>20,632</u>	<u>13,632</u>
<b>EXPENDITURES</b>				
Current				
General government	400	400	903	(503)
<b>Total expenditures</b>	<u>400</u>	<u>400</u>	<u>903</u>	<u>(503)</u>
<b>Net change in fund balance</b>	<u>\$ 6,600</u>	<u>\$ 6,600</u>	<u>19,729</u>	<u>\$ 13,129</u>
Fund balances-beginning			<u>352,990</u>	
<b>Fund balances-ending</b>			<u>\$ 372,719</u>	

## **Nonmajor Enterprise Funds**

### **Urban Runoff Fund**

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

### **Sanitation Fund**

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

### **Information Technology External Support Fund**

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

### **Golf Course Fund**

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

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2025**

	Urban Runoff	Sanitation	Information Technology External Support	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 237,111	\$ 538,096	\$ 287,005	\$ 5,675,392	\$ 6,737,604
Receivables (net of uncollectibles)					
Accounts	62,789	643,702	46,694	-	753,185
Due from other governments	-	-	30,320	-	30,320
Prepaid expenses	-	992	-	-	992
Restricted					
Cash and investments	28,476	-	358,542	-	387,018
<b>Total current assets</b>	<b>328,376</b>	<b>1,182,790</b>	<b>722,561</b>	<b>5,675,392</b>	<b>7,909,119</b>
Noncurrent					
Capital assets, net of depreciation and amortization	441,187	11,268	42	9,908,584	10,361,081
<b>Total noncurrent assets</b>	<b>441,187</b>	<b>11,268</b>	<b>42</b>	<b>9,908,584</b>	<b>10,361,081</b>
<b>Total assets</b>	<b>769,563</b>	<b>1,194,058</b>	<b>722,603</b>	<b>15,583,976</b>	<b>18,270,200</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension related items	85,413	116,841	194,956	21,728	418,938
Deferred OPEB related items	3,711	23,954	96,987	329	124,981
<b>Total deferred outflows of resources</b>	<b>89,124</b>	<b>140,795</b>	<b>291,943</b>	<b>22,057</b>	<b>543,919</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	6,629	436,708	5,618	588,315	1,037,270
Accrued liabilities	6,647	13,648	11,807	2,441	34,543
Compensated absences, due within one year	-	13,331	32,714	-	46,045
Net OPEB Liability, due within one year	5,314	8,810	19,414	146	33,684
<b>Total current liabilities</b>	<b>18,590</b>	<b>472,497</b>	<b>69,553</b>	<b>590,902</b>	<b>1,151,542</b>
Noncurrent liabilities:					
Compensated absences, due in more than one year	-	16,214	51,047	-	67,261
Net pension liability	535,976	733,189	1,223,372	136,344	2,628,881
Net OPEB liability	38,745	221,735	1,056,627	-	1,317,107
<b>Total noncurrent liabilities</b>	<b>574,721</b>	<b>971,138</b>	<b>2,331,046</b>	<b>136,344</b>	<b>4,013,249</b>
<b>Total liabilities</b>	<b>593,311</b>	<b>1,443,635</b>	<b>2,400,599</b>	<b>727,246</b>	<b>5,164,791</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred OPEB related items	14,955	50,008	164,532	-	229,495
<b>Total deferred inflows of resources</b>	<b>14,955</b>	<b>50,008</b>	<b>164,532</b>	<b>-</b>	<b>229,495</b>
<b>NET POSITION</b>					
Invested in capital assets	441,187	11,268	42	9,908,584	10,361,081
Restricted for debt service	28,476	-	358,542	-	387,018
Unrestricted	(219,242)	(170,058)	(1,909,169)	4,970,203	2,671,734
<b>Total net position</b>	<b>\$ 250,421</b>	<b>\$ (158,790)</b>	<b>\$ (1,550,585)</b>	<b>\$ 14,878,787</b>	<b>\$ 13,419,833</b>

**CITY OF BREA, CALIFORNIA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2025**

	<u>Urban Runoff</u>	<u>Sanitation</u>	<u>Information Technology External Support</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 576,920	\$ 3,889,549	\$ 824,287	\$ 5,145,808	\$ 10,436,564
Fines and forfeitures	9,330	76,933	-	-	86,263
Other revenues	-	99,389	-	-	99,389
<b>Total operating revenues</b>	<b>586,250</b>	<b>4,065,871</b>	<b>824,287</b>	<b>5,145,808</b>	<b>10,622,216</b>
<b>OPERATING EXPENSES</b>					
Personnel services	467,331	460,492	276,240	187,912	1,391,975
Maintenance and operations	222,037	3,567,961	237,391	3,885,344	7,912,733
Depreciation and amortization	1,750	-	7,429	80,914	90,093
<b>Total operating expenses</b>	<b>691,118</b>	<b>4,028,453</b>	<b>521,060</b>	<b>4,154,170</b>	<b>9,394,801</b>
<b>Operating income (loss)</b>	<b>(104,868)</b>	<b>37,418</b>	<b>303,227</b>	<b>991,638</b>	<b>1,227,415</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental revenues	-	11,360	-	-	11,360
Interest income	21,409	32,346	53,606	296,620	403,981
Interest expense	-	-	(205)	-	(205)
Gains on disposal of capital assets	9,000	-	-	-	9,000
<b>Total nonoperating revenues (expenses)</b>	<b>30,409</b>	<b>43,706</b>	<b>53,401</b>	<b>296,620</b>	<b>424,136</b>
<b>Change in net position</b>	<b>(74,459)</b>	<b>81,124</b>	<b>356,628</b>	<b>1,288,258</b>	<b>1,651,551</b>
Net position-beginning	324,880	(232,697)	(1,767,356)	13,590,529	11,915,356
Restatement - change in accounting principle	-	(7,217)	(139,857)	-	(147,074)
Net position-beginning, as restated	324,880	(239,914)	(1,907,213)	13,590,529	11,768,282
<b>Net position-ending</b>	<b>\$ 250,421</b>	<b>\$ (158,790)</b>	<b>\$ (1,550,585)</b>	<b>\$ 14,878,787</b>	<b>\$ 13,419,833</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2025**

	<b>Business-Type Activities</b>				
	<b>Urban Runoff</b>	<b>Sanitation</b>	<b>Information Technology External Support</b>	<b>Golf Course</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 586,382	\$ 3,998,147	\$ 777,593	\$ 5,145,808	\$ 10,507,930
Payments to suppliers and service providers	(230,021)	(3,501,713)	(234,883)	(3,881,570)	(7,848,187)
Payments to employees for salaries and benefits	(409,283)	(516,482)	(724,247)	(87,543)	(1,737,555)
<b>Net cash provided by (used for) operating activities</b>	<b>(52,922)</b>	<b>(20,048)</b>	<b>(181,537)</b>	<b>1,176,695</b>	<b>922,188</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants and contributions	-	11,360	138,663	-	150,023
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>11,360</b>	<b>138,663</b>	<b>-</b>	<b>150,023</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(321,929)	(11,268)	-	-	(333,197)
Principal paid on capital debt	-	-	(7,381)	-	(7,381)
Interest paid on capital debt	-	-	(205)	-	(205)
Proceeds from sales of assets	9,000	-	-	-	9,000
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(312,929)</b>	<b>(11,268)</b>	<b>(7,586)</b>	<b>-</b>	<b>(331,783)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	21,409	32,346	53,606	296,620	403,981
Purchase of investments	-	(992)	-	-	(992)
<b>Net cash provided by (used for) investing activities</b>	<b>21,409</b>	<b>31,354</b>	<b>53,606</b>	<b>296,620</b>	<b>402,989</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(344,442)</b>	<b>11,398</b>	<b>3,146</b>	<b>1,473,315</b>	<b>1,143,417</b>
Cash and cash equivalents-beginning	610,029	526,698	642,401	4,202,077	5,981,205
<b>Cash and cash equivalents-ending</b>	<b>\$ 265,587</b>	<b>\$ 538,096</b>	<b>\$ 645,547</b>	<b>\$ 5,675,392</b>	<b>\$ 7,124,622</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (104,868)	\$ 37,418	\$ 303,227	\$ 991,638	\$ 1,227,415
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	1,750	-	7,429	80,914	90,093
(Increase) decrease in accounts receivable	132	(67,724)	(46,694)	-	(114,286)
Increase (decrease) in accounts payable	(7,984)	66,248	2,508	3,774	64,546
Increase (decrease) in accrued liabilities	333	1,923	(7,978)	2,081	(3,641)
Increase (decrease) in compensated absences	-	3,576	(130,423)	-	(126,847)
Increase (decrease) in net pension liability	61,603	(55,043)	(295,401)	98,471	(190,370)
Increase (decrease) in net OPEB liability	(3,888)	(6,446)	(14,205)	(183)	(24,722)
Total adjustments	51,946	(57,466)	(484,764)	185,057	(305,227)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (52,922)</b>	<b>\$ (20,048)</b>	<b>\$ (181,537)</b>	<b>\$ 1,176,695</b>	<b>\$ 922,188</b>

