

CITY OF FULLERTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY THE FINANCE DEPARTMENT

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CITY OF FULLERTON CALIFORNIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015



Greg Sebourn, Mayor

Jennifer Fitzgerald, Mayor Pro Tem

Bruce Whitaker, Council Member

Douglas B Chaffee, Council Member

Jan Flory, Council Member

Joe Felz, City Manager

Julia James

Director of Administrative Services

Don Hoppe

Director of Public Works

Gretchen Beatty

Director of Human Resources

Karen Haluza

Director of Community Development

Wolfgang Knabe

Fire Chief

Dan Hughes

Chief of Police

Maureen Gebelein

Library Director

Hugo Curiel

Parks & Recreation Director

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CITY OF FULLERTON

City Manager's Office

December 15, 2015

Honorable Mayor and Members of City Council
Fullerton, California

We are pleased to present the 2014-15 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and the citizens of Fullerton on the status of the City's financial position and results of operations for the past fiscal year and has been prepared in compliance with all requirements of the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the City of Fullerton has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Fullerton's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Fullerton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Fullerton's financial statements have been audited by Lance, Soll, & Lunghard, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Fullerton for the fiscal year ended June 30, 2015 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, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fullerton's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Fullerton was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Fullerton's separately issued single audit report.

THE EDUCATION COMMUNITY



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

ECONOMIC CONDITION AND OUTLOOK

Fullerton is located in northwestern Orange County, approximately 25 miles southeast of downtown Los Angeles and is the seventh largest city in Orange County. Founded in 1887 and incorporated in 1904, Fullerton operates as a general law city, governed by a non-partisan, five-member City Council elected to serve staggered four-year terms. Encompassing 22.2 square miles, the City has a population of 140,042. The City is ideally located for transportation, bounded by 3 major highways and located 15 miles northwest of John Wayne Airport. On an average workday Fullerton's Transportation Center serves an average of 3,000 commuters on the Metrolink and Amtrak trains.

The City has a diversified tax base of residential, commercial and industrial properties. The median household income is \$70,157 and the median home price is \$569,000. The City's unemployment rate of 4.7% continues to rank below the State and National average. Major employers include California State University -Fullerton, Fullerton Community College, St. Jude Hospital, Raytheon Systems Company, and Alcoa Fastening Systems. In addition to a diverse manufacturing and industrial base, and a stable retail sales base, the City is a major center of higher education in Orange County. California State University, Fullerton and Fullerton Community College are located within the City, as well as three private colleges/universities for a total enrollment of over 55,000 students.

Tax revenues comprise 75% of General Fund revenues and increased an average of 5.5% this fiscal year. Revenue from increased development in the community has also contributed to a sound revenue base that has enabled Management to balance the General Fund budget for the first time in many years. While the economic outlook of Fullerton remains positive, we are mindful of balancing the increasing demands on service against the limited available resources.

FINANCIAL INFORMATION

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, debt service funds, capital projects funds, and all the proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances generally are re-appropriated as part of the following year's budget.

Through sound financial management the General Fund reserve has more than doubled the 10% requirement set by City Council policy. To assist in this effort staff maintains a five-year financial forecast. As costs increase and funding sources fluctuate, this model helps staff to reprioritize goals and objectives and identify new revenue sources needed to maintain the community's quality level of service.

MAJOR INITIATIVES

Council Priorities: Two major initiatives have been identified as City Council priorities in the coming years: street improvements and addressing the OPEB unfunded liability.

As with many public agencies, Fullerton struggles with dwindling funding sources to address its aging infrastructure. An average of \$4 million is spent annually on street reconstruction using transportation funding, as well as any one-time funding sources when available. The City also combines street reconstruction with water and sewer main replacements whenever possible to maximize project potential.

Also a priority is the funding of City's Other Post-Employment Benefits (OPEB). The City has been funding OPEB on a "pay-as-you-go" basis and has accrued a \$37 million unfunded liability. The City established a dedicated Trust this year and pending City Council approval will begin contributing toward this fund.

Labor Contracts: All of the City's employee labor contracts expired on June 30, 2015. Negotiations with the City's bargaining groups began in the spring of 2015 and continued beyond the fiscal year-end. It is anticipated that most of the negotiations will conclude by December, 2015.

Development: Fiscal year 2014-15 saw construction begin on three significant multi-family residential apartment buildings. Orangefair Apartments will add 323 units just north of the 91 Freeway at Lemon Avenue, adding a residential component to an existing shopping center and create a mixed-use neighborhood. Malden Station project brings 200 apartments, including 10 units of affordable housing and commercial space on Santa Fe Avenue, just west of the Fullerton Transportation Center. Lastly, the Ventana Senior Apartments will provide 95 units of affordable housing to seniors aged 62 and over, also within a ¼ mile of the Fullerton Transportation Center. The year also saw the completion of three new single-family neighborhoods. Legacy Walk, Liberty Walk and Citrus Park together added 137 new units near Euclid Street and Valencia Avenue.

Capital Improvement Projects: As reflected throughout these financial statements, two major grade separation projects continue on State College Boulevard and Raymond Avenue. The projects will cost a combined \$193 million for right-of-way acquisition and construction of a grade separation at the BNSF Railroad tracks to relieve traffic congestion on these major arterials. A total of \$84 million has been spent to date, with completion of both projects expected in early 2018.

During the fiscal year, the City received an FAA grant in the amount of \$600,000 to fund accessibility upgrades, repairs and design enhancements to the Fullerton Municipal Airport. The Airport also executed a long-term lease for the operation of a new restaurant, Wings Café, which included substantial improvements to the 2,500 sq. ft. facility.

The City also spent over \$3 million to upgrade its computer network and install a VOIP phone system. This project consisted of replacing all computers and mobile data systems citywide, replacement of hardware for the Police dispatch and records systems, upgrade to Microsoft Office and Exchange 2013 and redesign of the City's website.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the City's accounting staff, led by Accounting Supervisor Sylvina Kho. We also wish to extend our appreciation to Mayor Sebourn and the City Council for their leadership and support in providing sound financial guidance to the Fullerton Community.

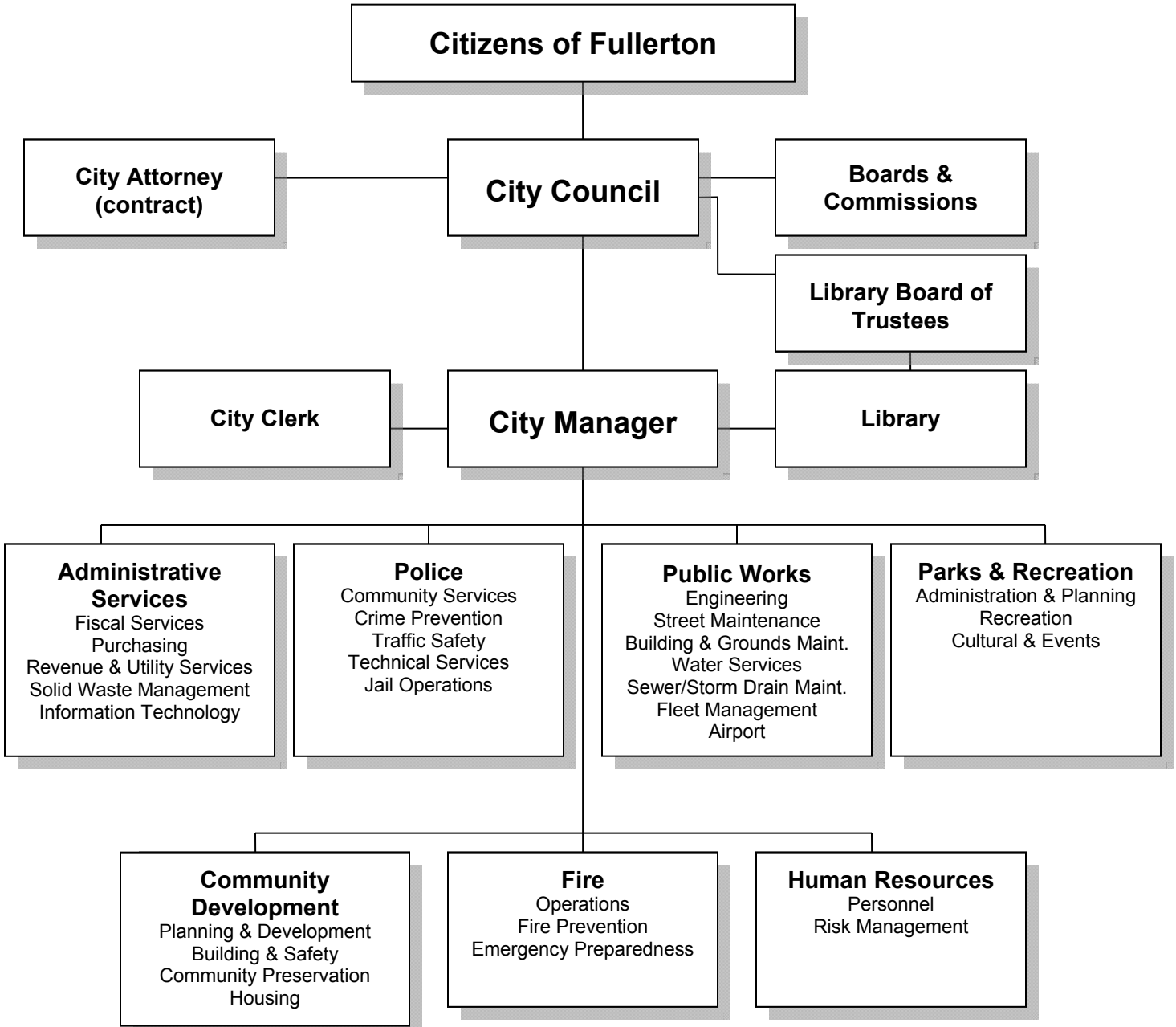
Respectfully submitted,



Joe Felz
City Manager



Julia James
Director of Administrative Services



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fullerton, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fullerton, California, as of June 30, 2015, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules for the General Fund, Park Dwelling Fund, Grands Administration Fund, and the Housing Fund; the schedule of changes in net pension liability and related ratios, the schedule of plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea California
December 3, 2015

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CITY OF FULLERTON Management's Discussion and Analysis

The City of Fullerton offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. The City encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal which can be found on page i of this report.

Financial Highlights

- The City's net position totaled \$342.4 million at June 30, 2015, representing a decrease of \$134.6 million over the previous fiscal year due to the recording of net pension liabilities and OPEB obligations as now required by GASB 68. Of the total net position, \$431.3 million is invested in capital assets (net of related debt), while \$28.9 million is restricted for specific governmental operations, leaving -\$117.7 million as unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$65.9 million, an increase of \$26.7 million in comparison with the prior year. This is due to the receipt of grant reimbursements in the Capital Projects Fund owed the City for the State College and the Raymond Avenue grade separation projects. The General Fund reflected a committed fund balance of \$8 million and an unassigned fund balance of \$9.2 million for a combined total of \$17.2 million, representing an increase of \$1.6 million over the previous fiscal year.
- Long-term debt increased by \$159.7 million in fiscal year 2014-15 with the addition of the net pension liability.
- Capital assets increased by \$42.9 million due to construction in progress for the State College and Raymond Avenue grade separation projects.

Overview of the Financial Statements

This annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information, and (4) an optional section that presents combining statements for other government funds.

The management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The annual report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, human and leisure services, and refuse collection. The business-type activities of the City include the water utility, sewer enterprise operations, airport, parking facilities, Brea Dam recreational facilities, and CNG station.

The government-wide financial statements include the City, Fullerton Public Financing Authority, Housing Authority, Parking Authority, Northwest Airport Area Corporation and Fullerton Library Building Authority. The last three entities were inactive during the reporting year. Although these entities are legally separate, they function for all practical purposes as part of the City and, therefore, have been included as blended component units as an integral part of the primary government.

Fund financial statements. The statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund; the Grants Administration Special Revenue Fund; the Housing Special Revenue Fund and the City Capital Projects Fund, all of which are considered to be major funds. Data from the former Redevelopment Agency major funds is now reported in the Successor Agency Trust Fund. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts a biannual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The City of Fullerton maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, airport, sewer enterprise, parking facilities, Brea Dam recreational facility operations, and CNG station. Internal Service funds are used to report any activities that provide goods or services to other funds or departments on a cost-reimbursement basis. The City uses internal service funds to account for its liability insurance, equipment replacement, workers' compensation insurance, group insurance, equipment maintenance, information technology, building maintenance services and facility capital repair.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, the airport operation and sewer enterprise, all of which are considered to be major funds of the City. Individual fund data for the other enterprise funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary comparison schedules for the General Fund and each major special revenue fund.

The combining statements referred to earlier in connection with other governmental funds and enterprise funds are presented immediately following the notes to the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fullerton, assets exceeded liabilities by \$264.5 million at the close of the most recent fiscal year. The City's net position decreased by \$133.8 million from the previous year due to the increase in long-term liabilities reflecting the addition of the net pension obligation.

Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
	Current and other assets	\$139,412	\$140,804	\$31,056	\$34,337	\$170,468
Capital assets	347,206	311,238	99,805	92,861	447,011	404,099
Total assets	486,618	452,042	130,861	127,198	617,479	579,240
Deferred Outflows	11,276		911	166	12,187	166
Long-term liabilities	206,388	56,034	22,696	13,321	229,085	69,355
Other liabilities	15,675	25,415	7,098	8,430	22,773	33,845
Total liabilities	222,063	81,449	29,794	21,751	251,857	103,200
Deferred Inflows	32,139		3,253		35,392	
Net position:						
Net investment in capital assets	343,504	306,424	87,838	80,109	431,342	386,533
Restricted	28,620	30,585	308	556	28,928	31,141
Unrestricted	(128,432)	33,585	10,579	24,948	(117,853)	58,532
Total net position	\$243,692	\$370,594	\$98,725	\$105,613	\$342,417	\$476,206

The increase in capital assets is due to the continuing construction of the State College and Raymond Avenue grade separation projects. Funded primarily by Federal, State and local grants for a combined total of \$193 million, these projects will provide grade separations at railroad crossings on two major thoroughfares to relieve traffic congestion.