## **Internal Service Funds**

### **Risk Management Fund**

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

### **Information Technology Fund**

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

### **Vehicle Maintenance Fund**

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

### **Building Occupancy Fund**

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

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2025**

	<b>Risk Management</b>	<b>Information Technology</b>	<b>Vehicle Replacement</b>	<b>Building Occupancy</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 7,012,637	\$ 1,416,584	\$ 2,575,461	\$ 1,077,290	\$ 12,081,972
Receivables (net of uncollectibles)					
Accounts	108,277	42	1,992	-	110,311
Due from other governments	-	-	4,558	-	4,558
<b>Total current assets</b>	<b>7,120,914</b>	<b>1,416,626</b>	<b>2,582,011</b>	<b>1,077,290</b>	<b>12,196,841</b>
Noncurrent					
Capital assets, net of depreciation and amortization	-	409,916	6,542,684	746,819	7,699,419
<b>Total noncurrent assets</b>	<b>-</b>	<b>409,916</b>	<b>6,542,684</b>	<b>746,819</b>	<b>7,699,419</b>
<b>Total assets</b>	<b>7,120,914</b>	<b>1,826,542</b>	<b>9,124,695</b>	<b>1,824,109</b>	<b>19,896,260</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related	104,875	454,455	205,657	263,939	1,028,926
OPEB-related	13,034	119,601	31,668	37,589	201,892
<b>Total deferred outflows of resources</b>	<b>117,909</b>	<b>574,056</b>	<b>237,325</b>	<b>301,528</b>	<b>1,230,818</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	21,436	84,200	219,370	169,373	494,379
Accrued liabilities	9,057	39,743	25,253	28,139	102,192
Claims and judgments, due within one year	2,070,685	-	-	-	2,070,685
Compensated absences, due within one year	-	-	60,915	75,812	136,727
Subscription liability, due within one year	-	31,605	-	-	31,605
Current Net OPEB Liability	8,496	40,024	16,225	21,883	86,628
<b>Total current liabilities</b>	<b>2,109,674</b>	<b>195,572</b>	<b>321,763</b>	<b>295,207</b>	<b>2,922,216</b>
Noncurrent liabilities					
Claims and judgments, due in more than one year	3,618,009	-	-	-	3,618,009
Compensated absences, due in more than one year	-	-	129,545	106,231	235,776
SBITA Lease Liabilities - Non-Current	-	68,976	-	-	68,976
Net pension liability	658,107	2,851,759	1,290,515	1,656,240	6,456,621
Net OPEB liability	93,748	941,229	285,153	336,004	1,656,134
<b>Total noncurrent liabilities</b>	<b>4,369,864</b>	<b>3,861,964</b>	<b>1,705,213</b>	<b>2,098,475</b>	<b>12,035,516</b>
<b>Total liabilities</b>	<b>6,479,538</b>	<b>4,057,536</b>	<b>2,026,976</b>	<b>2,393,682</b>	<b>14,957,732</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB-related	23,960	172,252	82,517	110,379	389,108
<b>Total deferred inflows of resources</b>	<b>23,960</b>	<b>172,252</b>	<b>82,517</b>	<b>110,379</b>	<b>389,108</b>
<b>NET POSITION</b>					
Net investment in capital assets	-	309,335	6,542,684	746,819	7,598,838
Unrestricted	735,325	(2,138,525)	709,843	(1,125,243)	(1,818,600)
<b>Total net position</b>	<b>\$ 735,325</b>	<b>\$ (1,829,190)</b>	<b>\$ 7,252,527</b>	<b>\$ (378,424)</b>	<b>\$ 5,780,238</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2025**

	<b>Risk Management</b>	<b>Information Technology</b>	<b>Vehicle Replacement</b>	<b>Building Occupancy</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,681,925	\$ 2,486,832	\$ 3,097,686	\$ 2,860,290	\$ 12,126,733
Other revenues	40,547	42	14,123	2,484	57,196
<b>Total operating revenues</b>	<b>3,722,472</b>	<b>2,486,874</b>	<b>3,111,809</b>	<b>2,862,774</b>	<b>12,183,929</b>
<b>OPERATING EXPENSES</b>					
Personnel services	351,310	1,526,954	868,998	1,035,964	3,783,226
Maintenance and operation	2,109,875	975,377	1,495,772	2,043,222	6,624,246
Claims and judgments	2,801,446	-	-	-	2,801,446
Depreciation/Amortization	-	207,840	700,338	144,106	1,052,284
<b>Total operating expenses</b>	<b>5,262,631</b>	<b>2,710,171</b>	<b>3,065,108</b>	<b>3,223,292</b>	<b>14,261,202</b>
<b>Operating income (loss)</b>	<b>(1,540,159)</b>	<b>(223,297)</b>	<b>46,701</b>	<b>(360,518)</b>	<b>(2,077,273)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	385,558	78,002	148,311	62,983	674,854
Interest expense	-	(4,124)	-	-	(4,124)
Gain on disposal of capital assets	365	-	12,608	-	12,973
<b>Total nonoperating revenues (expenses)</b>	<b>385,923</b>	<b>73,878</b>	<b>160,919</b>	<b>62,983</b>	<b>683,703</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(1,154,236)</b>	<b>(149,419)</b>	<b>207,620</b>	<b>(297,535)</b>	<b>(1,393,570)</b>
Transfers out	(150,000)	-	-	-	(150,000)
<b>Change in net position</b>	<b>(1,304,236)</b>	<b>(149,419)</b>	<b>207,620</b>	<b>(297,535)</b>	<b>(1,543,570)</b>
Net position-beginning	2,039,561	(1,679,771)	7,186,287	27,313	7,573,390
Restatement - change in accounting principle	-	-	(141,380)	(108,202)	(249,582)
Net position-beginning, as restated	2,039,561	(1,679,771)	7,044,907	(80,889)	7,323,808
<b>Net position-ending</b>	<b>\$ 735,325</b>	<b>\$ (1,829,190)</b>	<b>\$ 7,252,527</b>	<b>\$ (378,424)</b>	<b>\$ 5,780,238</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2025**