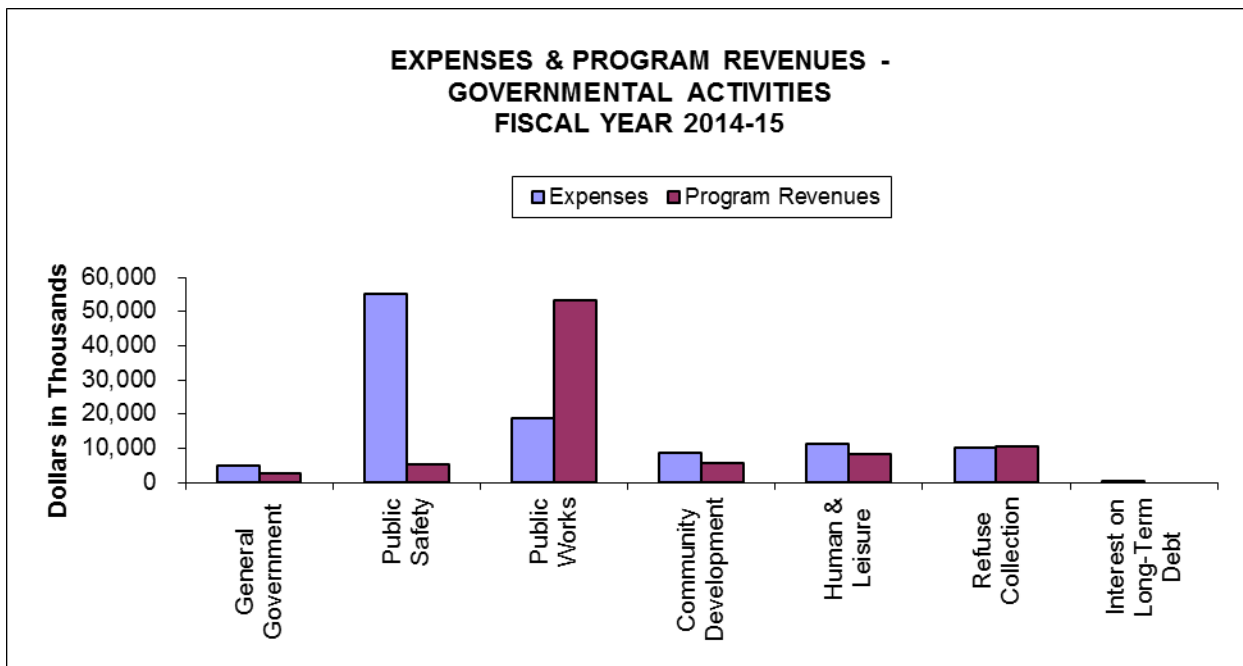
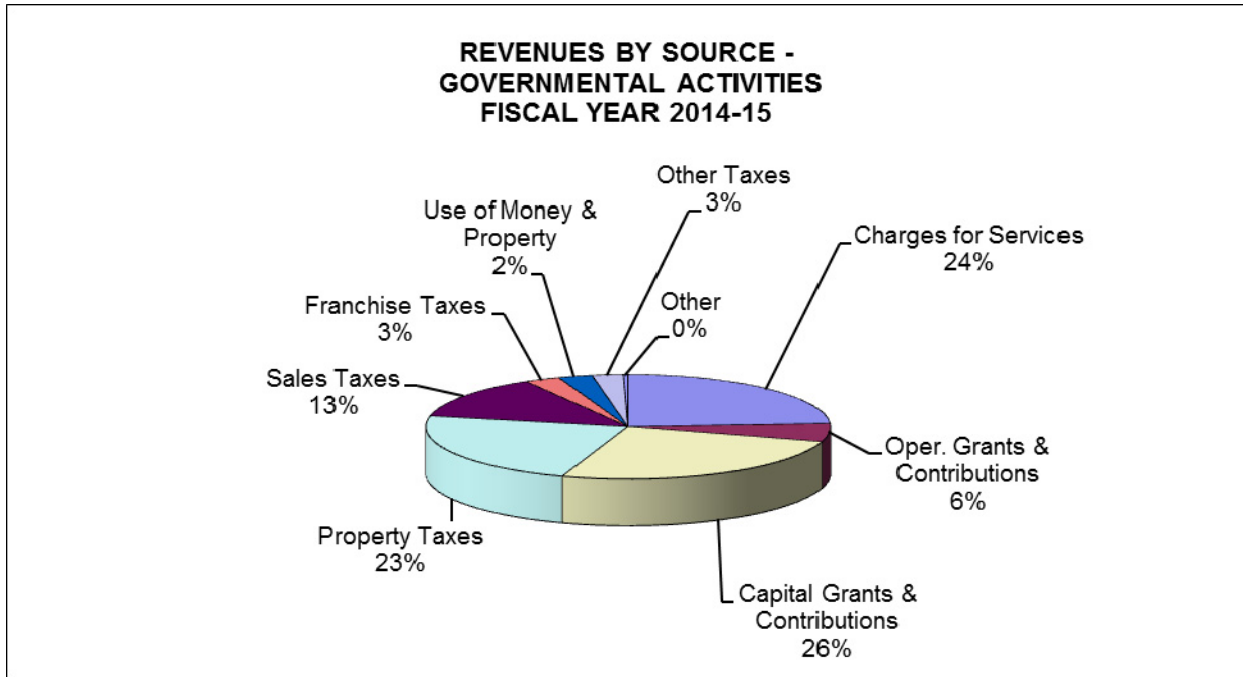
Changes in Net Position

(\$ in thousands)	Governmental <u>activities</u>		Business-type <u>activities</u>		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$37,244	\$31,482	\$40,252	\$41,423	\$77,496	\$72,905
Operating grants and contributions	8,820	8,990			8,820	8,990
Capital grants and contributions	39,543	35,283	456	79	39,999	35,362
General revenues:						
Property taxes	35,723	32,950	105	93	35,828	33,043
Sales taxes	20,643	20,582			20,643	20,582
Franchise taxes	4,392	3,971			4,392	3,971
Other taxes	4,191	3,863			4,191	3,971
Use of Money & Property	3,858	3,635	39	80	3,897	3,715
Extraordinary gain/(loss)		(22,359)				(22,359)
Other	564	421	366	244	930	4,528
Total revenues	154,978	118,818	41,218	41,919	196,196	160,737
Expenses:						
General government	4,983	3,607			4,983	3,607
Public safety	55,089	54,469			55,089	54,469
Public works	18,598	17,039			18,598	17,039
Community development	8,583	8,074			8,583	8,074
Human and leisure	11,110	10,661			11,110	10,661
Refuse collection	10,076	10,011			10,076	10,011
Interest on long-term debt	554	533			554	533
Water utility			26,929	27,929	26,929	27,929
Airport			1,445	1,517	1,445	1,517
Parking facilities			29	51	29	51
Brea Dam recreational facilities			2,745	2,899	2,745	2,899
Sewer enterprises			3,375	2,384	3,375	2,384
CNG			522	412	522	412
Total expenses	108,994	104,394	35,045	35,192	144,039	139,586
Change in net position before transfers	45,984	14,424	6,173	6,727	52,157	21,151
Transfers	(36)	(36)	36	36		
Change in net position	45,948	14,388	6,209	6,763	52,157	21,151
Net position - beginning	370,594	356,340	105,613	98,850	476,206	455,190
Restatement of net position	(172,850)	(134)	(13,097)		(185,947)	(134)
Net position - ending	\$243,692	\$370,594	\$98,725	\$105,613	\$342,417	\$476,207

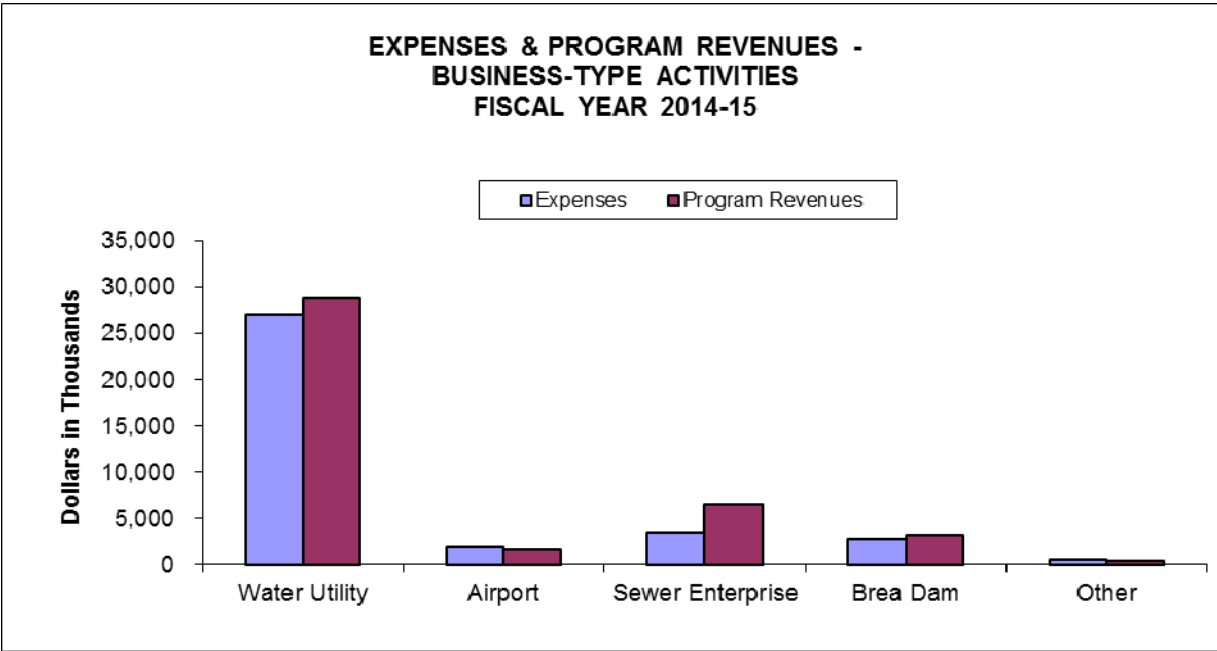
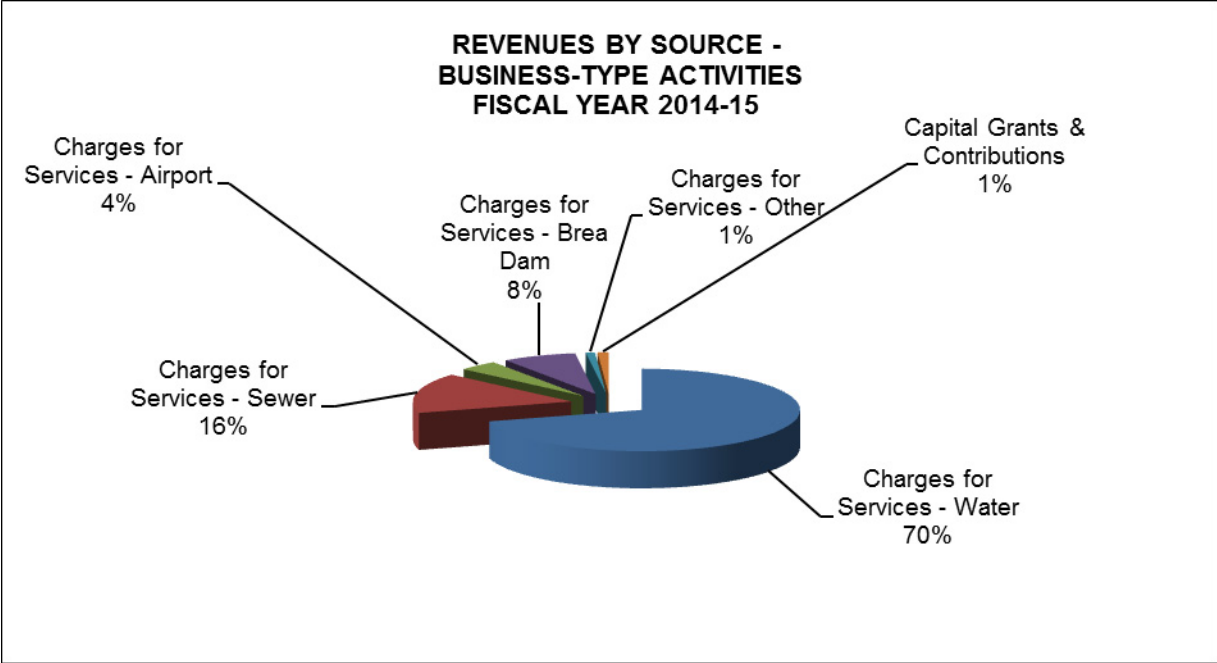
Governmental activities. The net position for governmental activities decreased by \$126.9 million over the prior year as a result of the restatement of net position as required by GASB 68.

Total revenues reflect an increase of \$36.2 million from the prior year, however the prior year's total included a one-time extraordinary loss of \$22.4 million resulting from the City's transfer of unallowable assets back to the Successor Agency. Excluding that transaction, the true increase in revenues was \$13.8 million, with increases in nearly all categories.

Total expenses increased by \$4.6 million from the prior year representing a menial increase in the cost of providing services.



Business-type activities. The Business-type activities reported a decrease in net position of \$6.9 million for 2015. The decrease in revenue is due to the reduction in water consumption and related charges as California struggles with a severe drought. Capital projects were the cause of the increase in sewer fund expenses, while the CNG fund continues to grow as a relatively new project.



Financial Analysis of the City's Funds

As noted earlier, the City of Fullerton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 mentioned previously in this discussion, the City's governmental funds reported combined ending fund balances of \$65.9 million, an increase of \$26.7 million in comparison with the prior year. Of that total, \$12,589 is nonspendable because it represents inventory and prepaid costs; \$28.6 million represents monies legally restricted by external agencies for debt service and specific programs or projects, and \$29.7 million represents funds committed by the City Council for specific programs or projects. The remaining \$7.6 million is unassigned, meaning it is available for spending at the City's discretion but within legal requirements.

The City reports five major governmental funds:

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, this fund balance totaled \$17.2 million. Of that amount, \$8 million was committed to a contingency reserve as required by the City Council's policy to maintain a reserve equal to 10% of total General Fund expenditures each year. Another \$9.2 million is unassigned. Revenues totaled \$81.0 million, while expenditures totaled \$79.7 million, resulting in an excess of revenues over expenditures of \$1.4 million. A total of \$256,135 in other financing sources represented transfers in from other funds.

The Park Dwelling Fund accounts for park in-lieu fees generated by development. At June 30, 2015 this fund reported a fund balance of \$12.2 million, boosted by the receipt of \$7 million in revenue. All funds are committed to parks projects.

The Grants Administration Fund reflected a deficit fund balance of -\$97,103 due to unbilled receivables as of June 30, 2015. This total represents an increase of \$137,778 from the previous fiscal year.

The Housing Fund accounts for the activities of the City's Housing Authority, formed upon the dissolution of the Redevelopment Agency. The fund balance of \$17.9 million remains consistent with the prior year.

The Capital Projects fund balance reported a deficit balance of -\$1.5 million; an increase of \$16.8 million from the prior year as funding agencies reimbursed the City for projects. The purpose of the fund is for the construction, acquisition, and/or improvements of the City's capital assets. Funding for many of the projects comes from grants that operate on a reimbursement basis that may take longer than the current fiscal year to receive.

Another nine non-major governmental funds are combined for reporting purposes in the government-wide statements and include the Gas Tax; Sewer & Drainage; Traffic Safety; Asset Seizure; Refuse Collection; Air Quality Improvement; Sanitation; Measure M2 and Debt Service Reserve Funds.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's proprietary funds contain six enterprise funds: water utility, airport, sewer, parking facilities, CNG station and Brea Dam recreational facilities.

Unrestricted net position of the enterprise funds totaled \$10.7 million at the end of the year: \$5.8 million for the Water Utility Fund, \$291,111 for the Airport Fund, \$5.1 million for the Sewer Fund, -\$356,340 for the Brea Dam Fund, and a combined \$44,176 for the parking facilities and CNG funds. The total decrease in net position for these funds was \$6.9 million from the prior fiscal year.

Fiduciary funds. The City reports four fiduciary funds consisting of three agency funds and one trust fund. The agency funds include the Deposits Fund, which accounts for deposits and other funds held in trust by the City and the Community Facilities District and the Assessment District Funds which account for transactions associated with those Districts. These agency funds have a total of \$1.8 million in assets and liabilities. The Successor Agency Trust Fund accounts for all transactions associated with the Successor Agency to the Redevelopment Agency. The total net position at June 30, 2015 was -\$13.6 million.

General Fund Budgetary Highlights

The General Fund ended the fiscal year with a fund balance of \$17.2 million, reflecting an increase of \$1.6 million from the prior year. Total revenues increased \$4.5 million, reflecting growth in most major revenue categories. Expenditures increased \$2.9 million over the prior year due to increases in employee benefits and normal operating costs.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015 totaled \$447.0 million (net of accumulated depreciation), an increase of \$42.9 million due to the State College and Raymond Avenue grade separation projects. Additional information on the City's capital assets can be found in Note 7 of the Notes to the Financial Statements.

Capital Assets (net of depreciation)

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
	Land	\$40,870	\$40,870	\$9,128	\$9,128	\$49,998
Buildings	76,500	78,044	6,127	6,316	82,627	84,360
Improvements other than buildings	31,309	32,357	44,700	44,433	76,009	76,790
Machinery and equipment	11,570	11,795	2,094	2,235	13,664	14,030
Leasehold improvements			46	57	46	57
Infrastructure	96,250	97,776	31,873	27,712	128,123	125,488
Construction in progress	90,706	50,397	5,837	2,979	96,543	53,376
Total	\$347,206	\$311,239	\$99,805	\$92,860	\$447,011	\$404,099

Long-term debt. At the end of the current fiscal year, the City has total long-term debt outstanding of \$229 million, an increase of \$160 million due to the addition of the net pension liability. Additional information on the City's long-term debt can be found in Note 9 of the Notes to the Financial Statements.

Long-term Debt

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
	Revenue bonds			\$8,940	\$9,230	\$8,940
Judgment obligation bonds	6,725	6,990			6,725	6,990
Capital leases	3,702	4,815	2,523	2,969	6,225	7,784
Loans	2,500	3,000			2,500	3,000
Compensated absences	2,956	3,489	433	404	3,389	3,893
Net pension liability	149,293		10,118		159,411	
Net OPEB obligation	16,170	13,887			16,170	13,887
Claims and judgments	25,093	23,907			25,093	23,907
Other	-51	-54	682	718	631	664
Total	\$206,388	\$56,034	\$22,696	\$13,321	\$229,084	\$69,355

Economic Factors and Next Year's Budget

While Fullerton is again experiencing economic growth after years of uncertainty, we are ever-mindful of how quickly conditions can change. We remain conservative in forecasting revenues and cautious in how we prioritize funding. This prudent management has enabled the City to double its General Fund undesignated reserve over the last five years.

The City adopts two-year budgets and FY 2015-16 will be the first year of the next cycle. Revenues are projected with modest increases of 3.25% while expenditures remain flat with the exception of employee benefit costs. Mid-year appropriation increases are anticipated however, as the City concludes negotiations with employee labor groups in the coming months and pay increases are approved. The City also plans to direct a portion of excess revenues over expenditures to the newly established OPEB Trust.

Requests for Information

This financial report is designed to provide a general overview of the City of Fullerton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Director of Administrative Services, 303 W. Commonwealth Avenue, Fullerton, CA 92832.

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CITY OF FULLERTON

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 88,177,327	\$ 24,745,952	\$ 112,923,279
Receivables:			
Accounts	7,522,175	2,107,276	9,629,451
Taxes	235,633	-	235,633
Notes and loans	19,093,626	-	19,093,626
Other accrued revenue	11,078,288	3,887,469	14,965,757
Internal balances	51,826	(51,826)	-
Prepaid costs	143,855	-	143,855
Inventories	199,265	38,162	237,427
Land held for resale	11,651,456	-	11,651,456
Restricted assets:			
Cash with fiscal agent	1,258,718	328,951	1,587,669
Capital assets not being depreciated	131,576,054	14,965,787	146,541,841
Capital assets, net of depreciation	215,630,274	84,839,226	300,469,500
Total Assets	486,618,497	130,860,997	617,479,494
Deferred Outflows of Resources:			
Deferred charge on refunding	-	157,332	157,332
Deferred pension related items	11,275,629	753,882	12,029,511
Total Deferred Outflows of Resources	11,275,629	911,214	12,186,843
Liabilities:			
Accounts payable	7,557,480	5,187,758	12,745,238
Accrued liabilities	2,154,515	150,551	2,305,066
Accrued interest	151,326	152,974	304,300
Unearned revenue	1,347,047	-	1,347,047
Deposits payable	4,321,540	1,606,238	5,927,778
Due to other governments	142,717	-	142,717
Noncurrent liabilities:			
Net pension liability	149,292,613	10,118,447	159,411,060
Net OPEB obligation	16,170,219	-	16,170,219
Due within one year	7,452,177	1,265,590	8,717,767
Due in more than one year	33,473,452	11,312,480	44,785,932
Total Liabilities	222,063,086	29,794,038	251,857,124
Deferred Inflows of Resources:			
Deferred pension related items	32,138,755	3,253,303	35,392,058
Total Deferred Inflows of Resources	32,138,755	3,253,303	35,392,058
Net Position:			
Net investment in capital assets	343,503,947	87,838,066	431,342,013
Restricted for:			
Community development projects	430,006	-	430,006
Public safety	232,863	-	232,863
Public works	9,789,548	-	9,789,548
Debt service	224,917	307,861	532,778
Housing	17,942,728	-	17,942,728
Unrestricted	(128,431,724)	10,578,943	(117,852,781)
Total Net Position	\$ 243,692,285	\$ 98,724,870	\$ 342,417,155

CITY OF FULLERTON

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 4,982,902	\$ 1,552,694	\$ 1,007,750	\$ -
Public safety	55,088,848	5,065,857	328,854	-
Community development	8,583,277	4,084,766	1,403,212	-
Human and leisure	11,110,245	8,399,984	-	-
Public works	18,598,170	7,691,591	6,080,411	39,542,645
Refuse collection	10,076,955	10,449,225	-	-
Interest on long-term debt	553,893	-	-	-
Total Governmental Activities	108,994,290	37,244,117	8,820,227	39,542,645
Business-Type Activities:				
Airport	1,445,383	1,650,531	-	456,613
Brea Dam Facilities Recreational	2,745,061	3,083,212	-	-
Water Utility	26,928,925	28,715,267	-	-
Parking Facilities	28,563	-	-	-
Sewer Enterprise	3,374,718	6,417,812	-	-
Compressed Natural Gas Facility	522,186	384,774	-	-
Total Business-Type Activities	35,044,836	40,251,596	-	456,613
Total Primary Government	\$ 144,039,126	\$ 77,495,713	\$ 8,820,227	\$ 39,999,258

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital asset

Transfers

**Total General Revenues,
and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,422,458)	\$ -	\$ (2,422,458)
(49,694,137)	-	(49,694,137)
(3,095,299)	-	(3,095,299)
(2,710,261)	-	(2,710,261)
34,716,477	-	34,716,477
372,270	-	372,270
(553,893)	-	(553,893)
(23,387,301)	-	(23,387,301)
-	661,761	661,761
-	338,151	338,151
-	1,786,342	1,786,342
-	(28,563)	(28,563)
-	3,043,094	3,043,094
-	(137,412)	(137,412)
-	5,663,373	5,663,373
(23,387,301)	5,663,373	(17,723,928)
35,723,014	105,233	35,828,247
20,643,333	-	20,643,333
4,391,870	-	4,391,870
4,191,675	-	4,191,675
57,427	-	57,427
3,858,010	38,743	3,896,753
506,868	338,504	845,372
-	27,181	27,181
(36,460)	36,460	-
69,335,737	546,121	69,881,858
45,948,436	6,209,494	52,157,930
370,593,680	105,612,591	476,206,271
(172,849,831)	(13,097,215)	(185,947,046)
\$ 243,692,285	\$ 98,724,870	\$ 342,417,155

CITY OF FULLERTON

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Park Dwelling</u>	<u>Grants Administration</u>	<u>Housing</u>
Assets:				
Pooled cash and investments	\$ 18,136,657	\$ 12,209,847	\$ 188,698	\$ 263,276
Receivables:				
Accounts	1,241,474	-	36,378	5,829
Taxes	235,633	-	-	-
Notes and loans	-	-	13,050,591	6,043,035
Other accrued revenue	4,689,922	-	187,578	205
Prepaid costs	5,768	-	69,675	-
Due from other funds	543,298	-	-	-
Inventories	6,821	-	-	-
Land held for resale	-	-	-	11,651,456
Restricted assets:				
Cash and investments with fiscal agents	-	-	142,717	-
Total Assets	<u>\$ 24,859,573</u>	<u>\$ 12,209,847</u>	<u>\$ 13,675,637</u>	<u>\$ 17,963,801</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,225,013	\$ -	\$ 72,588	\$ 18,472
Accrued liabilities	1,981,704	305	21,415	501
Unearned revenues	140,240	-	481,678	-
Deposits payable	4,301,400	-	-	2,100
Due to other governments	-	-	142,717	-
Due to other funds	-	-	-	-
Total Liabilities	<u>7,648,357</u>	<u>305</u>	<u>718,398</u>	<u>21,073</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	13,054,342	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>13,054,342</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Inventory	6,821	-	-	-
Prepaid costs	5,768	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Housing	-	-	-	17,942,728
Committed to:				
Parks and recreation	-	12,209,542	-	-
Public works	-	-	-	-
Refuse collection	-	-	-	-
Contingency reserve	7,967,087	-	-	-
Unassigned	9,231,540	-	(97,103)	-
Total Fund Balances	<u>17,211,216</u>	<u>12,209,542</u>	<u>(97,103)</u>	<u>17,942,728</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,859,573</u>	<u>\$ 12,209,847</u>	<u>\$ 13,675,637</u>	<u>\$ 17,963,801</u>

CITY OF FULLERTON

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Capital Projects Funds		Total Governmental Funds
	Capital Projects	Other Governmental Funds	
Assets:			
Pooled cash and investments	\$ 1,843,962	\$ 17,903,731	\$ 50,546,171
Receivables:			
Accounts	5,020,620	1,209,740	7,514,041
Taxes	-	-	235,633
Notes and loans	-	-	19,093,626
Other accrued revenue	3,444,549	2,722,695	11,044,949
Prepaid costs	-	-	75,443
Due from other funds	-	-	543,298
Inventories	-	-	6,821
Land held for resale	-	-	11,651,456
Restricted assets:			
Cash and investments with fiscal agents	-	-	142,717
Total Assets	\$ 10,309,131	\$ 21,836,166	\$ 100,854,155
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 4,185,465	\$ 1,035,937	\$ 6,537,475
Accrued liabilities	16,652	78,346	2,098,923
Unearned revenues	691,561	33,568	1,347,047
Deposits payable	18,040	-	4,321,540
Due to other governments	-	-	142,717
Due to other funds	-	491,472	491,472
Total Liabilities	4,911,718	1,639,323	14,939,174
Deferred Inflows of Resources:			
Unavailable revenues	6,925,289	-	19,979,631
Total Deferred Inflows of Resources	6,925,289	-	19,979,631
Fund Balances:			
Nonspendable:			
Inventory	-	-	6,821
Prepaid costs	-	-	5,768
Restricted for:			
Community development projects	-	430,006	430,006
Public safety	-	232,863	232,863
Public works	-	9,789,548	9,789,548
Debt service	-	224,917	224,917
Housing	-	-	17,942,728
Committed to:			
Parks and recreation	-	-	12,209,542
Public works	-	8,934,894	8,934,894
Refuse collection	-	584,615	584,615
Contingency reserve	-	-	7,967,087
Unassigned	(1,527,876)	-	7,606,561
Total Fund Balances	(1,527,876)	20,196,843	65,935,350
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,309,131	\$ 21,836,166	\$ 100,854,155

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CITY OF FULLERTON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds	\$ 65,935,350
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	340,240,917
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2014, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.	10,983,664
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-Term Liabilities:	
Capital leases	\$ (452,645)
HUD Section 108 loans	(2,500,000)
Compensated Absences	(2,956,353)
Claims payable	(285,885)
Total Long-Term Liabilities	<u>(6,194,883)</u>
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.	(16,170,219)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(57,490)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.	(145,373,920)
The difference between the proportionate share of the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service life.	(30,878,809)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	19,979,631
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>5,228,044</u>
Net position of governmental activities	<u><u>\$ 243,692,285</u></u>

CITY OF FULLERTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			
	General	Park Dwelling	Grants Administration	Housing
Revenues:				
Taxes	\$ 60,558,022	\$ -	\$ -	\$ -
Franchise taxes	4,391,870	-	-	-
Licenses and permits	2,283,126	-	-	-
Intergovernmental	921,823	-	2,887,460	-
Charges for services	7,281,417	7,033,101	-	-
Investment income	3,425,251	-	-	97,041
Fines and forfeitures	1,302,993	-	-	-
Miscellaneous	882,861	-	69,275	-
Total Revenues	81,047,363	7,033,101	2,956,735	97,041
Expenditures:				
Current:				
General government	5,311,409	-	68,091	-
Public safety	54,749,504	-	624,785	-
Community development	3,955,717	-	730,394	117,122
Human and leisure	8,688,667	-	558,226	-
Public works	6,829,611	13,688	-	-
Refuse collection	-	-	-	-
Capital outlay	135,966	-	185,136	-
Debt service:				
Principal retirement	-	-	500,000	-
Interest and fiscal charges	-	-	152,325	-
Total Expenditures	79,670,874	13,688	2,818,957	117,122
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,376,489	7,019,413	137,778	(20,081)
Other Financing Sources (Uses):				
Transfers in	501,316	-	-	-
Transfers out	(252,767)	(739,725)	-	(2,830)
Proceeds from sale of capital asset	7,586	-	-	-
Total Other Financing Sources (Uses)	256,135	(739,725)	-	(2,830)
Net Change in Fund Balances	1,632,624	6,279,688	137,778	(22,911)
Fund Balances, Beginning of Year	15,578,592	5,929,854	(234,881)	17,965,639
Fund Balances, End of Year	\$ 17,211,216	\$ 12,209,542	\$ (97,103)	\$ 17,942,728

CITY OF FULLERTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 60,558,022
Franchise taxes	-	-	4,391,870
Licenses and permits	-	-	2,283,126
Intergovernmental	58,364,979	6,324,197	68,498,459
Charges for services	184,032	17,371,196	31,869,746
Investment income	-	72,280	3,594,572
Fines and forfeitures	-	448,456	1,751,449
Miscellaneous	331,628	-	1,283,764
Total Revenues	<u>58,880,639</u>	<u>24,216,129</u>	<u>174,231,008</u>
Expenditures:			
Current:			
General government	-	16,168	5,395,668
Public safety	-	502,350	55,876,639
Community development	-	178,515	4,981,748
Human and leisure	-	153,399	9,400,292
Public works	-	6,366,011	13,209,310
Refuse collection	-	10,077,874	10,077,874
Capital outlay	47,582,681	8,029	47,911,812
Debt service:			
Principal retirement	-	264,584	764,584
Interest and fiscal charges	-	28,061	180,386
Total Expenditures	<u>47,582,681</u>	<u>17,594,991</u>	<u>147,798,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,297,958</u>	<u>6,621,138</u>	<u>26,432,695</u>
Other Financing Sources (Uses):			
Transfers in	5,457,586	333,787	6,292,689
Transfers out	(2,212)	(5,042,397)	(6,039,931)
Proceeds from sale of capital asset	-	4,482	12,068
Total Other Financing Sources (Uses)	<u>5,455,374</u>	<u>(4,704,128)</u>	<u>264,826</u>
Net Change in Fund Balances	<u>16,753,332</u>	<u>1,917,010</u>	<u>26,697,521</u>
Fund Balances, Beginning of Year	<u>(18,281,208)</u>	<u>18,279,833</u>	<u>39,237,829</u>
Fund Balances, End of Year	<u>\$ (1,527,876)</u>	<u>\$ 20,196,843</u>	<u>\$ 65,935,350</u>

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CITY OF FULLERTON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ 26,697,521