	<b>Risk Management</b>	<b>Information Technology</b>	<b>Vehicle Replacement</b>	<b>Building Occupancy</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,709,361	\$ 2,486,832	\$ 3,218,565	\$ 2,862,774	\$ 12,277,532
Payments to suppliers and service providers	(4,032,911)	(906,583)	(1,322,717)	(2,045,429)	(8,307,640)
Payments to employees for salaries and benefits	(360,520)	(1,530,060)	(730,601)	(1,003,800)	(3,624,981)
<b>Net cash provided by (used for) operating activities</b>	<b>(684,070)</b>	<b>50,189</b>	<b>1,165,247</b>	<b>(186,455)</b>	<b>344,911</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	(150,000)	-	-	-	(150,000)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	-	(36,987)	(1,169,089)	(60,330)	(1,266,406)
Principal paid on capital debt	-	(53,725)	-	-	(53,725)
Interest paid on capital debt	-	(4,124)	-	-	(4,124)
Proceeds from sales of assets	365	-	38,092	-	38,457
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>365</b>	<b>(94,836)</b>	<b>(1,130,997)</b>	<b>(60,330)</b>	<b>(1,285,798)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	385,558	62,924	148,311	62,983	659,776
<b>Net cash provided by (used for) investing activities</b>	<b>385,558</b>	<b>62,924</b>	<b>148,311</b>	<b>62,983</b>	<b>659,776</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(448,147)</b>	<b>18,277</b>	<b>182,561</b>	<b>(183,802)</b>	<b>(431,111)</b>
Cash and cash equivalents-beginning	7,460,784	1,398,307	2,392,900	1,261,092	12,513,083
<b>Cash and cash equivalents-ending</b>	<b>\$ 7,012,637</b>	<b>\$ 1,416,584</b>	<b>\$ 2,575,461</b>	<b>\$ 1,077,290</b>	<b>\$ 12,081,972</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,540,159)	\$ (223,297)	\$ 46,701	\$ (360,518)	\$ (2,077,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	-	207,840	700,338	144,106	1,052,284
(Increase) decrease in accounts receivable	(13,111)	(42)	106,756	-	93,603
(Increase) decrease in prepaid items	-	4,620	-	-	4,620
Increase (decrease) in accounts payable	12,668	64,174	173,055	(2,207)	247,690
Increase (decrease) in accrued liabilities	754	3,309	7,497	439	11,999
Increase (decrease) in compensated absences	-	-	581	3,012	3,593
Increase (decrease) in claims and judgments	865,742	-	-	-	865,742
Increase (decrease) in pension and related items	(3,748)	22,870	142,190	44,725	206,037
Increase (decrease) in OPEB and related items	(6,216)	(29,285)	(11,871)	(16,012)	(63,384)
Total adjustments	856,089	273,486	1,118,546	174,063	2,422,184
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (684,070)</b>	<b>\$ 50,189</b>	<b>\$ 1,165,247</b>	<b>\$ (186,455)</b>	<b>\$ 344,911</b>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>					
Acquisition of subscription assets	\$ -	\$ 162,166	\$ -	\$ -	\$ 162,166
Loss on disposal of assets	-	16,866	-	-	16,866

## **Fiduciary Funds - Custodial Funds**

### **Hillside Open Space Education Coalition**

This fund is used to account for the funds received to educate the public as to the importance of hillside preservation.

### **Brea Plaza Community Facilities District 2008-02 Fund**

This fund is used to account for the collection and payment to the holders of the 2017 Special Tax Bonds.

### **Downtown Community Facilities District 1996-1 Fund**

This fund is used to account for the collection and payment to the holders of the 2014 Special Tax Bonds.

### **Olinda Heights Community Facilities District 1997-1 Fund**

This fund is used to account for the collection and payment to the holders of the 2005 Special Tax Bonds.

### **North Orange County Public Safety Collaborative (NOC) Fund**

This fund is used to account for the state funds related to NOC. The City acts as the fiduciary for the NOC.

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

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

### **Orange County City Managers Association (OCCMA) Fund**

This fund is used to account for the collections and payments related to the OCCMA. The City acts as the treasurer for the OCCMA.

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2025**

	<b>Hillside Open Space Education Coalition</b>	<b>Brea Plaza</b>	<b>Downtown</b>	<b>Olinda Heights</b>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 550,099	\$ 1,686	\$ 435,581
Receivables				
Accounts	-	-	-	-
Taxes	-	-	-	7,517
Due from other governments	-	-	-	-
Restricted assets				
Cash and investments with fiscal agent	-	703,950	-	44
Capital assets (net of accumulated depreciation)	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>1,254,049</b>	<b>1,686</b>	<b>443,142</b>
<b>LIABILITIES</b>				
Accounts payable	-	90	-	-
Accrued liabilities	-	661	-	1,140
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>751</b>	<b>-</b>	<b>1,140</b>
<b>NET POSITION</b>				
Restricted for				
Individuals, organizations, and other governments	-	1,253,298	1,686	442,002
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 1,253,298</b>	<b>\$ 1,686</b>	<b>\$ 442,002</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Fiduciary Net Position (CONTINUED)**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2025**

	NOC	ILJAOC	OCCMA	Total Custodial Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,896,561	\$ 4,527,763	\$ 83,607	\$ 8,495,297
Receivables				
Accounts	-	-	4,000	4,000
Taxes	-	-	-	7,517
Accrued interest	-	49,599	-	49,599
Due from other governments	-	52,045	-	52,045
Restricted assets				
Cash and investments with fiscal agent	-	-	-	703,994
Capital assets (net of accumulated depreciation)	-	361,395	-	361,395
<b>Total assets</b>	<b>2,896,561</b>	<b>4,990,802</b>	<b>87,607</b>	<b>9,673,847</b>
<b>LIABILITIES</b>				
Accounts payable	358,105	85,029	2,908	446,132
Accrued liabilities	6,196	-	-	7,997
Unearned revenue	-	169,617	15,600	185,217
Due to other governments	-	31,877	-	31,877
<b>Total liabilities</b>	<b>364,301</b>	<b>286,523</b>	<b>18,508</b>	<b>671,223</b>
<b>NET POSITION</b>				
Restricted for				
Individuals, organizations, and other governments	2,532,260	4,704,279	69,099	9,002,624
<b>Total net position</b>	<b>\$ 2,532,260</b>	<b>\$ 4,704,279</b>	<b>\$ 69,099</b>	<b>\$ 9,002,624</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**For the Year Ended June 30, 2025**

	<b>Hillside Open Space Education Coalition</b>	<b>Brea Plaza</b>	<b>Downtown</b>	<b>Olinda Heights</b>
<b>ADDITIONS</b>				
Contributions				
Property taxes	\$ -	\$ 575,131	\$ -	\$ 401,746
Employee or member contributions	-	-	-	23,114
Interest and changes in fair value of investments	-	61,112	(249)	-
Miscellaneous	-	-	-	-
<b>Total additions</b>	<b>-</b>	<b>636,243</b>	<b>(249)</b>	<b>424,860</b>
<b>DEDUCTIONS</b>				
Administrative	-	33,888	-	57,922
Interest expense	-	267,869	-	69,000
Debt service payments for Community Facilities Districts	-	270,000	-	280,000
Transfer of funds to the City of Whittier	40,644	-	-	-
<b>Total deductions</b>	<b>40,644</b>	<b>571,757</b>	<b>-</b>	<b>406,922</b>
<b>Net increase (decrease) in fiduciary net position</b>	<b>(40,644)</b>	<b>64,486</b>	<b>(249)</b>	<b>17,938</b>
Net position-beginning	40,644	1,188,812	1,935	424,064
<b>Net position-ending</b>	<b>\$ -</b>	<b>\$ 1,253,298</b>	<b>\$ 1,686</b>	<b>\$ 442,002</b>

**CITY OF BREA, CALIFORNIA**  
**Combining Statement of Changes in Fiduciary Net Position (Continued)**  
**Fiduciary Funds - Custodial Funds**  
**For the Year Ended June 30, 2025**

	<u>NOC</u>	<u>ILJAOC</u>	<u>OCCMA</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>				
Contributions				
Property taxes	\$ -	\$ -	\$ -	\$ 976,877
Employee or member contributions	154,500	1,780,540	45,630	2,003,784
Interest and changes in fair value of investments	205,890	235,263	4,362	506,378
Miscellaneous	-	1,135,010	46,535	1,181,545
<b>Total additions</b>	<b>360,390</b>	<b>3,150,813</b>	<b>96,527</b>	<b>4,668,584</b>
<b>DEDUCTIONS</b>				
Administrative	3,918,048	3,102,058	60,874	7,172,790
Interest expense	-	-	-	336,869
Debt service payments for Community Facilities Districts	-	-	-	550,000
Transfer of funds to the City of Whittier	-	-	-	40,644
<b>Total deductions</b>	<b>3,918,048</b>	<b>3,102,058</b>	<b>60,874</b>	<b>8,100,303</b>
<b>Net increase (decrease) in fiduciary net position</b>	<b>(3,557,658)</b>	<b>48,755</b>	<b>35,653</b>	<b>(3,431,719)</b>
Net position-beginning	6,089,918	4,655,524	33,446	12,434,343
<b>Net position-ending</b>	<b>\$ 2,532,260</b>	<b>\$ 4,704,279</b>	<b>\$ 69,099</b>	<b>\$ 9,002,624</b>