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

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

Capital outlay	\$ 45,577,411	
Disposal	(307,772)	
Depreciation	<u>(10,249,526)</u>	35,020,113

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments	764,584	
Claims expense	<u>24,058</u>	788,642

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

22,436

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

532,427

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(2,282,443)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

2,508,449

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(19,529,474)

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

2,190,765

Change in net position of governmental activities

\$ 45,948,436

CITY OF FULLERTON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>	<u>Other Enterprise Funds</u>
Assets:				
Current:				
Cash and investments	\$ 936,144	\$ 15,740,728	\$ 8,004,013	\$ 65,067
Receivables:				
Accounts receivable	122,325	1,530,266	435,729	18,956
Prepaid items	-	-	-	-
Inventory	-	-	-	38,162
Other accrued revenue receivable	209,343	3,021,271	655,465	1,390
Restricted:				
Cash with fiscal agent	-	-	-	328,951
Total Current Assets	1,267,812	20,292,265	9,095,207	452,526
Noncurrent:				
Capital assets - net of accumulated depreciation	15,819,798	45,739,966	34,516,078	3,729,171
Total Noncurrent Assets	15,819,798	45,739,966	34,516,078	3,729,171
Total Assets	17,087,610	66,032,231	43,611,285	4,181,697
Deferred Outflows of Resources:				
Deferred charge on refunding	-	157,332	-	-
Deferred pension related items	48,927	501,948	188,396	14,611
Total Deferred Outflows of Resources	48,927	659,280	188,396	14,611
Total Assets & Deferred Outflows of Resources	\$ 17,136,537	\$ 66,691,511	\$ 43,799,681	\$ 4,196,308
Liabilities:				
Current:				
Accounts payable	\$ 28,719	\$ 4,218,087	\$ 755,329	\$ 185,623
Accrued liabilities	9,616	97,910	37,638	5,387
Accrued interest	33,186	91,708	-	28,080
Deposits payable	49,404	1,556,834	-	-
Due to other funds	-	-	-	51,826
Accrued compensated absences	29,500	261,277	48,481	6,904
Claims payable	-	-	-	-
Bonds, notes, and capital leases	464,428	350,000	-	105,000
Total Current Liabilities	614,853	6,575,816	841,448	382,820
Noncurrent:				
Accrued compensated absences	7,375	65,319	12,120	1,726
Net Pension Liability	656,688	6,737,042	2,528,612	196,105
Claims payable	-	-	-	-
Bonds, notes, and capital leases	2,058,616	6,995,811	-	2,171,513
Total Noncurrent Liabilities	2,722,679	13,798,172	2,540,732	2,369,344
Total Liabilities	3,337,532	20,373,988	3,382,180	2,752,164
Deferred Inflows of Resources:				
Deferred pension related items	211,140	2,166,107	813,004	63,052
Total Deferred Inflows of Resources	211,140	2,166,107	813,004	63,052
Net Position:				
Net investment in capital assets	13,296,754	38,551,487	34,516,078	1,473,747
Restricted for debt service	-	-	-	307,861
Unrestricted	291,111	5,599,929	5,088,419	(400,516)
Total Net Position	13,587,865	44,151,416	39,604,497	1,381,092
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 17,136,537	\$ 66,691,511	\$ 43,799,681	\$ 4,196,308

CITY OF FULLERTON

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	
Assets:		
Current:		
Cash and investments	\$ 24,745,952	\$ 37,631,156
Receivables:		
Accounts receivable	2,107,276	8,134
Prepaid items	-	68,412
Inventory	38,162	192,444
Other accrued revenue receivable	3,887,469	33,339
Restricted:		
Cash with fiscal agent	328,951	1,116,001
Total Current Assets	31,107,810	39,049,486
Noncurrent:		
Capital assets - net of accumulated depreciation	99,805,013	6,965,411
Total Noncurrent Assets	99,805,013	6,965,411
Total Assets	130,912,823	46,014,897
Deferred Outflows of Resources:		
Deferred charge on refunding	157,332	-
Deferred pension related items	753,882	291,965
Total Deferred Outflows of Resources	911,214	291,965
Total Assets & Deferred Outflows of Resources	\$ 131,824,037	\$ 46,306,862
Liabilities:		
Current:		
Accounts payable	\$ 5,187,758	\$ 1,020,005
Accrued liabilities	150,551	55,592
Accrued interest	152,974	93,836
Deposits payable	1,606,238	-
Due to other funds	51,826	-
Accrued compensated absences	346,162	-
Claims payable	-	3,213,950
Bonds, notes, and capital leases	919,428	1,135,674
Total Current Liabilities	8,414,937	5,519,057
Noncurrent:		
Accrued compensated absences	86,540	-
Net Pension Liability	10,118,447	3,918,693
Claims payable	-	21,593,050
Bonds, notes, and capital leases	11,225,940	8,788,072
Total Noncurrent Liabilities	21,430,927	34,299,815
Total Liabilities	29,845,864	39,818,872
Deferred Inflows of Resources:		
Deferred pension related items	3,253,303	1,259,946
Total Deferred Inflows of Resources	3,253,303	1,259,946
Net Position:		
Net investment in capital assets	87,838,066	5,934,379
Restricted for debt service	307,861	-
Unrestricted	10,578,943	(706,335)
Total Net Position	98,724,870	5,228,044
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 131,824,037	\$ 46,306,862

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Operating Revenues:				
Sales and service charges	\$ 1,650,531	\$ 28,715,267	\$ 6,417,812	\$ 3,467,986
Internal service fund charges	-	-	-	-
Miscellaneous	3,831	78,593	-	-
Total Operating Revenues	1,654,362	28,793,860	6,417,812	3,467,986
Operating Expenses:				
Maintenance, operations, and administration	940,168	8,950,405	2,900,182	3,133,091
Cost of water	-	15,930,122	-	-
Depreciation expense	387,975	1,762,850	474,536	56,989
Total Operating Expenses	1,328,143	26,643,377	3,374,718	3,190,080
Operating Income (Loss)	326,219	2,150,483	3,043,094	277,906
Nonoperating Revenues (Expenses):				
Taxes	105,233	-	-	-
Intergovernmental	456,613	-	-	-
Interest revenue	-	38,618	-	125
Interest expense	(117,240)	(285,548)	-	(105,730)
Gain (loss) on disposal of capital assets	-	28,191	(1,010)	-
Total Nonoperating Revenues (Expenses)	444,606	(218,739)	(1,010)	(105,605)
Income (Loss) Before Transfers and Contributions	770,825	1,931,744	3,042,084	172,301
Capital contributions	-	256,080	-	-
Transfers in	-	190,000	-	-
Transfers out	(13,210)	(64,210)	(76,120)	-
Changes in Net Position	757,615	2,313,614	2,965,964	172,301
Net Position:				
Beginning of Year, as originally reported	13,680,260	50,558,160	39,911,542	1,462,629
Restatements	(850,010)	(8,720,358)	(3,273,009)	(253,838)
Beginning of Fiscal Year, as restated	12,830,250	41,837,802	36,638,533	1,208,791
End of Fiscal Year	\$ 13,587,865	\$ 44,151,416	\$ 39,604,497	\$ 1,381,092

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Totals</u>	
Operating Revenues:		
Sales and service charges	\$ 40,251,596	\$ -
Internal service fund charges	-	4,429,488
Miscellaneous	82,424	248,668
Total Operating Revenues	40,334,020	4,678,156
Operating Expenses:		
Maintenance, operations, and administration	15,923,846	1,130,137
Cost of water	15,930,122	-
Depreciation expense	2,682,350	935,531
Total Operating Expenses	34,536,318	2,065,668
Operating Income (Loss)	5,797,702	2,612,488
Nonoperating Revenues (Expenses):		
Taxes	105,233	-
Intergovernmental	456,613	-
Interest revenue	38,743	263,437
Interest expense	(508,518)	(395,942)
Gain (loss) on disposal of capital assets	27,181	-
Total Nonoperating Revenues (Expenses)	119,252	(132,505)
Income (Loss) Before Transfers and Contributions	5,916,954	2,479,983
Capital contributions	256,080	-
Transfers in	190,000	2,200,000
Transfers out	(153,540)	(2,489,218)
Changes in Net Position	6,209,494	2,190,765
Net Position:		
Beginning of Year, as originally reported	105,612,591	8,109,596
Restatements	(13,097,215)	(5,072,317)
Beginning of Fiscal Year, as restated	92,515,376	3,037,279
End of Fiscal Year	\$ 98,724,870	\$ 5,228,044

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,672,113	\$ 29,356,965	\$ 6,775,084	\$ 3,465,299
Cash received from interfund services provided	-	-	-	-
Cash paid to suppliers	(505,303)	(16,732,774)	(253,107)	(9,487)
Cash paid to employees services	(454,365)	(9,212,293)	(3,018,503)	(3,122,946)
Cash (paid) recovered to insurance claims	-	-	-	-
Net Cash Provided (Used) by Operating Activities	712,445	3,411,898	3,503,474	332,866
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	190,000	-	-
Cash transfers out	(13,210)	(64,210)	(76,120)	-
Repayment made from other funds	-	-	-	(172,516)
Advance from other funds	-	-	-	-
Taxes received	105,233	-	-	-
Grants received from federal and state	456,613	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	548,636	125,790	(76,120)	(172,516)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(599,142)	(2,909,458)	(5,035,994)	(385,892)
Principal paid on capital debt	(445,922)	(185,000)	-	(102,517)
Interest paid on capital debt	(123,212)	(219,608)	-	(49,318)
Proceeds from sales of capital assets	-	28,191	(1,010)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,168,276)	(3,285,875)	(5,037,004)	(537,727)
Cash Flows from Investing Activities:				
Interest received	-	4	-	125
Net Cash Provided (Used) by Investing Activities	-	4	-	125
Net Increase (Decrease) in Cash and Cash Equivalents	92,805	251,817	(1,609,650)	(377,252)
Cash and Cash Equivalents at Beginning of Year	843,339	15,488,911	9,613,663	771,270
Cash and Cash Equivalents at End of Year	\$ 936,144	\$ 15,740,728	\$ 8,004,013	\$ 394,018

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>	<u>Other Enterprise Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 326,219	\$ 2,150,483	\$ 3,043,094	\$ 277,906
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	387,975	1,762,850	474,536	-
Taxes	-	-	-	56,989
(Increase) decrease in accounts receivable	8,951	896,484	357,272	5,473
(Increase) decrease in deposits receivable	-	-	-	-
(Increase) decrease in other accrued revenue receivable	-	-	-	(8,160)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	20,146	(802,652)	(253,107)	11,809
Increase (decrease) in accrued liabilities	34	14,478	5,021	(80)
Increase (decrease) in deposits payable	8,800	(333,379)	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(8,571)	42,791	(3,553)	(1,779)
Increase (decrease) in net pension liability	(31,109)	(319,157)	(119,789)	(9,292)
Total Adjustments	386,226	1,261,415	460,380	54,960
Net Cash Provided (Used) by Operating Activities	\$ 712,445	\$ 3,411,898	\$ 3,503,474	\$ 332,866
Non-Cash Investing, Capital, and Financing Activities:				
Capital contributions	\$ -	\$ 256,080	\$ -	\$ -
Amortization of bond premiums/discounts	-	38,614	-	(2,483)
Gain/(Loss) on capital assets	-	28,191	(1,010)	-
Deferred charges	-	(8,391)	-	-

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	
Cash Flows from Operating Activities:		
Cash received from customers	\$ 41,269,461	\$ -
Cash received from interfund services provided	-	4,719,299
Cash paid to suppliers	(17,500,671)	(56,697)
Cash paid to employees services	(15,808,107)	-
Cash (paid) recovered to insurance claims	-	1,210,000
Net Cash Provided (Used) by Operating Activities	7,960,683	5,872,602
Cash Flows from Non-Capital Financing Activities:		
Cash transfers in	190,000	2,200,000
Cash transfers out	(153,540)	(2,489,218)
Repayment made from other funds	(172,516)	-
Advance from other funds	-	(37,956)
Taxes received	105,233	-
Grants received from federal and state	456,613	-
Net Cash Provided (Used) by Non-Capital Financing Activities	425,790	(327,174)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(8,930,486)	(1,883,198)
Principal paid on capital debt	(733,439)	(1,110,011)
Interest paid on capital debt	(392,138)	(400,985)
Proceeds from sales of capital assets	27,181	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,028,882)	(3,394,194)
Cash Flows from Investing Activities:		
Interest received	129	247,866
Net Cash Provided (Used) by Investing Activities	129	247,866
Net Increase (Decrease) in Cash and Cash Equivalents	(1,642,280)	2,399,100
Cash and Cash Equivalents at Beginning of Year	26,717,183	36,348,057
Cash and Cash Equivalents at End of Year	\$ 25,074,903	\$ 38,747,157

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 5,797,702	\$ 2,612,488
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	2,625,361	935,531
Taxes	56,989	-
(Increase) decrease in accounts receivable	1,268,180	33,740
(Increase) decrease in deposits receivable	-	949,810
(Increase) decrease in other accrued revenue receivable	(8,160)	-
(Increase) decrease in inventory	-	16,209
(Increase) decrease in prepaid expense	-	1,421
Increase (decrease) in accounts payable	(1,023,804)	291,643
Increase (decrease) in accrued liabilities	19,453	7,403
Increase (decrease) in deposits payable	(324,579)	-
Increase (decrease) in claims and judgments	-	1,210,000
Increase (decrease) in compensated absences	28,888	-
Increase (decrease) in net pension liability	(479,347)	(185,643)
Total Adjustments	2,162,981	3,260,114
Net Cash Provided (Used) by Operating Activities	\$ 7,960,683	\$ 5,872,602
Non-Cash Investing, Capital, and Financing Activities:		
Capital contributions	\$ 256,080	\$ -
Amortization of bond premiums/discounts	36,131	2,833
Gain/(Loss) on capital assets	27,181	-
Deferred charges	(8,391)	-

CITY OF FULLERTON

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 1,803,149	\$ 9,029,921
Receivables:		
Accounts	-	13,429
Notes and loans	-	17,514,400
Other accrued revenue	4	4,484
Land held for resale	-	2,900,768
Restricted assets:		
Cash and investments	-	6,250,000
Cash and investments with fiscal agents	32,923	25,747,301
Capital assets:		
Capital assets, not being depreciated	-	17,103,352
Capital assets, net of accumulated depreciation	-	8,618,464
Total Assets	\$ 1,836,076	87,182,119
Deferred Outflows of Resources:		
Deferred charges		967,056
Deferred pension related items		39,058
Total Deferred Outflows of Resources		1,006,114
Liabilities:		
Accounts payable	\$ 101,642	232,311
Accrued liabilities	-	12,946
Accrued interest	-	1,851,536
Deposits payable	1,734,434	55,386
Long-term liabilities:		
Due in one year	-	4,880,000
Due in more than one year	-	94,050,643
Net pension liability	-	524,232
Total Liabilities	\$ 1,836,076	101,607,054
Deferred Inflows of Resources:		
Deferred pension related items		168,553
Total Deferred Inflows of Resources		168,553
Net Position:		
Held in trust for other purposes		(13,587,374)
Total Net Position		\$ (13,587,374)

CITY OF FULLERTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 13,785,722
Interest and change in fair value of investments	245,154
Miscellaneous	<u>2,000</u>
Total Additions	<u>14,032,876</u>
Deductions:	
Administrative expenses	294,092
Contractual services	580,171
Interest expense	5,355,612
Depreciation expense	445,025
Contribution to City	<u>251,153</u>
Total Deductions	<u>6,926,053</u>
Changes in Net Position	7,106,823
Net Position - Beginning of the Year	(20,015,642)
Restatement of Net Position	<u>(678,555)</u>
Net Position - End of the Year	<u>\$ (13,587,374)</u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The City of Fullerton is a general law city governed by an elected five-member city council. As required by generally accepted accounting principles, these financial statements present the City of Fullerton (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Fullerton elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting City consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component units' balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

FULLERTON LIBRARY BUILDING AUTHORITY

The Fullerton Library Building Authority was created on November 17, 1970, through a joint exercise of powers agreement between the City of Fullerton and the County of Orange. The Authority's purpose is for the financing of the acquisition of sites and to acquire, construct, maintain, operate and lease public library buildings and related facilities. The Authority is currently inactive since all bonds were retired during 2001-02. The Authority is governed by a commission of five members, three appointed by the City's Council Members and two appointed by the Orange County Board of Supervisors. The Authority remains in place as a financing authority for possible future financings. The Authority provides financing services exclusively to the City.

PARKING AUTHORITY OF THE CITY OF FULLERTON

The City of Fullerton formed the Parking Authority of the City of Fullerton on February 1, 1972, for the purpose of financing the construction of parking facilities on sites provided by the City. The Parking Authority is currently inactive since all bonds issued have been retired. The Parking Authority remains in place as a financing authority for possible future financings. The City's Council Members appoint all five members to the Authority's governing commission. The Authority provides financing services exclusively to the City.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

NORTHWEST AIRPORT AREA CORPORATION

The Northwest Airport Area Corporation was formed on November 19, 1971, as a non-profit corporation having five members. The Corporation was formed for the purpose of rendering assistance to the City of Fullerton by leasing to the City any asset acquired or improvements to the City's municipal airport. The Corporation bylaws specify that no individual may become a member unless approved by the City of Fullerton. In addition, upon dissolution of the Corporation, its assets and liabilities are to be distributed to the City. In 2001-02, the Corporation retired all the bonds issued. Currently, the Corporation is inactive but remains in place for possible future financings.

CITY OF FULLERTON PUBLIC FINANCING AUTHORITY

The Authority was created on June 2, 1998, through a joint exercise of powers agreement between the City of Fullerton and the Fullerton Redevelopment Agency for the purposes of (1) financing the acquisition and construction of various public capital improvements relating to the three Redevelopment Project Areas, and (2) refinancing various outstanding obligations of the Fullerton Redevelopment Agency. The City's Council Members serve as the board of directors for the Authority. The Authority's financial data and transactions have been blended into the City's CAFR in the government-wide governmental activities and funds of the City as applicable.

CITY OF FULLERTON HOUSING AUTHORITY

The City of Fullerton Housing Authority was established on February 15, 2011. The Housing Authority was activated pursuant to State law Section 34290 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to help protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income. The Fullerton City Council serves as the Housing Authority's Commissioners. The Authority's financial data and transactions are included with the City under the Housing Special Revenue Fund.

Separate financial statements are not prepared for the Parking Authority, the Library Building Authority, the Northwest Airport Area Corporation, the City of Fullerton Housing Authority, and the City of Fullerton Public Financing Authority.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basic financial statements - 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 as a whole. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments where the amounts are reasonably equivalent in value to the interfund services provided between the government's water, airport, parking facilities, recreational facilities and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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. The interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs for administrative overhead are allocated among the functions and are included in the program expenses. 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.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

Fiduciary statements, even though excluded from the government-wide financial statements include financial information that primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The City's fiduciary fund consists of an agency fund and a private-purpose trust fund which has no measurement focus. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available expendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is unavailable until they become current receivables. Noncurrent portions of other long-term receivables are offset by nonspendable fund balance. Governmental fund revenues are recognized when they become measurable and available as net current assets. The primary revenue sources susceptible to accrual are taxpayer assessed taxes, grant revenues, investment income and capital project financing sources. Revenues are recognized when they are measurable at the end of the year and available within 60 days after the end of the fiscal year. Grant revenues have been recorded according to the provisions of GASB Statement 33, whereby grant funds earned but not received are recorded as a receivable, and grants received or receivable before the related revenue recognition criteria have been met are reported as deferred revenues. Primary revenue sources not susceptible to accrual are court fines, and charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Park Dwelling Fund accounts for park dwelling taxes on construction permits to be used solely for maintenance and improvements of City parks.

Note 1: Summary of Significant Accounting Policies (Continued)

- The Grants Administration Special Revenue Fund accounts for receipts and expenditures of Community Development Block Grant (CDBG), HOME Federal Grant, Older American Act Grant and Supplemental Law Enforcement Services Grant.
- The Housing Special Revenue Fund accounts for the administration and monitoring of affordable housing agreements and loans including annual inspections of housing units, and the preparation of annual reports required by State and Federal agencies. In addition, this fund accounts for the housing assets and functions of the former redevelopment agency for the low and moderate housing fund.
- The Capital Projects Fund accounts for financial resources segregated for the acquisition or construction of major capital facilities and equipment, and the maintenance and construction of City's major infrastructure.

The City reports the following major enterprise funds:

- The Airport Fund accounts for the operation and maintenance of the City's airport.
- The Water Utility Fund accounts for the operation and maintenance of the City's water production, transmission, and distribution system.
- The Sewer Enterprise Fund accounts for the operation and maintenance of the City's sewer system.

Additionally, the City reports the following fund types:

- Agency Fund which accounts for the collections and refunds of construction deposits, engineering deposits, community service deposits and other special deposits.
- Internal Service Funds which account for the activity that provides goods and services to other funds or departments on a cost-reimbursement basis, such as, liability insurance, equipment replacement, workers' compensation, group insurance, equipment maintenance, information technology, building maintenance services and facility capital repair.
- The Private Purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Debt Service Fund accounts for the principal and interest payments of long-term liabilities for the city.

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or

Note 1: Summary of Significant Accounting Policies (Continued)

recovered primarily through user charges and space rentals. Under GASB Statement 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: (1) any activity that has issued debt backed solely by the fees and charges of the activity, (2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Water Utility Fund, the Airport Fund, the Sewer Fund, the Parking Facilities Fund, and the Brea Dam Recreation Facilities Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, deferred outflows, liabilities, deferred inflows and net position

1. Cash and Investments

The City pools all available cash from all funds for the purpose of increasing income through investment activities. The City's cash and cash equivalents for the proprietary funds represents cash and investments, cash and investments with fiscal agents, and customer deposits with original maturities of three months or less held by the funds at fiscal year-end.

All investments are reported at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale), except for investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Those investments are short-term, highly liquid debt instruments including commercial paper, certificates of deposit, and agency obligations.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments, and for External Investment Pools", the City's investments are stated at fair value.

2. Receivables and Payables

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

Note 1: Summary of Significant Accounting Policies (Continued)

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

3. Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Levy date	July 1 to June 30
Due date	November 1, 1st Installment and March 1, 2nd installment
Collection date	December 10, 1st installment and April 10, 2nd installment

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes which are received from the county within 60 days after year-end.

4. Inventory, Prepaid Items, and Land Held for Resale

The City uses the consumption method to account for automotive parts and fuels inventory. Inventory is capitalized when purchased, and is thereafter recorded as expenditure at the time the inventory item is consumed. Inventory costs are offset by a reserve of fund balance. The City used the purchases method for miscellaneous materials, supplies, utility department meters, pipe, valves and fittings.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land held for resale is carried at the lower of cost or estimated realizable value. Fund balances are reserved in amounts equal to the carrying value of the land held for resale because such assets are not available to finance the City's current operations.

5. Capital Assets

Capital assets, which include property, plant, equipment, 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 are defined by the government as assets with initial, individual cost of more than \$5,000 (\$25,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment, and the infrastructure is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	20-50
Water system lines and mains	50
Vehicles, furniture, and equipment	3-20
Public domain infrastructure:	
Streets, highways, and alleys	30-50
Bridges	50
Storm drains	30-50
Sewers	75
Traffic signals	20

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position and the statement of fiduciary net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item, deferred outflows relating to the net pension obligation reported in the government-wide statement of net position and the statement of fiduciary net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred pension related items reported in the government-wide statement of net position and the statement of fiduciary net position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

7. 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. It is the City's policy that all insurance claims outstanding at June 30, 2015, will be liquidated from expendable available financial resources at June 30, 2015.

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation and sick pay are accrued in the government-wide and proprietary fund financial statements. Only the current portion of the unused sick pay is recorded in the governmental fund statements. The current portion of the unpaid sick pay is the accumulation, as described below, for those employees that have reached retirement age.

Employees may accumulate sick leave without limitation as to the number of hours of accumulation. However, the maximum accumulation of vacation leave is limited to the total number of hours accruable during two years. Employees are paid 100 percent of their accumulated vacation pay when they terminate their employment for any reason. Accumulated sick pay is paid to eligible safety employees and non-safety employees, who were hired before June 30, 1984, and August 31, 1983, respectively, only under the following conditions: (1) 50 percent or 55 percent (depending on employee's classification) of the total accumulation is paid upon retirement or death; (2) 50 percent of the accumulation in excess of 120 days is paid for full-time employees terminated for any other reason after ten full years of continuous service. Only 50 percent or 55 percent of unpaid sick pay for eligible employees was recorded as a City liability. The portion for those eligible employees who reached their retirement ages at the end of the fiscal year was recorded as the current portion of unpaid sick pay. The remaining portion was recorded as a long-term liability. The amount of the accrued sick and vacation pay is as follows:

	Current Portion	Long-Term Portion	Total
Governmental activities	\$ 2,365,082	\$ 591,271	\$ 2,956,353
Business-type activities	346,162	86,540	432,702
	<u>\$ 2,711,244</u>	<u>\$ 677,811</u>	<u>\$ 3,389,055</u>

9. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD) June 30, 2013

Measurement Date (MD) June 30, 2014

Measurement Period (MP) July 1, 2013 to June 30, 2014

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The City first implemented GASB Statement 34 for the fiscal year ended June 30, 2003. Bond premiums and discounts are deferred and amortized over the life of the bonds for all the bonds issued after June 30, 2002.

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

11. Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

- Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution or ordinance.
- Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The

Note 1: Summary of Significant Accounting Policies (Continued)

Director of Administrative Services is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.

- Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

12. Net position flow assumption

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.

13. Fund balance flow assumptions

Sometimes the City 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.

14. Effect of New Accounting Standards

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The implementation of this statement did not affect the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014. The implementation of this statement did not affect the financial statements.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

Deficit Fund Balances or Net Position

At June 30, 2015, the following funds had deficit fund balance amounts of:

Governmental Funds

Grants Administration	\$ (97,103)
Capital Projects	(1,527,876)

At June 30, 2015, the following funds had deficit net positions amounts of:

Business Type Fund

Compressed Natural Gas Facility	\$ (57,151)
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Internal Service Funds

Liability Insurance	\$ (3,227,790)
Workers' Comp	(102,900)
Group Insurance	(418,755)
Information Technology	(1,555,279)
Building Maintenance	(704,025)

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments at June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 112,923,279
Restricted cash and investments	1,587,669
Fiduciary funds:	
Cash and investments	10,833,070
Restricted cash and investments	32,030,224
Total cash and investments	<u>\$ 157,374,242</u>

Cash and investments as of June 30, 2015, consist of the following:

Demand accounts and cash	
on hand Investments	\$ 12,475,784
Investments	138,648,458
Escrow Accounts	6,250,000
Total cash and investments	<u>\$ 157,374,242</u>

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

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

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	40%
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	25%	20%
Medium-Term Notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	60%	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate inherent in its portfolio by measuring the weighted average maturity of its portfolio. The investment maturities of the City's portfolio as of June 30, 2015 are on the next page:

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

	Remaining Investment Maturities			Fair Value
	12 months or less	1 to 3 years	3 to 5 years	
Investments:				
Local Agency Investment Fund	\$ 48,858,253	\$ -	\$ -	\$ 48,858,253
Certificates of Deposit	1,996,733	2,735,772	1,708,187	6,440,692
Corporate Notes	-	7,239,966	246,290	7,486,256
U.S. Government Treasury Bonds	-	13,015,122	994,530	14,009,652
U.S. Government Sponsored Enterprise Securities:				
FFCB	1,005,620	12,481,090	2,001,420	15,488,130
FHLB	-	15,996,660	-	15,996,660
FNMA	-	-	998,610	998,610
Asset Backed Securities	-	-	2,002,312	2,002,312
Total Cash Investments	51,860,606	51,468,610	7,951,349	111,280,565
Investments with Fiscal Agents:				
Money Market Mutual Funds	27,367,893	-	-	27,367,893
Total Investments with Fiscal Agent	27,367,893	-	-	27,367,893
Total Investments	\$ 79,228,499	\$ 51,468,610	\$ 7,951,349	\$ 138,648,458

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

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 as required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year-end for each investment type:

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Minimum Rating			Not Required to be Rated
			AAA	AA+	AA	
Local Agency Investment Fund	\$ 48,858,253	N/A	\$ -	\$ -	\$ -	\$ 48,858,253
Certificates of Deposit	6,440,692	N/A	-	-	-	6,440,692
Corporate Notes	7,486,256	AA	499,595	1,235,503	5,751,158	-
U.S. Treasury Bonds	14,009,652	N/A	-	-	-	14,009,652
Federal agency securities	32,483,400	N/A	-	32,483,400	-	-
Asset Backed Securities	2,002,312	AAA	-	-	2,002,312	-
Held by bond trustee:						
Money Market Fund	27,367,893	N/A	-	-	-	27,367,893
Total	\$ 138,648,458		\$ 499,595	\$ 33,718,903	\$ 7,753,470	\$ 96,676,490

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal agency securities	\$15,488,130
Federal Home Loan Bank	Federal agency securities	15,996,660

Custodial Credit Risk

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

As of June 30, 2015, none of the City's deposits or investments were exposed to custodial credit risk. As of June 30, 2015, \$27,367,893 in investments are purchased and held by the bond trustee.

Investment in State Investment Pool

The City is a voluntary participant in the 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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Allocation of interest income among funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated on a monthly basis based on the weighted average cash balances in each fund receiving interest. Interest income from cash and investments with fiscal agent is credited directly to the related fund.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Restricted cash and investments

The restricted cash and investments account includes various cash amounts retained in debt service reserves required by the revenue bond covenants, customer deposits held by utility, bond current debt service account and bond future debt service reserve account. Cash and investments for CDBG loan program accounts are also included in the restricted cash and investments since their use is restricted by legal requirements.

Note 4: Other Accrued Revenue Receivable

The other accrued revenue receivable as of June 30, 2015, for the City's major and other funds are as follows:

Governmental Funds:	General	Grants Administration Fund	Housing	City Capital Projects	Other Governmental Funds	Total
Receivables:						
Rental revenue	\$ 137,757	\$ -	\$ -	\$ -	\$ -	\$ 137,757
Unbilled reimbursable cost	311,407	-	-	-	-	311,407
Interest revenue	58,779	-	205	-	9,534	68,518
Transient occupancy tax	462,543	-	-	-	-	462,543
Unbilled grants and entitlements	3,582,960	187,578	-	3,444,549	823,082	8,038,169
Unbilled water and refuse collection franchise tax	136,476	-	-	-	5,949	142,425
Unbilled refuse collection revenue	-	-	-	-	1,139,155	1,139,155
Unbilled sanitation revenue	-	-	-	-	744,975	744,975
Total receivables	\$ 4,689,922	\$ 187,578	\$ 205	\$ 3,444,549	\$ 2,722,695	\$ 11,044,949

Proprietary Funds:	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Receivables:						
Unbilled water revenue	\$ -	\$ 3,021,271	\$ -	\$ -	\$ 3,021,271	\$ -
Rental revenue	-	-	-	1,390	1,390	-
Unbilled sewer revenue	-	-	655,465	-	655,465	-
Unbilled other revenue	209,343	-	-	-	209,343	-
Interest revenue	-	-	-	-	-	33,339
Total receivables	\$ 209,343	\$ 3,021,271	\$ 655,465	\$ 1,390	\$ 3,887,469	\$ 33,339

Note 5: Notes and Loans Receivable

Housing Fund

a. Affordable Housing Loan Program

The former Redevelopment Agency Low and Moderate Housing fund offered low interest loans to owners and developers providing affordable housing to low and moderate income tenants. The loans have various interest rates and terms of repayment. These activities have been transferred to the City and are accounted for in the Housing Fund. The outstanding balance at June 30, 2015, is \$3,911,256.

b. DAP – Down Payment Assistance Program

The loans are given in amounts not to exceed \$45,000 per applicant. The loans are payable after 15 years' interest free. The balance outstanding at June 30, 2015, is \$2,131,779.