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## STATISTICAL SECTION

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

### Contents

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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

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## Financial Trends

CITY OF BREA

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

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 165,493,107	\$ 170,548,467	\$ 204,322,724	\$ 202,990,193	\$ 215,840,370	\$ 207,378,698	\$ 209,037,834	\$ 208,081,095	\$ 214,584,554	\$ 219,132,101
Restricted	54,629,374	52,867,078	52,729,420	44,544,588	59,862,606	54,214,155	45,160,707	45,252,026	54,760,360	63,564,277
Unrestricted	(58,217,717)	(57,154,376)	(76,701,929)	(69,878,160)	(91,248,810)	(79,365,188)	(23,291,146)	(16,320,573)	(53,760,142)	(90,014,739)
Total governmental activities net position	161,904,764	166,261,169	180,350,215	177,656,621	184,454,166	182,227,667	230,907,395	237,012,548	215,584,772	192,681,639
<b>Business-type Activities</b>										
Net investment of capital assets	33,174,074	42,091,695	58,347,144	55,408,764	61,114,088	27,842,597	89,469,528	96,873,414	98,594,995	99,637,427
Restricted	6,165,829	5,641,012	5,657,518	5,843,171	2,132,985	2,285,353	2,179,014	2,213,477	2,683,786	3,546,535
Unrestricted	12,637,920	14,392,925	15,322,371	26,097,664	29,126,801	77,820,553	29,138,242	24,260,951	27,549,551	33,570,591
Total business-type activities net position	51,977,823	62,125,632	79,327,033	87,349,599	92,373,674	107,948,503	120,766,784	123,347,842	128,828,332	136,754,553
<b>Primary Government</b>										
Net investment of capital assets	198,667,181	212,640,162	262,669,868	258,398,957	276,954,458	235,221,295	298,507,362	304,954,509	313,179,549	318,769,528
Restricted	60,795,203	58,508,090	58,386,938	50,387,759	61,995,591	56,499,508	47,339,721	47,465,503	57,444,146	67,110,812
Unrestricted	(45,579,797)	(42,761,451)	(61,379,558)	(43,780,496)	(62,122,209)	(1,544,633)	5,847,096	7,940,378	(26,210,591)	(56,444,148)
Total primary government net position	\$ 213,882,587	\$ 228,386,801	\$ 259,677,248	\$ 265,006,220	\$ 276,827,840	\$ 290,176,170	\$ 351,694,179	\$ 360,360,390	\$ 344,413,104	\$ 329,436,192

CITY OF BREA

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

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 7,297,652	\$ 7,758,276	\$ 6,679,825	\$ 7,546,630	\$ 8,738,602	\$ 7,987,033	\$ 4,209,806	\$ 9,466,893	\$ 13,215,066	\$ 9,926,499
Public safety	31,372,155	33,938,469	40,137,072	41,777,845	45,285,893	42,671,837	2,479,739	45,981,340	72,585,447	80,540,696
Community Development	3,010,978	3,403,082	3,784,020	3,410,346	3,905,234	3,368,772	707,641	2,888,919	10,401,804	5,782,006
Community services	7,267,829	7,598,666	8,054,662	8,442,748	9,077,264	7,202,383	5,187,919	10,309,313	9,701,427	11,071,303
Public Works	13,544,061	16,306,542	18,324,571	16,207,579	4,222,899	14,390,950	9,072,608	16,514,002	10,200,064	14,899,504
Interest on long-term debt	435,207	414,974	380,159	78,066	349,806	161,293	282,769	27,156	95,744	38,743
Total governmental activities expenses	62,927,882	69,420,009	77,360,309	77,463,214	71,579,698	75,782,268	21,940,482	85,187,623	116,199,552	122,258,751
Business-type activities:										
Water utility	14,085,433	14,882,443	17,306,036	18,136,961	17,197,843	19,767,041	16,082,429	16,847,646	17,670,941	19,479,790
Sewer utility	1,590,905	1,630,319	1,896,662	2,623,606	2,086,307	1,997,061	547,069	2,645,816	2,531,646	1,681,230
Urban run-off	415,328	376,623	396,030	422,699	356,600	388,559	247,623	620,593	722,543	694,518
Sanitation	2,937,684	3,045,308	3,283,613	3,450,228	3,638,796	3,667,210	1,603,331	4,008,519	4,153,979	4,036,613
Information Technology External Support	1,312,899	1,724,116	1,790,154	1,656,765	1,599,359	1,024,382	(279,366)	952,912	1,097,096	543,209
Golf Course	-	-	-	-	-	2,884,293	3,925,036	3,579,244	3,765,271	4,155,846
Total business-type activities expenses	20,342,249	21,658,809	24,672,495	26,290,259	24,878,905	29,728,546	22,126,122	28,654,730	29,941,476	30,591,206
Total primary government expenses	\$ 83,270,131	\$ 91,078,818	\$ 102,032,804	\$ 103,753,473	\$ 96,458,603	\$ 105,510,814	\$ 44,066,604	\$ 113,842,353	\$ 146,141,028	\$ 152,849,957

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,765,913	\$ 1,605,816	\$ 1,403,754	\$ 1,137,478	\$ 2,117,359	\$ 1,296,032	\$ 1,235,741	\$ 514,792	\$ 758,043	\$ 889,491
Public safety	1,282,646	1,297,025	1,689,176	1,392,205	996,068	777,596	846,870	729,739	690,935	3,201,002
Community Development	1,577,964	2,151,955	4,619,615	1,048,258	1,530,959	1,058,408	756,751	595,142	3,296,657	3,190,648
Community services	3,021,505	2,818,718	3,023,144	3,117,696	1,353,397	1,088,410	1,668,359	2,103,722	2,911,229	3,076,354
Public Works	1,257,168	1,610,889	506,348	237,689	1,684,711	197,022	3,088,349	2,742,326	326,692	385,375
Operating contributions and grants	3,399,311	2,632,718	3,964,816	5,210,335	6,814,195	12,230,204	5,445,862	10,787,980	6,905,712	7,893,875
Capital contributions and grants	2,336,984	5,668,485	43,192,575	4,959,143	6,319,418	3,239,077	2,792,309	1,814,783	3,863,665	1,369,550
Total governmental activities program revenues	14,641,491	17,785,606	58,399,428	17,102,804	20,816,107	19,886,749	15,834,241	19,288,484	18,752,933	20,006,295
Business-type activities:										
Charges for services:										
Urban run-off	402,205	412,086	418,426	444,857	455,330	457,378	476,329	495,320	573,854	586,250
Water utility	16,520,362	20,098,490	22,885,107	21,870,826	21,483,133	23,635,320	23,134,358	20,359,095	20,862,952	22,726,227
Sewer utility	2,236,813	2,322,756	2,239,774	2,593,670	2,496,874	2,496,871	2,608,205	3,029,057	3,795,600	3,883,048
Sanitation	3,531,648	3,584,153	3,727,950	2,969,334	3,198,072	3,349,980	3,418,855	3,367,310	3,794,989	4,065,871
Information Technology External Support	1,807,305	1,959,634	1,695,050	1,380,895	1,000,093	1,051,148	880,372	1,006,864	1,064,274	824,287
Golf Course	-	-	-	-	-	4,311,445	4,386,528	4,366,573	4,876,038	5,145,808
Operating contributions and grants	11,371	525,165	501,959	501,990	11,371	22,888	127,648	11,288	145,260	11,360
Capital contributions and grants	-	-	14,285,715	2,705,537	-	-	-	-	-	-
Total business-type activities program revenues	24,509,704	28,902,284	45,753,981	32,467,109	28,644,873	35,325,030	35,032,295	32,635,507	35,112,967	37,242,851
Primary government program revenues	\$ 39,151,195	\$ 46,687,890	\$ 104,153,409	\$ 49,569,913	\$ 49,460,980	\$ 55,211,779	\$ 50,866,536	\$ 51,923,991	\$ 53,865,900	\$ 57,249,146
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (48,286,391)	\$ (51,634,403)	\$ (18,960,881)	\$ (60,360,410)	\$ (60,763,591)	\$ (55,895,519)	\$ (6,106,241)	\$ (65,899,139)	\$ (97,446,619)	\$ (102,252,456)
Business-type activities	4,167,455	7,243,475	21,081,486	6,176,850	3,765,968	5,596,484	12,906,173	3,980,777	5,171,491	6,651,645

CITY OF BREa

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

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Total primary government net expense	\$ (44,118,936)	\$ (44,390,928)	\$ 2,120,605	\$ (94,183,560)	\$ (46,997,623)	\$ (50,299,035)	\$ 6,799,932	\$ (61,918,362)	\$ (92,275,128)	\$ (95,600,811)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 16,656,050	\$ 17,887,984	\$ 19,357,620	\$ 20,667,280	\$ 22,029,810	\$ 24,060,158	\$ 24,423,764	\$ 27,008,433	\$ 24,080,019	\$ 25,241,367
Transient occupancy taxes	1,605,590	1,716,180	1,786,589	1,805,609	1,352,527	1,050,303	1,777,438	2,230,007	2,616,587	2,620,969
Sales taxes	21,611,873	21,200,598	19,235,559	23,319,589	21,495,924	21,479,210	24,098,002	28,812,030	27,128,012	26,338,645
Franchise taxes	1,589,950	1,680,293	1,594,432	2,550,523	2,485,834	2,372,747	2,621,096	2,833,149	3,149,045	3,089,030
Business licenses taxes	1,101,915	1,078,509	1,107,537	1,110,975	1,036,931	994,727	1,090,315	1,145,905	-	-
Other taxes	797,475	392,075	579,840	484,664	430,231	441,622	651,010	329,456	5,570,495	5,817,622
Motor vehicle in lieu	72,551	75,398	79,899	79,772	78,478	107,321	110,178	110,277	-	-
Rental income	-	-	-	-	-	-	-	-	2,906,180	3,003,790
Use of money and property	1,602,076	1,110,886	1,482,370	3,840,130	4,087,504	3,467,362	(3,486,383)	3,911,184	5,112,695	6,518,112
Gain on sale of assets	83,139	(1,731)	23,639	108,661	68,909	168,580	26,322	274,083	183,149	76,655
Other	3,891,552	9,725,201	3,686,032	4,215,913	4,242,750	4,252,757	4,564,597	3,624,522	4,397,869	10,323,363
Extraordinary gain on dissolution of Redevelopment Agency <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Transfers	1,590,527	1,125,415	450,000	(516,300)	252,238	(4,639)	(745,061)	1,725,246	875,245	-
Total governmental activities	50,602,698	55,990,808	49,383,517	57,666,816	57,561,136	59,390,148	55,121,278	72,004,292	76,019,296	83,029,573
Business-type activities:										
Use of money and property	303,514	(23,077)	(25,014)	1,240,123	1,491,758	120,888	(941,040)	236,871	1,131,751	1,904,400
Gain on sale of assets	-	-	-	-	18,587	67,962	45,416	68,656	52,493	68,514
Other	401,566	250,269	44,024	89,293	-	82,890	82,671	-	-	-
Transfers	(1,590,527)	(1,125,415)	(450,000)	516,300	(252,238)	4,639	745,061	(1,725,246)	(875,245)	-
Total business-type activities	(885,447)	(898,223)	(430,990)	1,845,716	1,258,107	276,379	(67,892)	(1,419,719)	308,999	1,972,914
Total primary government	\$ 49,717,251	\$ 55,092,585	\$ 48,952,527	\$ 59,512,532	\$ 58,819,243	\$ 59,666,527	\$ 55,053,386	\$ 70,584,573	\$ 76,328,295	\$ 85,002,487
<b>Change in Net Position:</b>										
Governmental activities	\$ 2,316,307	\$ 4,356,405	\$ 30,422,636	\$ (2,693,594)	\$ 6,797,545	\$ 2,494,629	\$ 49,015,037	\$ 6,105,153	\$ (21,427,323)	\$ (19,222,863)
Business-type activities	3,282,008	6,345,252	20,650,496	8,022,566	5,024,075	5,872,863	12,838,281	2,561,058	5,480,490	8,624,559
Total primary government	\$ 5,598,315	\$ 10,701,657	\$ 51,073,132	\$ 5,328,972	\$ 11,821,620	\$ 8,367,492	\$ 61,853,318	\$ 8,666,211	\$ (15,946,833)	\$ (10,598,324)

<sup>1</sup>During the fiscal year ended June 30, 2012, the assets, liabilities and fund balances of the Brea Redevelopment Agency were transferred to the Successor Agency on February 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 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
General Fund	\$ 615,605	\$ 412,659	\$ 139,562	\$ 8,826	\$ 2,485	\$ 14,960	\$ 591	\$ 60	\$ 29,357	\$ 8,247
Nonspendable	7,448,016	8,201,746	8,112,011	8,661,782	8,883,451	11,337,663	9,743,633	10,634,967	12,329,512	13,988,740
Restricted	9,091,623	-	867,841	980,101	1,353,559	1,388,993	1,382,302	1,443,668	1,540,335	1,578,689
Committed	590,815	11,316,072	12,270,563	12,777,708	11,807,691	11,914,029	12,010,304	11,633,475	13,010,810	7,475,407
Assigned	19,154,869	14,077,609	14,703,360	21,203,689	19,891,467	29,410,655	25,265,822	29,344,926	28,051,499	31,409,654
Unassigned	36,300,928	34,008,086	36,093,337	43,632,106	41,938,653	54,066,300	48,402,652	53,057,096	54,961,513	54,460,737
Total general fund										
All Other Governmental Funds							1,000.00			
Nonspendable	47,181,358	44,665,332	44,617,410	43,625,108	50,392,782	46,045,148	33,150,403	45,252,026	45,980,724	49,575,637
Restricted	-	-	-	-	-	-	12,010,304	-	-	-
Assigned	(79,171)	(19,272)	(9,653)	(27,156)	(98,401)	(152,390)	(206,320)	(177,705)	(906,346)	(935,102)
Unassigned	47,102,187	44,646,060	44,607,757	43,597,952	50,294,381	45,892,758	44,955,387	45,074,321	45,074,378	48,640,435
Total all other governmental funds	\$ 84,003,115	\$ 78,654,146	\$ 80,701,094	\$ 87,230,058	\$ 92,233,034	\$ 99,959,058	\$ 93,358,039	\$ 98,131,417	\$ 100,035,891	\$ 103,101,172
Fund balance - governmental funds										

CITY OF BREA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified accrual basis of accounting)