The Housing Fund notes and loans receivable total \$6,043,035.

Grants Administration Fund

CDBG Loans:

c. Housing and Community Development Loan program

The City uses Community Development Block Grant (CDBG) funding to provide loans to eligible applicants. Two types of loans are available: below market interest rate loans and deferred loans.

Below market interest rate loans are offered to low and moderate-income owner/occupants and to owner/investors whose tenants have low and moderate income. Opus Bank acts as the lender for this program, with the City providing interest subsidies. The maximum term of the loans is fifteen years.

Interest-free deferred loans are offered to low and moderate-income owner/occupants. The City lends CDBG funding directly to eligible households through this program. Deferred loans are payable upon the sale or transfer of the property.

The rehabilitation loans are recorded in Grants Administration Fund as Notes Receivable and Deferred Revenue. All HUD cash held for rehabilitation loans is reflected in an Agency Fund. Since the Department of Housing and Urban Development has a claim to any funds remaining when the program is terminated, these funds are reported as liabilities. The outstanding balance at June 30, 2015, is \$1,239,764.

Note 5: Notes and Loans Receivable (Continued)

HOME Fund - Notes Receivable:

d. Civic Center Barrio Housing

On July 19, 1994, an Owner Participation Agreement was issued for the acquisition and rehabilitation of affordable rental housing projects located at Garnet Lane Apartments at a simple interest rate of 3%. These loans are due in 30 years commencing July 19, 2024. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the "Net Operating Income After Debt Service", if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the Site and developing the Project, that is financed by the City. The outstanding principal balance is \$844,944 with accrued interest of \$521,363, totaling \$1,366,307 at June 30, 2015.

On December 14, 2000, a 30-year loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low income households through funds the City received from HOME Investment Partnerships Program for the project located at 436 & 442 W. Valencia Drive. Original amount loaned was \$444,281 at a simple interest rate of 3%. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the "Net Operating Income After Debt Service", if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the Site and developing the Project, that is financed by the City. The outstanding principal balance is \$444,281 with accrued interest of \$183,626, totaling \$627,907 at June 30, 2015.

On February 22, 2001, a 30-year loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low income households through funds the City received from HOME Investment Partnerships Program for the project located at 461 West Avenue for \$314,477 at a simple interest rate of 3%. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the "Net Operating Income After Debt Service", if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the Site and developing the Project, that is financed by the City. The outstanding principal balance is \$308,065 with accrued interest of \$128,418, totaling \$436,483 at June 30, 2015.

e. Fullerton Interfaith Housing

On October 28, 1994, the disposition and development agreement/Home program participation agreement was entered into between Interfaith Housing Development Corporation and the City. A 30-year loan was granted for acquisition and rehabilitation of the East Fullerton Villas up to \$165,000 at a compounded interest rate of 6.25%.

Note 5: Notes and Loans Receivable (Continued)

Repayments are due in installments every August 1, starting August 1, 1998. The installments are equal to the percentage of the "Net Operating Income After Debt Service", if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the Site and developing the Project, that is financed by the City. The outstanding principal balance is \$165,000 with accrued interest of \$344,962, totaling \$509,962 at June 30, 2015.

f. Neighborhood Services

On November 5, 1996, an Owner Participation and HOME Program Participation Agreement was entered into between the City and La Habra Neighborhood Housing Services, Inc., in which a loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low income households through funds the City received from HOME Investment Partnership Program for the project located at Garnet Lane Apartments "B" up to \$565,000 at a simple interest rate of 3%. Repayments are due in installments every August 1, starting August 1, 1998. The installments are equal to the percentage of the "Net Operating Income After Debt Service", if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the Site and developing the Project, that is financed by the City. The note matures on November 27, 2026 at which time the loan will become due in full. The outstanding principal balance is \$565,000 with accrued interest of \$315,155, totaling \$880,155 at June 30, 2015.

g. Richman Court, LP

On November 23, 2010, the City agreed to loan \$1,750,000 as a purchase assistance loan for the Roberta Apartments, which was later amended to an additional \$250,000 for a rehabilitation loan. The loan matures over 55 years at a simple interest of 1.5%. Annual payments equal to 50% of project cash flow will begin on November 23, 2030. The outstanding principal balance is \$2,019,560 with accrued interest of \$131,815, totaling \$2,151,375 at June 30, 2015.

On August 16, 2010, the City agreed to loan \$1,985,000 as a purchase assistance loan for the Home Apartments. An additional construction loan was granted on April 30, 2012 for \$176,416. The loan matures over 45 years at a simple interest rate of 3%. The loan will begin to receive loan reductions of \$48,032 annually starting one year after the Release of the Construction Covenants which occurred April 11, 2012. The outstanding principal balance is \$2,017,322 with accrued interest of \$298,420, totaling \$2,315,742 at June 30, 2015.

h. Neighborhood Housing Services

On February 17, 2004, the City agreed to loan \$550,000 as a purchase assistance loan for the 3810 and 3830 Franklin Avenue Apartments. An additional loan was granted for \$953,337 on July 31, 2006. The loan matures over 30 years with a simple interest rate of 3% annually. The loan began loan reductions as forgiveness starting September 19, 2007 of \$55,000 annually. Any unpaid portion will be payable on the Maturity Date. The outstanding principal is \$1,072,504 with accrued interest of \$392,259, totaling \$1,464,763 at June 30, 2015.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Notes and Loans Receivable (Continued)

On November 5, 2004, the City agreed to loan \$146,663 as a development assistance loan for 3810 and 3830 Franklin Avenue Apartments. \$50,000 was issued on November 5, 2004, and \$96,663 was issued on September 14, 2007. The loan matures over 30 years with a simple interest rate of 3% annually. The outstanding principal is \$146,663 with accrued interest of \$38,595, totaling \$185,258 at June 30, 2015.

On July 23, 2014, the City agreed to loan \$185,136 as a purchase assistance loan for the 2007 Oxford Avenue Apartments. The loan matures over 15 years with no interest. The loan is subject to loan reductions should the borrower be in compliance with various Affordable Housing requirements. The outstanding principal and loan balance is \$185,136 at June 30, 2015.

Notes Receivable totaled \$10,123,088 at June 30, 2015.

HOME Rehabilitation program:

The City uses HOME Grant funding to offer interest free deferred loans to low and moderate income owner/occupants. Deferred loans are payable upon the sale or transfer of the property and are reviewed every fifteen years to ensure that income qualifications are met. The outstanding balance at June 30, 2015, is \$824,535.

DAP – Down Payment Assistance Program:

The down payment assistance program is funded by HOME Grants. The loans are given in amounts not to exceed \$45,000 per applicant. The loans are payable after 15 years interest free. The balance outstanding at June 30, 2015, is \$657,130.

NSP – Neighborhood Stabilization Program:

The neighborhood stabilization program is funded by HOME Grants. The loans are issued for the acquisition and rehabilitation of property. No interest shall accrue on the loans. Repayment of the loan will concurrently occur upon the transfer of the Property to an eligible homebuyer following the completion of the rehabilitation project and in compliance with the NSP Agreement. The amount paid shall be equal to the resale price of the property. Any outstanding balance, if any, shall be forgiven. The balance outstanding at June 30, 2015, was \$206,074.

The Grants Administration Fund notes and loans receivable total \$13,050,591.

Note 6: Deposits Payable

The deposits consist of the following current liabilities for enterprise funds:

Customer Deposits Held By:	
Airport	\$ 49,404
Water Utility	1,556,834
	<hr/>
Total Deposits payable	\$ 1,606,238
	<hr/>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Capital Assets

a. The following is summary of capital assets for governmental activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 40,869,856	\$ -	\$ -	\$ -	\$ 40,869,856
Construction in progress	50,396,581	43,209,009	-	(2,899,392)	90,706,198
Total capital assets, not being depreciated	91,266,437	43,209,009	-	(2,899,392)	131,576,054
Capital assets, being depreciated:					
Buildings	92,086,014	256,098	-	-	92,342,112
Improvements other than buildings	47,800,072	935,610	-	51,160	48,786,842
Machinery and equipment	35,458,146	1,943,822	(1,459,639)	-	35,942,329
Leasehold improvements	1,290,945	-	-	-	1,290,945
Infrastructure	268,309,137	1,116,071	(4,267,150)	2,848,232	268,006,290
Total capital assets, being depreciated	444,944,314	4,251,601	(5,726,789)	2,899,392	446,368,518
Less accumulated depreciation for:					
Buildings	(14,042,034)	(1,799,595)	-	-	(15,841,629)
Improvements other than buildings	(15,442,998)	(2,034,502)	-	-	(17,477,500)
Machinery and equipment	(23,663,495)	(2,163,625)	1,455,088	-	(24,372,032)
Leasehold improvements	(1,290,945)	-	-	-	(1,290,945)
Infrastructure	(170,532,732)	(5,187,335)	3,963,929	-	(171,756,138)
Total accumulated depreciation	(224,972,204)	(11,185,057)	5,419,017	-	(230,738,244)
Total capital assets being depreciated, net	219,972,110	(6,933,456)	(307,772)	2,899,392	215,630,274
Governmental activities capital assets, net	\$ 311,238,547	\$ 36,275,553	\$ (307,772)	\$ -	\$ 347,206,328

Governmental activities depreciation expense for capital assets for the year ended June 30, 2015, is as follows:

General government	\$ 159,850
Public Safety	755,441
Public Works	3,507,872
Community development	3,863,710
Human and Leisure	1,962,653
Equipment replacement	762,642
Equipment maintenance	28,723
Information technology	130,163
Building maintenance	4,265
Facility capital repair	9,738
Total depreciation expense - governmental activities	<u>\$ 11,185,057</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Capital Assets (Continued)

b. The following is summary of capital assets for business-type activities:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 9,128,423	\$ -	\$ -	\$ -	\$ 9,128,423
Construction in progress	2,978,942	(2,730,778)	5,589,200	-	5,837,364
Total capital assets, not being depreciated	12,107,365	(2,730,778)	5,589,200	-	14,965,787
Capital assets, being depreciated:					
Buildings	7,931,412	-	-	(15,610)	7,915,802
Improvements other than buildings	72,151,167	639,249	1,017,098	-	73,807,514
Machinery and equipment	12,812,634	-	482,558	(74,952)	13,220,240
Leasehold improvements	468,140	-	-	-	468,140
Infrastructure	29,390,929	2,091,529	2,538,835	-	34,021,293
Total capital assets, being depreciated	122,754,282	2,730,778	4,038,491	(90,562)	129,432,989
Less accumulated depreciation for:					
Buildings	(1,615,389)	-	(189,673)	15,610	(1,789,452)
Improvements other than buildings	(27,717,686)	-	(1,390,803)	-	(29,108,489)
Machinery and equipment	(10,577,654)	-	(621,975)	73,941	(11,125,688)
Leasehold improvements	(411,330)	-	(11,133)	-	(422,463)
Infrastructure	(1,678,905)	-	(468,766)	-	(2,147,671)
Total accumulated depreciation	(42,000,964)	-	(2,682,350)	89,551	(44,593,763)
Total capital assets being depreciated, net	80,753,318	2,730,778	1,356,141	(1,011)	84,839,226
Business-type activities capital assets, net	\$ 92,860,683	\$ -	\$ 6,945,341	\$ (1,011)	\$ 99,805,013

Business-type activities depreciation expense for capital assets for the year ended June 30, 2015, is as follows:

Airport	\$ 387,975
Brea Dam Facilities Recreational	56,989
Water Utility	1,762,850
Sewer Enterprise	474,536
Total depreciation expense - business-type activities	<u>\$ 2,682,350</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8: Interfund Transactions

The composition of interfund balances as of June 30, 2015, is as follows:

a. Due To and Due From Funds

	Due To Other Funds		
	Nonmajor Governmental Funds	Other Enterprise Funds	Total
	Due From Other Funds: General Fund	\$ 491,472	\$ 51,826

The above amounts resulted from temporary reclassifications made at June 30, 2015, to cover cash shortfalls.

b. Transfers To and From Other Funds

Transfers In:	Transfers Out:									Total
	Governmental Funds:					Proprietary Funds:				
	General Fund	Park Dwelling Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Airport Fund	Water Utility Fund	Sewer Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 501,316	\$ -	\$ -	\$ -	\$ -	\$ 501,316
Capital Projects Fund	124,057	729,865	-	-	4,314,446	-	-	-	289,218	5,457,586
Nonmajor Governmental Funds	128,710	9,860	2,830	2,212	36,635	13,210	64,210	76,120	-	333,787
Water Utility Fund	-	-	-	-	190,000	-	-	-	-	190,000
Internal Service Funds	-	-	-	-	-	-	-	-	2,200,000	2,200,000
Total	\$ 252,767	\$ 739,725	\$ 2,830	\$ 2,212	\$ 5,042,397	\$ 13,210	\$ 64,210	\$ 76,120	\$ 2,489,218	\$ 8,682,689

In the fund financial statements, the interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund, capital improvement projects expenditures paid by a capital projects fund but funded from other funds, or subsidy transfers. There were no significant transfers during the fiscal year that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt

a. Governmental Activities Long-Term Debt

The following is a summary of governmental activities long-term debt for the year ended June 30, 2015:

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>						
2013 Taxable Judgment						
Obligation Bonds	\$ 6,990,000	\$ -	\$ -	\$ (265,000)	\$ 6,725,000	\$ 270,000
Capital leases:						
Governmental Funds	717,229	-	-	(264,584)	452,645	211,929
Internal Service Funds	4,097,580	-	-	(847,844)	3,249,736	865,674
HUD Section 108 loans	3,000,000	-	-	(500,000)	2,500,000	500,000
Compensated absences	3,488,780	-	2,417,455	(2,949,882)	2,956,353	2,365,082
Net pension liability	-	172,849,831	-	(23,557,218)	149,292,613	-
Net OPEB obligation	13,887,776	-	3,884,845	(1,602,402)	16,170,219	-
Claims and judgments:						
Governmental Funds	309,943	-	-	(24,058)	285,885	25,542
Internal Service Funds	23,597,000	-	4,272,892	(3,062,892)	24,807,000	3,213,950
Total	<u>\$ 56,088,308</u>	<u>\$ 172,849,831</u>	<u>\$ 10,575,192</u>	<u>\$ (33,073,880)</u>	<u>\$ 206,439,451</u>	<u>\$ 7,452,177</u>
Unamortized Bond Discount	<u>\$ (53,823)</u>		<u>\$ -</u>	<u>\$ 2,833</u>	<u>\$ (50,990)</u>	
	<u>\$ 56,034,485</u>		<u>\$ 10,575,192</u>	<u>\$ (33,071,047)</u>	<u>\$ 206,388,461</u>	

*Adjustment relates to implementation of GASB No. 68.