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
<b>Revenues:</b>										
Taxes	\$ 40,526,309	\$ 40,215,974	\$ 41,074,462	\$ 47,100,463	\$ 45,845,391	\$ 47,267,539	\$ 51,499,865	\$ 59,116,813	\$ 56,973,663	\$ 57,290,011
Licenses and permits	782,250	870,940	584,841	606,355	823,019	451,865	350,510	393,659	287,697	393,256
Intergovernmental	10,535,171	9,506,268	24,323,998	15,360,014	19,156,439	18,725,429	12,999,812	17,052,662	16,635,605	22,242,391
Contributions	2,080	535	105,514	102,886	-	-	-	-	-	-
Charges for services	5,451,452	6,188,947	8,008,055	3,953,235	6,239,512	2,225,756	3,691,879	3,652,877	4,182,396	6,806,237
Use of money and property	2,778,480	2,542,341	1,914,998	4,445,507	4,154,607	3,282,919	(3,333,344)	3,857,495	4,604,947	5,837,483
Fines and forfeitures	790,247	597,476	824,358	892,120	405,841	550,471	635,774	330,578	347,535	323,014
Rental income	-	-	0	0	0	-	-	-	2,906,180	3,003,790
Other revenues	2,852,006	5,462,816	3,660,707	3,424,423	4,422,384	4,241,978	5,823,553	4,919,924	5,642,639	6,104,037
<b>Total revenues</b>	<b>63,717,995</b>	<b>65,385,297</b>	<b>80,496,933</b>	<b>75,885,003</b>	<b>81,047,193</b>	<b>76,745,957</b>	<b>71,668,049</b>	<b>89,324,008</b>	<b>91,580,662</b>	<b>102,000,219</b>
<b>Expenditures:</b>										
General Government	5,751,038	5,645,218	5,365,030	5,867,534	7,132,329	5,384,946	7,769,057	9,143,355	8,711,715	9,252,069
Public Safety	33,095,380	34,377,568	35,511,682	36,294,416	38,848,662	39,623,318	41,750,889	44,212,147	47,114,411	52,762,588
Community Services	7,048,955	7,395,363	7,284,303	7,540,687	7,584,500	6,607,980	8,269,116	9,612,938	9,488,694	10,208,312
Community Development	3,191,325	3,470,595	3,469,989	3,040,469	3,394,609	3,186,707	3,139,570	2,873,049	3,948,827	5,067,991
Public Works	5,456,277	5,778,004	5,390,103	5,377,987	6,880,759	6,229,636	9,081,410	9,795,758	9,639,331	9,381,561
Capital Outlay	9,372,430	14,808,389	21,198,635	9,524,720	8,631,178	11,090,335	6,417,881	6,346,656	12,133,404	12,494,331
Debt service:										
Principal retirement	618,132	410,411	435,389	465,458	2,595,619	295,873	330,152	118,266	156,186	144,239
Interest and fiscal charges	420,772	397,243	383,551	368,468	351,681	197,523	162,385	92,968	91,456	94,636
Transfer to Successor Agency	-	-	-	-	-	1,391,670	-	-	-	-
<b>Total expenditures</b>	<b>64,954,309</b>	<b>72,282,791</b>	<b>79,038,682</b>	<b>68,479,739</b>	<b>75,419,337</b>	<b>74,007,988</b>	<b>76,920,460</b>	<b>82,195,137</b>	<b>91,284,024</b>	<b>99,405,727</b>
Excess (deficiency) of revenues over (under) expenditures	(1,236,314)	(6,897,494)	1,458,251	7,405,264	5,627,856	2,737,969	(5,252,411)	7,128,871	\$ 296,638	2,594,492
<b>Other Financing Sources (Uses):</b>										
Transfers in	4,378,333	10,082,394	5,791,699	3,143,969	4,799,670	9,563,936	4,877,737	6,064,027	7,088,846	9,149,963
Transfers out	(2,826,881)	(8,533,869)	(5,203,002)	(4,020,269)	(5,424,295)	(9,568,575)	(5,745,798)	(8,576,526)	(5,492,063)	(8,999,963)
Sale of capital assets	-	-	-	-	-	11,601	10,240	9,331	11,053	88,838
Capital leases	1,952,104	-	-	-	-	-	-	-	-	231,951
Long-term debt issued	-	-	-	-	-	-	2,220,000	147,675	-	-
Refunded debt redeemed	-	-	-	-	-	-	(2,760,000)	-	-	-
Bond premium	-	-	-	-	-	-	530,190	-	-	-
Cost of issuance	-	-	-	-	-	-	(145,663)	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,503,556</b>	<b>1,548,525</b>	<b>588,697</b>	<b>(876,300)</b>	<b>(624,625)</b>	<b>6,982</b>	<b>(1,013,294)</b>	<b>(2,355,493)</b>	<b>1,607,836</b>	<b>470,789</b>
<b>Net change in fund balances</b>	<b>\$ 2,267,242</b>	<b>\$ (5,348,969)</b>	<b>\$ 2,046,948</b>	<b>\$ 6,528,964</b>	<b>\$ 5,003,231</b>	<b>\$ 2,744,931</b>	<b>\$ (6,265,705)</b>	<b>\$ 4,773,378</b>	<b>\$ 1,904,474</b>	<b>\$ 3,065,281</b>
Debt service as a percentage of noncapital expenditures	1.87%	1.41%	1.42%	1.41%	4.43%	0.78%	0.70%	0.28%	0.31%	0.27%

## Revenue Capacity Information

**CITY OF BREA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property<sup>1</sup></b>	<b>Total Taxable Assessed Value<sup>2</sup></b>	<b>Total Direct Tax Rate</b>
2016	\$ 4,945,219,822	\$ 1,670,210,797	\$ 1,168,849,914	\$ 740,725,273	\$ 8,525,005,806	0.17402
2017	5,359,064,633	1,725,644,969	1,264,334,778	775,342,859	9,124,387,239	0.17402
2018	5,598,174,721	1,844,339,813	1,437,177,754	774,675,165	9,654,367,453	0.17402
2019	6,016,606,483	1,998,943,577	1,491,711,794	757,185,866	10,264,447,720	0.17402
2020	6,407,150,882	2,063,879,311	1,630,616,856	797,206,400	10,898,853,449	0.17402
2021	6,659,815,739	2,179,834,530	1,705,370,536	777,646,078	11,322,666,883	0.17402
2022	6,920,919,399	2,292,085,820	1,786,413,204	824,597,074	11,824,015,497	0.17402
2023	7,456,222,358	2,432,549,009	1,851,067,772	768,105,605	12,507,944,744	0.17402
2024	7,880,816,288	2,599,313,424	2,006,621,432	756,746,690	13,243,497,834	0.17402
2025	8,215,753,254	2,672,558,200	2,074,941,727	826,545,034	13,789,798,215	0.17402

<sup>1</sup> Other property includes recreational, institutional, vacant, and miscellaneous property.

<sup>2</sup> 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 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
City Direct Rates:										
City of Brea	0.13000	0.13000	0.13000	0.13000	0.13000	0.13000	0.13000	0.13000	0.13000	0.13000
City of Brea Paramedics Tax <sup>1</sup>	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	0.17500	0.17500	0.17500	0.17500	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	0.02292	0.02298	0.02325	0.02370	0.02291	0.02489	0.02376	0.02412	0.02198	0.02667
NOC Community College General Fund	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660	0.06660
NOC Community College Bonds	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704	0.01704
Educational Revenue Augmentation Fund	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260	0.18260
Orange County Department of Education	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910	0.03910
Orange County Flood Control District	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888	0.01888
Orange County General Fund	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890	0.05890
Orange County Harbors, Beaches & Parks	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459	0.01459
Orange County Library District	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592	0.01592
Orange County Sanitation District Two Operating	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080	0.03080
Orange County Transportation Authority	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268	0.00268
Orange County Vector Control	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107	0.00107
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
Total Direct Rate	1.09000	1.09000	1.09000	1.09000	1.09000	1.09147	1.09034	1.09070	1.08856	1.09577

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

NOTE:

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 NINE YEARS AGO**

Taxpayer	Fiscal Year 2024-25			Fiscal Year 2015-16		
	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	\$ 279,245,126	1	1.99%	\$ 240,984,374	1	2.77%
Olen Pointe Brea LLC	189,897,457	2	1.36%	70,802,010	7	0.82%
RAR2 200 North Puente LLC	188,113,042	3	1.34%	138,635,130	2	1.60%
Amazon Com Services, LLC	171,764,129	4	1.23%			
Avalon Brea Place, LLC	142,667,051	5	1.02%			
USCMF Joule La Floresta LLC	114,771,903	6	0.82%			
FW CA-Brea Marketplace LLC	109,810,846	7	0.78%	103,428,644	5	1.19%
Beckman Coulter Inc.	107,991,259	8	0.77%	129,493,646	3	1.49%
Brea Place II LLC	101,654,694	9	0.73%			
Brea Union Plaza II LLC	100,037,735	10	0.71%	76,829,449	6	0.88%
CRE Brea Valencia LLC				110,000,000	4	1.27%
ICE Holdings LLC				52,836,928	8	0.61%
Mercury Casualty Co				51,848,007	9	0.60%
BPAP West 135 & 145 LLC				50,500,000	10	0.58%
Total	<u>\$ 1,505,953,242</u>		<u>10.75%</u>	<u>\$ 1,025,358,188</u>		<u>11.81%</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
2016	\$ 16,669,635	\$ 16,489,408	98.92	\$ 166,642	\$ 16,656,050	99.92
2017	17,274,771	16,771,004	97.08	172,238	16,943,242	98.08
2018	19,516,778	19,193,847	98.35	163,773	19,357,620	99.18
2019	20,815,715	20,526,862	98.61	140,418	20,667,280	99.29
2020	22,223,439	21,836,049	98.26	193,761	22,029,810	99.13
2021	24,227,814	23,892,502	98.62	167,656	24,060,158	99.31
2022	24,790,572	24,686,602	99.58	262,838	24,423,764	98.52
2023	22,210,733	22,103,909	99.52	254,305	21,849,604	98.37
2024	23,086,924	22,977,302	99.53	252,400	22,724,902	98.43
2025	23,916,511	23,808,464	99.55	282,105	23,526,359	98.37

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Autos and Transportation	\$ 288,732	\$ 441,956	\$ 534,567	\$ 2,522,614	\$ 2,173,665	\$ 1,340,847	\$ 2,291,054	\$ 2,567,695	\$ 1,455,489	\$ 988,607
Building and Construction	2,522,088	2,588,297	2,572,964	2,681,303	2,661,525	2,703,555	2,967,953	3,750,627	3,373,215	2,587,765
Business and Industry	2,579,952	2,517,860	2,675,792	2,908,056	2,853,939	3,157,359	3,336,181	4,080,951	4,283,554	5,940,226
Food and Drugs	469,420	488,165	437,616	421,421	430,868	528,657	480,219	497,257	419,766	693,057
Fuel and Service Stations	712,761	674,913	705,984	740,148	603,696	494,880	797,492	775,577	756,625	699,531
General Consumer Goods	7,071,369	6,873,306	6,716,633	6,606,901	5,379,606	4,990,026	6,352,417	6,498,301	6,104,810	6,355,317
Restaurants and Hotels	2,258,542	2,305,596	2,512,626	2,441,525	2,129,793	1,981,935	2,741,013	2,933,868	2,959,395	3,202,981
Transfers and Unidentified	1,922,933	1,927,869	1,680,294	1,800,006	5,262,832	6,281,952	5,131,673	7,707,754	5,802,497	3,898,590
<b>Total</b>	<b>\$ 17,825,797</b>	<b>\$ 17,817,962</b>	<b>\$ 17,836,476</b>	<b>\$ 20,121,973</b>	<b>\$ 21,495,924</b>	<b>\$ 21,479,211</b>	<b>\$ 24,098,002</b>	<b>\$ 28,812,030</b>	<b>\$ 25,155,351</b>	<b>\$ 24,366,074</b>

**NOTE:**

Totals do not include portion of State and County pool as well as the impact of the State Triple Flip. Beginning in 2025 HDL presents consolidated categories listed above.

Source: MuniServices until 2019. Avenu Insights & Analytics Company until 2024. Beginning in 2025 HDL.

## **Debt Capacity Information**

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

Fiscal Year Ended June 30	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>3</sup>	Debt Per Capita <sup>3</sup>
	Lease Revenue Bonds	Leases <sup>2</sup>	Subscription IT	Total Governmental Activities	Water Revenue Bonds <sup>1</sup>	Total Primary Government		
2016	\$ 2,760,000	\$ 4,833,071	\$ -	\$ 7,593,071	\$ 53,325,495	\$ 60,918,566	2.41%	1,394
2017	2,760,000	4,261,876	-	7,021,876	50,150,000	57,171,876	2.08%	1,293
2018	2,760,000	3,658,172	-	6,418,172	49,110,000	55,528,172	1.89%	1,237
2019	2,760,000	3,192,714	-	5,952,714	48,010,000	53,962,714	1.71%	1,183
2020	2,760,000	597,095	-	3,357,095	46,042,678	49,399,773	1.51%	1,083
2021	2,760,000	301,222	-	3,061,222	46,054,015	49,115,237	1.46%	1,088
2022	2,220,000	27,080	-	2,247,080	44,195,517	46,442,597	1.22%	991
2023	2,220,000	107,618	227,239	2,554,857	42,459,196	45,014,053	1.12%	934
2024	2,220,000	69,568	124,129	2,413,697	40,720,867	43,134,564	1.02%	904
2025	2,220,000	243,307	114,571	2,577,878	38,902,810	41,480,688	0.97%	866

<sup>1</sup> For the fiscal year ended June 30, 2015, the Brea Community Benefit Financing Authority issued over \$18 million of water revenue bonds.

<sup>2</sup> For the fiscal year ended June 30, 2016, the City of Brea entered into a lease purchase agreement for \$1,952,104.

<sup>3</sup> 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**

<b>Fiscal Year Ended June 30</b>	<b>Lease Revenue Bonds</b>	<b>Restricted for Debt Service</b>	<b>Net Bonded Debt</b>	<b>Percentage of Assessed Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2016	\$ 2,760,000	\$ 269,453	\$ 2,490,547	0.03%	57
2017	2,760,000	265,707	2,494,293	0.03%	57
2018	2,760,000	265,506	2,494,494	0.03%	56
2019	2,760,000	270,863	2,489,137	0.02%	55
2020	2,760,000	269,853	2,490,147	0.02%	55
2021	2,760,000	262,772	2,497,228	0.02%	55
2022	2,220,000	-	2,220,000	0.02%	47
2023	2,220,000	-	2,220,000	0.02%	48
2024	2,220,000	-	2,220,000	0.02%	47
2025	2,220,000	-	2,220,000	0.02%	46

<sup>1</sup> See schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> 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, 2025**

City Assessed Valuation: \$ 13,785,804,251

	Estimated Percentage Applicable <sup>1</sup>	Debt Outstanding	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.338%	\$ 17,155,000	\$ 57,984
North Orange County Joint Community College District	7.629%	275,134,676	20,990,024
Brea-Olinda Unified School District	97.057%	3,647,036	3,539,704
Placentia-Yorba Linda Unified School District	1.220%	189,367,472	2,310,283
Rowland Unified School District	0.188%	231,939,199	436,046
Fullerton Joint Union High School District	1.891%	292,130,000	5,524,178
Fullerton School District	0.006%	58,070,000	3,484
La Habra City School District	10.872%	52,665,539	5,725,797
City of Brea Community Facilities Districts	100.000%	7,995,000	7,995,000
Brea-Olinda Unified School District Community Facilities District No. 95-1	100.000%	3,015,000	3,015,000
Total overlapping debt repaid with property taxes		<u>1,131,118,922</u>	<u>49,597,500</u>
Overlapping Other Debt:			
Orange County General Fund Obligation	1.700%	429,065,000	7,294,105
Orange County Board of Education Certificates of Participation	1.700%	9,120,000	155,040
North Orange Regional Occupation Program Certificates of Participation	7.827%	6,880,000	538,498
Brea-Olinda Unified School District Certificates of Participation	97.057%	3,715,000	3,605,668
Placentia-Yorba Linda Unified School District Certificates of Participation	1.220%	75,175,000	917,135
Fullerton Joint Union High School District Certificates of Participation	1.891%	36,895,000	697,684
Fullerton School District Certificates of Participation	0.006%	1,960,000	118
Total overlapping general fund debt		<u>562,810,000</u>	<u>13,208,248</u> <sup>2</sup>
Total overlapping debt			<u>62,805,748</u>
City of Brea Direct Debt:			
Lease Revenue Bonds			2,220,000
Leases			243,307
Subscriptions			114,571
Total City of Brea Direct Debt			<u>2,577,878</u>
Combined total direct and overlapping debt			<u>\$ 65,383,626</u> <sup>3</sup>

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

<sup>2</sup> 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.