Taxable Obligation Bonds

2013 Taxable Judgment Obligation Bonds (Debt Serviced by the Liability Insurance Fund)

On August 23, 2013, the City of Fullerton issued the 2013 Taxable Judgment Obligation Bonds in the amount of \$7,250,000. In 2013, the City settled two large legal cases for a combined payout of \$7 million. The first case was an inverse condemnation lawsuit involving a slope failure, which was settled for \$6 million. The second was a settlement totaling \$1 million for a case involving a police incident. These payments were made from the Liability Insurance Fund, depleting its reserves. The issuance of these bonds will replenish the Liability Insurance Fund reserves.

Bond repayment commenced on April 1, 2014, with interest rates ranging from 1.00% to 6.10%. The final maturity date is April 1, 2033. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$6,725,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 270,000	\$ 319,180	\$ 589,180
2017	275,000	314,725	589,725
2018	280,000	308,813	588,813
2019	285,000	301,533	586,533
2020	295,000	293,125	588,125
2021-2025	1,650,000	1,287,018	2,937,018
2026-2030	2,095,000	840,765	2,935,765
2031-2033	1,575,000	192,600	1,767,600
Total	<u>\$ 6,725,000</u>	<u>\$ 3,857,759</u>	<u>\$ 10,582,759</u>

Capital Leases

As of June 30, 2015, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Total
2016	\$ 1,151,512
2017	970,920
2018	761,789
2019	535,470
2020	120,853
2021-2023	362,558
Total minimum lease payments	3,903,102
Less: amounts representing interest	(200,721)
Present value of minimum lease payments	<u>\$ 3,702,381</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 7,658,876
Less: accumulated depreciation	(3,913,400)
Total	<u>\$ 3,745,476</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

In April 2005, the City entered into a lease agreement with Municipal Finance Corporation for the acquisition of a vacuum truck and closed caption television van at a cost of \$525,000. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Governmental Funds. The interest rate on the lease is 3.93%. The term of the lease is ten years. Payments are due annually under the terms of the lease agreement. As of June 30, 2015, this lease agreement has been paid off in its entirety.

In July 2007, the City entered into a lease agreement with Suntrust Equipment Finance Corporation for an enterprise resource planning system at a cost of \$3,500,000. The lease meets the capitalization policy and the system has been recorded as an asset of the Governmental Funds. The interest rate on the lease is 4.55%. The term of the lease is ten years. Payments are due monthly under the terms of the lease agreement. At June 30, 2015, the outstanding balance was \$452,645.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 211,929	\$ 16,212	\$ 228,141
2017	221,776	6,366	228,142
2018	18,940	72	19,012
Total	<u>\$ 452,645</u>	<u>\$ 22,650</u>	<u>\$ 475,295</u>

In October 2005, the City entered into a lease agreement with Suntrust Equipment Finance Corporation for the acquisition of a fire truck and battalion chief vehicle at a cost of \$550,000. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 5.77%. The term of the lease is ten years. Payments are due annually under the terms of the lease agreement. At June 30, 2015, the outstanding balance was \$64,429.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	<u>\$ 64,429</u>	<u>\$ 2,387</u>	<u>\$ 66,816</u>
Total	<u>\$ 64,429</u>	<u>\$ 2,387</u>	<u>\$ 66,816</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

In May 2011, the City entered into a lease agreement with Pinnacle Public Finance for the acquisition of two street sweepers at a cost of \$516,745. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 3.91%. The term of the lease is five years. Payments are due quarterly under the terms of the lease agreement. At June 30, 2015, the outstanding balance was \$111,051.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 111,051	\$ 2,728	\$ 113,779
Total	<u>\$ 111,051</u>	<u>\$ 2,728</u>	<u>\$ 113,779</u>

In December 2013, the City entered into a lease agreement with Oshkosh Capital for the acquisition of two fire pumpers at a cost of \$949,810. The lease meets the capitalization policy and the assets have been recorded as assets of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 2.7%. The term of the lease is nine years. Payments are due annually under the terms of the lease agreement with the first payment due on December 19, 2014. At June 30, 2015, the outstanding balance was \$855,552.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 96,897	\$ 23,955	\$ 120,852
2017	99,610	21,242	120,852
2018	102,399	18,453	120,852
2019	105,267	15,586	120,853
2020	108,214	12,639	120,853
2021-2023	<u>343,165</u>	<u>19,394</u>	<u>362,559</u>
Total	<u>\$ 855,552</u>	<u>\$ 111,269</u>	<u>\$ 966,821</u>

In March 2014, the City entered into a lease agreement with Suntrust Equipment Finance & Leasing Corporation for the acquisition various computer network and phone system upgrade at a cost of \$3,000,000. The lease meets the capitalization policy and the equipment has been recorded as assets of the Information Technology Internal Services Fund. The interest rate on the lease is 1.47%. The term of the lease is five years. Payments are due monthly under the terms of the lease agreement with the first payment due on March 27, 2014. At June 30, 2015, the outstanding balance was \$2,218,704.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 593,297	\$ 28,628	\$ 621,925
2017	602,078	19,848	621,926
2018	610,988	10,937	621,925
2019	412,341	2,276	414,617
Total	<u>\$ 2,218,704</u>	<u>\$ 61,689</u>	<u>\$ 2,280,393</u>

Other Long-Term Obligations

HUD Section 108 Loans - Richman Park Area Capital Improvements Project (Debt Serviced by the Community Development Block Grant Fund included in the Grants Administration Fund)

On June 30, 2004, the City entered into an agreement with the Secretary of Housing and Urban Development to receive a loan in the amount of \$7,500,000 under Section 108 of the Housing and Community Development Act for the Richman Park Area Capital Improvements project. The term of the loan is fifteen years. Loan repayment commenced February 2006, with an interest rate of 4.65%. Interest and principal are payable semiannually and annually, respectively, under terms of the loan agreement. As of June 30, 2015, the amount outstanding is \$2,500,000.

Loan debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 500,000	\$ 86,694	\$ 586,694
2017	500,000	22,775	522,775
2018	500,000	18,375	518,375
2019	500,000	12,725	512,725
2020	500,000	4,700	504,700
Total	<u>\$ 2,500,000</u>	<u>\$ 145,269</u>	<u>\$ 2,645,269</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. For the governmental activities, the liability will be paid in future years by the General Fund.

Net Pension Liability

See Note 13 detailing the net pension liability. The total liability at June 30, 2015 was \$149,292,613.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

Net OPEB Obligation

The City's policies relating to other post-employment benefits are described in Note 14 of the Notes to Financial Statements. The liability will be paid in future years by the General Fund.

Claims and Judgments

The City's liability regarding the Internal Service Funds self-insurance is described in Note 12 of the Notes to Financial Statements. The liability will be paid in future year from the Liability Insurance Fund and the Workers' Compensation Fund.

Public Liability Claim Payable (Debt Serviced by the General Fund)

On May 13, 1993 the City entered into an agreement with a claimant for the settlement of an injury claim involving the Water Department. The annual interest rate on the lease is 6.00%. The term of the settlement is thirty-one years. Payments are due monthly under the terms of the settlement agreement. At June 30, 2015, the outstanding balance was \$285,885.

Settlement debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 25,542	\$ 16,458	\$ 42,000
2017	27,117	14,883	42,000
2018	29,290	13,210	42,500
2019	36,764	11,236	48,000
2020	41,439	6,561	48,000
2020-2023	<u>125,733</u>	<u>14,266</u>	<u>139,999</u>
Total	<u>\$ 285,885</u>	<u>\$ 76,614</u>	<u>\$ 362,499</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of business-type activities long-term debt for the year ended June 30, 2015:

	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-Type Activities:</u>						
Revenue Bonds						
2014 Water Revenue Refunding Bonds	\$ 6,810,000	\$ -	\$ -	\$ (185,000)	\$ 6,625,000	\$ 350,000
2010 Lease Revenue Bonds, Series A	2,420,000	-	-	(105,000)	2,315,000	105,000
Capital Leases						
Hangar Lease	2,968,966	-	-	(445,922)	2,523,044	464,428
Net pension liability	-	13,097,215	-	(2,978,768)	10,118,447	-
Compensated Absences	403,814	-	328,303	(299,415)	432,702	346,162
Total	<u>\$ 12,602,780</u>	<u>\$ 13,097,215</u>	<u>\$ 328,303</u>	<u>\$ (4,014,105)</u>	<u>\$22,014,193</u>	<u>\$ 1,265,590</u>
Unamortized bond premium	\$ 759,425	\$ -	\$ -	\$ (38,614)	\$ 720,811	
Unamortized bond discount	(40,970)	-	-	2,483	(38,487)	
Total Long-Term Debt	<u>\$ 13,321,235</u>	<u>\$ 13,097,215</u>	<u>\$ 328,303</u>	<u>\$ (4,050,236)</u>	<u>\$22,696,517</u>	

Revenue Bond

2010 Lease Revenue Bond, Series A (Debt Serviced by the Brea Dam Facilities Recreational Fund)

On December 22, 2010, the City of Fullerton issued 2010 Lease Revenue Bonds, Series A in the amount of \$2,705,000. The bonds were issued as "Taxable Recovery Zone Economic Development Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on or about each interest payment date. The subsidy payment is pledged under the indenture to payment of interest. Issuance of the debt was for the purpose of financing the acquisition and construction of certain capital improvements for the City of Fullerton and refinancing certain outstanding obligations of the City. Bond repayment commenced on May 1, 2011, with interest rates ranging from 6.50% to 7.75%. The final maturity date is May 1, 2031. Interest and principal payments are due semiannually and annually, respectively, under terms on the bond agreement. At June 30, 2015, the outstanding balance was \$2,315,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 105,000	\$ 172,225	\$ 277,225
2017	110,000	165,400	275,400
2018	115,000	158,250	273,250
2019	120,000	150,775	270,775
2020	125,000	142,975	267,975
2021-2025	695,000	571,175	1,266,175
2026-2030	850,000	278,613	1,128,613
2031	195,000	15,113	210,113
Total	<u>\$ 2,315,000</u>	<u>\$ 1,654,526</u>	<u>\$ 3,969,526</u>

2014 Water Revenue Refunding Bonds (Debt Serviced by the Brea Dam Facilities Recreational Fund)

On February 26, 2014, the City of Fullerton issued the 2014 Water Revenue Refunding Bonds in the amount of \$6,810,000. The bonds were issued by the City to, together with other available funds of the City, prepay the 2004 Water Revenue Certificates of Participation and the City's obligation with the Orange County Water District.

The proceeds of \$6,702,821 plus an additional \$565,000 of the 2004 Water Revenue Certificates of Participation Reserve Fund were deposited to the Escrow Agent to provide for all future debt service payments on the 2004 Water Revenue Certificates of Participation until September 1, 2014. As a result, the 2004 Water Revenue Certificates of Participation are considered to be defeased. The net economic gain due to this refunding is \$814,943 and positive cash flow is \$1,809,553.

The 2014 Water Revenue Refunding Bonds are secured by a pledge of net revenues of the City's water system. Bond repayment will commence on September 1, 2014, with interest rates ranging from 3.00% to 5.00%. The final maturity date is September 1, 2033. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$6,625,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

The certificates of participation debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 350,000	\$ 273,663	\$ 623,663
2017	360,000	263,013	623,013
2018	370,000	252,063	622,063
2019	380,000	240,813	620,813
2020	390,000	231,213	621,213
2021-2025	1,365,000	1,003,356	2,368,356
2026-2030	1,705,000	647,375	2,352,375
2031-2033	1,705,000	175,875	1,880,875
Total	<u>\$ 6,625,000</u>	<u>\$ 3,087,371</u>	<u>\$ 9,712,371</u>

Capital Leases

As of June 30, 2015, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Business-Type Activities
2016	\$ 569,134
2017	569,135
2018	569,134
2019	569,134
2020	569,134
Total minimum lease payments	2,845,671
Less: amounts representing interest	<u>(322,627)</u>
Present value of minimum lease payments	<u>\$ 2,523,044</u>

The assets acquired through capital leases are as follows:

Asset:	Business-Type Activities
Machinery and equipment	\$ 5,862,900
Less: accumulated depreciation	<u>(1,377,045)</u>
Total	<u>\$ 4,485,855</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Long-Term Debt (Continued)

On December 3, 2004, the City entered into a lease agreement with Citizens Business Bank for the acquisition and construction of eighteen tee-hangars and forty-three executive and airport wash hangars at a cost of \$6,262,000. The lease meets the capitalization policy and the hangars have been recorded as assets of the Enterprise Funds. The interest rate on the lease is 4.15%. The term of the lease is fifteen years. Payments are due annually under the terms of the lease agreement. At June 30, 2015, the outstanding balance was \$2,523,044.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 464,428	\$ 104,706	\$ 569,134
2017	483,702	85,433	569,135
2018	503,775	65,359	569,134
2019	524,682	44,452	569,134
2020	546,457	22,678	569,135
Total	<u>\$ 2,523,044</u>	<u>\$ 322,628</u>	<u>\$ 2,845,672</u>

Net Pension Liability

See Note 13 detailing the net pension liability. The total liability at June 30, 2015 was \$10,118,447.

Note 10: Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of the property owners, pursuant to the Municipal Improvement Bond Acts of 1911, 1913, and 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these Municipal Improvement Bond Acts and Mello-Roos Community Facilities Act issues. The City is acting as an agent and is in no way liable for the Special Assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from the bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

CITY OF FULLERTON

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 10: Special Assessment Debt with No City Commitment (Continued)

At June 30, 2015, non-committal debt amounts issued and outstanding are as follows:

Non-committal Debt Issues:	Amount of Issue	Outstanding June 30, 2015
92-01 Assessment District	\$ 3,027,229	\$ -
95-01 Assessment District	6,310,000	236,000
CFD No. 1 2012 Special Tax Refunding Bonds	19,040,000	17,795,000
Total Non-committal Debt Issues:	\$ 28,377,229	\$ 18,031,000

The 92-01 Assessment District bonds were paid in full in the current year.

Note 11: Operating Lease

Pursuant to a third party independent study, it was determined that several facilities currently being used by the Water Department, which is reported as an Enterprise fund, were constructed and financed by the City and are considered to be part of the Capital Assets of the Governmental Activities (Note 7). As a result, the Water Fund entered into an agreement with the General Fund on May 7, 2013, approved by City Council through Resolution No. 2013-24, to make property lease payments for the use of these facilities. At June 30, 2015, the lease payment to the General Fund totaled \$1,146,560. These rates were established as part of the study and are based on the space occupied by the Water Department and the going rate per square foot for comparable locations.

Based on the study, the annual property rent forecast for the next five years is as follows:

	2016	2017	2018	2019	2020
Base Rent Payment	\$ 1,374,000	\$ 1,374,000	\$ 1,374,000	\$ 1,374,000	\$ 1,374,000
Rent Increase*	137,400	137,400	137,400	137,400	137,400
Total Annual Rent Payment	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400

*Inflation on property rent set at rate of 10% every five years.

IV. OTHER INFORMATION

Note 12: Self-Insurance Program

The City is exposed to various risks of loss related to its operations, including losses associated with errors and omissions, injuries to employees and members of the public; and natural disasters for which the City carries commercial insurance.