<sup>3</sup> 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 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Assessed value	\$ 8,532,576,967	\$ 9,116,002,399	\$ 9,660,027,845	\$ 10,286,668,026	\$ 10,859,937,204	\$ 11,344,344,046	\$ 11,934,362,924	\$ 12,518,201,034	\$ 13,242,466,483	\$ 13,785,804,251
Debt limit: 3.75% of assessed value	\$ 319,971,636	\$ 341,850,090	\$ 362,251,044	\$ 385,750,051	\$ 407,247,645	\$ 425,412,902	\$ 447,538,610	\$ 469,432,539	\$ 496,592,493	\$ 516,967,659
Legal debt margin										\$ 516,967,659

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	Water Revenue Bonds					Coverage
	Gross Revenues <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		
				Principal	Interest <sup>3</sup>	
2016	\$ 16,489,077	\$ 9,162,038	\$ 7,327,039	\$ 1,315,000	\$ 2,348,737	2.00
2017	19,194,816	9,865,661	9,329,155	1,425,000	2,381,873	2.45
2018	22,692,925	11,972,562	10,720,363	1,040,000	2,361,556	3.15
2019	21,492,916	12,636,817	8,856,099	1,100,000	2,286,421	2.62
2020	21,445,311	13,006,772	8,438,539	1,165,000	1,668,816	2.98
2021	23,512,550	15,881,851	7,630,699	865,000	1,545,361	3.17
2022	22,939,213	11,671,384	11,267,829	1,550,000	1,873,543	3.29
2023	20,261,496	12,228,384	8,033,112	1,470,000	1,583,242	2.63
2024	20,716,556	13,220,457	7,496,099	1,530,000	1,187,428	2.76
2025	22,588,350	15,429,295	7,159,055	1,615,000	1,085,985	2.65

<sup>1</sup> Gross revenues exclude connection fees.

<sup>2</sup> Operating expenses do not include interest or depreciation.

<sup>3</sup> Interest expense is net of the Build America Bonds interest refund credits.

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

## **Demographic and Economic Information**

**CITY OF BREA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2016	43,710	\$ 2,524,209	\$ 57,749	3.4%
2017	44,214	2,744,407	62,071	3.1%
2018	44,890	2,935,806	65,400	3.0%
2019	45,606	3,159,036	69,268	2.8%
2020	45,629	3,272,101	71,711	13.6%
2021	45,137	3,368,033	74,618	6.5%
2022	46,872	3,798,226	81,034	2.8%
2023	48,184	4,025,918	83,553	3.6%
2024	47,725	4,242,609	88,897	4.1%
2025	47,900	4,258,166	88,897	4.6%

Sources:

<sup>1</sup> City Community Development, Planning Division

<sup>2</sup> Per capita income for Orange County; U.S. Department of Commerce, Bureau of Economic Analysis

<sup>3</sup> State of California Employment Development Department - Labor Market Information Division

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**CITY OF BREA**

**PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2024-25			Fiscal Year 2015-16		
	Employees	Rank	Percent of Total City Employment <sup>1</sup>	Employees	Rank	Percent of Total City Employment
Beckman Coulter, Inc.	1,200	1	4.78%	1,200	3	5.50%
Albertson's, Inc.	1,186	2	4.73%	438	7	2.01%
Brea Olinda Unified School District	964	3	3.84%	879	4	4.03%
Nordstrom Department Store	410	4	1.63%	352	9	1.61%
Bristol Industries <sup>2</sup>	405	5	1.61%	400	8	1.83%
Nationwide (formerly Veterinary Pet Ins.)	400	6	1.59%	460	6	2.11%
Service Champions Plumbing, HVAC	200	7	0.80%			
Walmart	200	8	0.80%			
Finneys Craffhouse	160	9	0.64%			
The Olive Garden Italian Restaurant	120	10	0.48%			
Mercury Insurance Group				1,399	2	6.42%
Kirkhill - TA Company				709	5	3.25%
Peterson Brothers Construction <sup>3</sup>				300	10	1.38%
Bank of America <sup>3</sup>				1,500	1	6.88%
<b>Total</b>	<b>5,245</b>		<b>20.90%</b>	<b>7,637</b>		<b>35.02%</b>

<sup>1</sup> Based upon the Employment Development Department's Labor Force estimate of 25,100 out of a total population of 47,900.

<sup>2</sup> Used prior year employee count.

<sup>3</sup> No longer in the City of Brea.

Source: Calls to businesses, HDL, Coren & Cone or ESRI

## **Operating Information**

**CITY OF BREA**

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

<b>Function</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
General Government	60	59	54	50	48	46	45	46	48	49
Public Safety	158	159	157	156	155	156	157	161	162	181
Community Development	21	23	22	19	19	21	22	23	22	24
Community Services	55	56	54	55	67	67	53	63	65	68
Public Works	45	47	49	47	47	47	48	50	54	55
Water Utility	17	15	16	18	17	17	17	19	19	20
Sewer Utility	6	6	6	5	5	5	5	6	6	5
Sanitation	2	4	3	2	1	1	1	1	2	3
External Information Technology	10	12	11	8	7	6	4	4	4	1
<b>Total</b>	<b>374</b>	<b>381</b>	<b>372</b>	<b>360</b>	<b>366</b>	<b>366</b>	<b>352</b>	<b>373</b>	<b>382</b>	<b>406</b>

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

CITY OF BREA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function:										
Police										
Calls dispatched	24,359	26,027	25,185	28,510	27,973	27,845	27,996	26,241	27,516	27,782
Crime reports	4,798	4,881	4,888	4,798	4,011	3,961	4,191	3,954	4,063	4,113
Moving citations (Traffic Violations)	2,483	2,409	2,799	2,801	1,559	3,158	1,183	936	960	2,968
Parking citations (Turbo Data only)	10,528	10,467	10,591	9,331	3,267	1,632	2,714	2,862	2,870	2,802
Water										
Number of customer accounts	13,153	13,224	13,338	13,428	13,449	13,474	13,467	13,408	13,474	13,468
Average daily consumption (millions of gallons)	8	8	9	8	8	9	9	8	8	9
Water samples taken	732	780	824	783	821	821	821	821	821	821
Community Development										
Permits issued	2,072	2,170	2,045	2,002	1,756	1,276	1,528	1,708	1,362	1,461
Inspections conducted	6,903	6,833	7,611	8,697	9,753	5,383	7,127	7,223	5,780	5,481
Public Works										
Square feet of graffiti removal	3,609	6,950	7,074	5,310	8,100	6,542	12,135	4,088	1,684	6,208
Streetsweeping miles	20,333	21,060	21,476	17,300	11,373	10,613	9,759	10,999	11,425	9,395
Trees pruned per year	3,275	2,830	2,158	2,745	1,838	1,879	1,693	2,713	2,850	2,789
Traffic signal intersections maintained <sup>1</sup>	53	56	56	53	53	54	54	54	54	54
Infrastructure improv. projects administered	8	8	6	8	9	8	-	6	3	3
Culture and Recreation										
Gallery promotions and mailings	14,800	14,800	14,800	14,800	7,400	-	5,995	-	2,050	-
Gallery attendance	12,807	10,175	7,700	7,000	6,740	1,790	2,854	7,244	5,105	6,854
Theatre annual program brochures mailed	34,670	31,853	10,200	21,906	16,086	-	28,177	32,424	27,727	26,814
Theatre attendance	50,476	47,832	41,499	34,803	23,861	2,306	6,176	64,620	69,029	67,770
General government										
Accounts payable warrants issued	7,569	7,154	6,980	7,026	7,215	6,632	6,092	6,252	6,355	6,431

<sup>1</sup> 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**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function:										
Highways and streets										
Miles of streets	121	121	121	126	126	126	126	126	126	127
Street lights	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452	3,452
Water										
Number of water wells	1	1	1	1	1	1	1	1	1	1
Number of reservoirs	7	7	7	7	7	7	7	7	7	7
Miles of lines & mains	197	212	212	212	225	225	225	225	225	225
Sewer										
Miles of sanitary sewers	112	112	112	114	114	114	114	114	114	114
Miles of storm drains	27	27	27	27	27	27	27	27	27	27
Culture and Recreation										
Number of parks	13	13	14	14	14	14	14	14	14	14
Number of other facilities	7	7	7	7	7	7	7	7	7	7

Source: City of Brea