On September 3, 1991, the City Council approved the City's membership in the Independent Cities Risk Management Authority (ICRMA). As members of ICRMA, the City purchases commercial liability insurance of \$25,000,000 in excess of a \$2,000,000 per claim self-insured retention level and a separate commercially insured layer of coverage for losses in the range of \$2,000,000 to \$5,000,000. Losses above the \$30,000,000 limit of insurance are also self-insured.

Additionally, the City purchases commercial workers' compensation insurance with limits equal to statutory limits in excess of a \$1,000,000 per claim self-insured retention level.

The City utilizes the services of a contract claims administrator for administration of the workers' compensation program, liability program and risk management program.

On February 15, 1978, the City initiated a program of self-insurance for unemployment liability claims. By this action the City will pay all claims based on the individual reimbursement account method as provided by the State of California. Expenditures are recognized when reimbursements are made to the State of California.

The total insurance claims liability as of June 30, 2015, is \$24,807,000 as established by the City's contract insurance administrator, and the City's Risk Manager. An estimate for incurred but not reported (IBNR) claims has been recorded as a liability as of June 30, 2015.

Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Public Liability	Workers' Compensation	Total
Unpaid claims, June 30, 2013	\$ 9,599,000	\$ 14,097,000	\$ 23,696,000
Incurred claims (including IBNRs)	220,384	1,870,604	2,090,988
Claim payments	(689,384)	(1,500,604)	(2,189,988)
	<u>9,130,000</u>	<u>14,467,000</u>	<u>23,597,000</u>
Unpaid claims, June 30, 2014	9,130,000	14,467,000	23,597,000
Incurred claims (including IBNRs)	1,429,487	2,843,405	4,272,892
Claim payments	(858,487)	(2,204,405)	(3,062,892)
	<u>1,429,487</u>	<u>2,843,405</u>	<u>4,272,892</u>
Unpaid claims, June 30, 2015	<u>\$ 9,701,000</u>	<u>\$ 15,106,000</u>	<u>\$ 24,807,000</u>

Note 13: City Employees' Retirement Plans**a. Defined Benefit Pension Plan – Miscellaneous and Safety Plan****General Information about the Pension Plans****Plan Description**

All qualified permanent and probationary employees are eligible to participate in the City of Fullerton's Miscellaneous and Safety Pension Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 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 Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date	2.0% @ 55	2.0% @ 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age	1.426% - 2.418%	1.0% - 2.5%
Monthly benefits, as a % of eligible compensation	7.000%	6.750%
Required employee contribution rates	16.548%	16.298%
Required employer contribution rates	Safety Plan	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date	3.0% @ 50	2.7% @ 57
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age	2.0% - 3.0%	2.0% - 2.7%
Monthly benefits, as a % of eligible compensation	9.252%	12.250%
Required employee contribution rates	41.601%	41.853%
Required employer contribution rates		

* Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13: City Employees' Retirement Plans (Continued)**Employees Covered**

At June 30, 2014, the following employees were covered by the benefit terms of the Plans:

Inactive employees or beneficiaries currently receiving benefits	956
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>608</u>
Total	<u><u>1,564</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERSL) 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.

For the year ended June 30, 2015, the contributions that were recognized as a reduction to the net pension liability were \$2,819,538 and \$7,653,964 for the Miscellaneous and Safety Plans, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method	
Actuarial Assumptions		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return*	7.50%	7.50%
Mortality Rate Table**	Derived using CalPERS' Membership Data for all Funds	

* Net of pension plan investment and administrative expenses, including inflation.

** The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Note 13: City Employees' Retirement Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each plan. 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, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 13: City Employees' Retirement Plans (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	-0.55	-1.05

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

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

Changes in the Net Pension Liability

The following table includes changes in net pension liability:

Miscellaneous Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
Balance at: 6/30/2014 (Valuation Date of 6/30/13)	\$ 245,817,888	\$ 184,970,916	\$ 60,846,972
Changes recognized for the Measurement Period:			
Service Cost	3,583,900	-	3,583,900
Interest on the Total Pension Liability	18,104,876	-	18,104,876
Contribution from the Employer	-	2,819,538	(2,819,538)
Contributions from Employees	-	3,340,171	(3,340,171)
Net Investment Income	-	31,546,084	(31,546,084)
Benefit Payments including Refunds of Employee Contributions	(12,422,994)	(12,422,994)	-
Net changes during 2013-14	9,265,782	25,282,799	(16,017,017)
Balance at: 6/30/2015 (Measurement Date of 6/30/14)	\$ 255,083,670	\$ 210,253,715	\$ 44,829,955

Safety Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
Balance at: 6/30/2014 (Valuation Date of 6/30/13)	\$ 405,655,143	\$ 269,193,188	\$ 136,461,955
Changes recognized for the Measurement Period:			
Service Cost	6,428,794	-	6,428,794
Interest on the Total Pension Liability	29,880,228	-	29,880,228
Contribution from the Employer	-	7,863,788	(7,863,788)
Contributions from Employees	-	3,664,440	(3,664,440)
Net Investment Income	-	46,137,412	(46,137,412)
Benefit Payments including Refunds of Employee Contributions	(20,933,019)	(20,933,019)	-
Net changes during 2013-14	15,376,003	36,732,621	(21,356,618)
Balance at: 6/30/2015 (Measurement Date of 6/30/14)	\$ 421,031,146	\$ 305,925,809	\$ 115,105,337

Notes:

- (1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.
- (2) Net of administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13: City Employees' Retirement Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50%) or 1% point higher (8.50%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 78,190,414	\$ 171,446,277
Current Discount Rate	7.50%	7.50%
Net Pension Liability	44,829,955	115,105,337
1% Increase	8.50%	8.50%
Net Pension Liability	19,052,773	71,385,262

Pension Plan Fiduciary Net Position

The Plan's fiduciary net position may differ from the plan assets reported in the actuarial valuation due to several reasons. First, for the accounting valuations CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the actuarial valuation. In addition, difference may result from early closing and final reconciled reserves.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$1,216,338 and \$7,653,964 for the Miscellaneous and Safety Plans, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 12,068,569	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(35,560,611)
Total	\$ 12,068,569	\$ (35,560,611)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 13: City Employees' Retirement Plans (Continued)

\$12,068,569 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (8,890,152)
2017	(8,890,152)
2018	(8,890,152)
2019	(8,890,155)
2020	-
Thereafter	-

b. Defined Contribution Pension Plan

The City provides pension benefits for all of its non-regular employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. All non-regular employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.50% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2015, the City's payroll covered by the plan was \$125,424. The City made employer contributions of \$62,712 (3.75% of current covered payroll), and employees contributed \$62,712 (3.75% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 14: Post-Employment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 10 years of service (5 years for Executive, Management and Confidential employees), and are eligible for a PERS pension. As of June 30, 2015, there were 378 retired employees receiving these healthcare benefits. The City reports the financial activity of the plan as part of the General Fund, and no separate report is prepared.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14: Post-Employment Healthcare Plan (Continued)**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or the employee associations. The required contribution is based on projected pay-as-you-go premiums. The City pays 100 percent of the amount provided to active employees (single party) of the premium for the retirees employed by the City for 20 years and 25 percent for Management employees employed by the City more than five years but less than 10 years. The City's obligation under the resolution will be discontinued at the earlier of the retiree reaching the age of 65 or receipt of health insurance coverage from another employer.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) of \$3,884,845 is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed thirty years. The City's net OPEB obligation is typically liquidated from all funds with the majority being liquidated from the General Fund. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2015
Annual required contribution	\$ 4,128,334
Interest on net OPEB obligation	486,072
Adjustment to annual required contribution	<u>(729,561)</u>
Annual OPEB cost (expense)	3,884,845
Contributions made	<u>1,602,402</u>
Increase in net OPEB obligation	2,282,443
Net OPEB obligation - beginning of year	<u>13,887,776</u>
Net OPEB obligation - end of year	<u>\$ 16,170,219</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2013	\$ 3,877,097	41.10%	\$ 11,372,934
2014	3,928,937	36.00%	13,887,776
2015	3,884,845	41.20%	16,170,219

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14: Post-Employment Healthcare Plan (Continued)**Funded Status and Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This is the latest information available.

Schedule of Funding Progress for OPEB
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2011	\$ -	\$ 37,778	\$ (37,778)	- %	\$ 45,200	83.6 %
1/1/2013	-	36,703	(36,703)	- %	45,200	81.2 %
1/1/2015	-	37,111	(37,111)	- %	45,200	82.1 %

Actuarial Cost Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions included a 3.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend that conforms to the Getzen Model, with an expectation of the final medical component to be 4.00 percent to be used in projecting the minimum required contribution the City contributes on behalf of retirees enrolled in CalPERS sponsored medical plans. Both rates included a 4.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years. The remaining amortization period at June 30, 2015, was twenty-four years.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 15: Commitments and Contingencies

As of June 30, 2015, the City is a party to various lawsuits involving eminent domain and inverse condemnation proceedings. In the opinion of counsel, the anticipated ultimate liability for the acquisition of these properties will not exceed the City's appraisals. There are certain personal injury lawsuits, which have been denied by the City Council. The outcome and eventual liability to the City, if any, in these cases are not known at this time. After reviewing these lawsuits with legal counsel, management estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
State College Grade Separation	\$ 38,430,803	\$ 11,940,135	\$ 26,490,668
Raymond Avenue Grade Separation	46,750,944	20,330,334	26,420,610
Remodel Terminal Building	493,520	405,230	88,290
Nutwood Sewer - State College to 57 FWY	582,055	475,100	106,955
Balfour Sewer Improvement	1,155,655	-	1,155,655
Harbor Alley Area Sewer Improvements	820,293	659,986	160,307
Wtr Main Sys.Repl&Upgrade14/15	4,128,111	1,669,239	2,458,872

Note 16: Net Position Restatements

Due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, beginning net position has been restated as follows:

Statement of Activities:	
Governmental Activities	\$ 172,849,831
Business-type Activities	13,097,215
Net Position Restatement - Statement of Activities	<u>\$ 185,947,046</u>
Proprietary Funds:	
Airport	\$ (850,010)
Water Utility	(8,720,358)
Sewer Enterprise	(3,273,009)
Other Enterprise Funds	(253,838)
Internal Service Funds	(5,072,317)
	<u>\$ (18,169,532)</u>

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency

The California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Fullerton 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 would agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, 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 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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.

a. Cash and investments

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

Cash and investments pooled with the City	\$ 9,029,921
Restricted cash and investments	6,250,000
Cash and investments with fiscal agent	25,747,301
	<u>\$ 41,027,222</u>

b. Loans Receivable

Rehabilitation Loan:

On October 19, 2004 the former Redevelopment Agency entered into a developer disposition agreement with the Fullerton Historic Theatre Foundation to renovate the FOX Theatre and adjacent condominium units. The agreement was later amended on September 19, 2006. The original amount loaned of \$2,665,722 was increased in prior fiscal years by \$3,078,278 totaling \$5,744,000. Based on the 2nd Amendment dated August 3, 2009 the maximum loan amount could not exceed \$6,000,000. A repayment account will be established in the Successor Agency’s name for the repayment of the loan once tenants begin paying rent. Deposits shall be made into the repayment account by the allocation and deposit from the aggregate monthly rental payments from all tenants in the Firestone Building Condominium Unit and/or Tea Room Building. The

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

allocation and deposits shall include subleases rental payments pursuant to any master lease agreements. Following the completion of the Fox Theatre two dollars per ticket surcharge, per ticket sold for an event shall be deposited one month after the event occurred. Payments to the Successor Agency from the repayment account shall commence on the sufficient fund date. The outstanding balance at June 30, 2015, is \$5,744,000.

The former Redevelopment Agency issued additional various rehabilitation loans from \$5,000 - \$180,000 to assist in the acquisition and rehabilitation within the redevelopment project areas. The loans were issued at no interest. At June 30, 2015, the outstanding balances are \$1,049,027.

Seismic Loans:

The former Redevelopment Agency issued 10 year loans for \$25,000 - \$50,000 for the purpose of seismically retrofitting historic buildings in the downtown area. There is no interest accrued on these loans. The deferred loans are payable upon sale or transfer of property. The balance due at June 30, 2015, is \$916,484.

School Expansion Loans:

The Fullerton School District (Maple) was issued a 25-year loan for \$440,442 for the purpose of assisting in the expansion cost of the school. This loan is a non interest bearing loan. The balance due at June 30, 2015, is \$346,062.

Tenant Rehab Loans:

The former Redevelopment Agency entered into various Owner Participation Agreements for the purpose of providing loan assistance to participants of the Tenant Improvement Loan Program. This program assists the tenants for the construction of certain property. These loans are a non-interest bearing loan. The loan shall be repaid in 10 equal annual payments beginning 18 months after the effective date or 1 year after the recording of the Notice of Completion for the improvements. The outstanding balance at June 30, 2015, is \$48,750.

Fullerton Interfaith Housing Services (dba Pathways of Hope):

On May 20, 2013, the Successor Agency agreed to loan \$630,000 from the \$28.9M 2010 Tax Allocation Housing Bonds for assistance in the development of eight (8) very-low income units located at 504 West Amerige Avenue and 117 North Richman Avenue. According to the Promissory Note the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City of Fullerton and Fullerton Interfaith Emergency Services, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$630,000 with accrued interest of \$25,998, totaling \$655,998 at June 30, 2015.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

TRG Fullerton Affordable LLC:

On December 19, 2013, the Successor Agency agreed to loan \$8,972,000 for the acquisition of real property located at 345 East Commonwealth Avenue and the construction of affordable apartment units. According to the Promissory Note the Term of the loan shall terminate on the fifty-eighth (58th) anniversary of the first date on which at least 75% of the units restricted for rental to and occupancy by eligible tenants have been leased to and are occupied by eligible tenants. Interest and principal payments are payable annually on April 1 of each year during the Term at a simple interest rate of 3% annually. Since the project is still under construction as of June 30, 2015, only a portion of the \$8,972,000 in assistance has been disbursed. The outstanding principal balance is \$8,538,400 with accrued interest of \$215,679, totaling \$8,754,079 at June 30, 2015.

Total Loans Receivable is \$17,514,400.

c. Capital Assets

A description of capital assets of the Successor Agency as of June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 12,624,620	\$ -	\$ -	\$ 12,624,620
Construction-in-progress	4,400,000	78,732	-	4,478,732
Total capital assets not being depreciated	17,024,620	78,732	-	17,103,352
Capital assets, being depreciated:				
Buildings	136,203	-	-	136,203
Improvements other than Buildings	7,700,813	-	-	7,700,813
Machinery and equipment	730,214	-	-	730,214
Leasehold Improvements	546,500	-	-	546,500
Infrastructure	-	4,174,000	-	4,174,000
Total capital assets being depreciated	9,113,730	4,174,000	-	13,287,730
Less accumulated depreciation				
Buildings	(76,533)	(6,811)	-	(83,344)
Improvements other than Buildings	(3,377,792)	(319,174)	-	(3,696,966)
Machinery and equipment	(551,315)	(91,716)	-	(643,031)
Leasehold Improvements	(218,600)	(27,325)	-	(245,925)
Infrastructure	-	-	-	-
Total accumulated depreciation	(4,224,240)	(445,026)	-	(4,669,266)
Total capital assets being depreciated, net	4,889,490	3,728,974	-	8,618,464
Successor Agency capital assets, net	<u>\$ 21,914,110</u>	<u>\$ 3,807,706</u>	<u>\$ -</u>	<u>\$ 25,721,816</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Fiduciary Activities:</u>					
Revenue Bonds					
1998 Revenue Bond	\$ 16,600,811	\$ -	\$ (16,600,811)	\$ -	\$ -
2005 CRA/ERAF Revenue Bond	140,000	-	(140,000)	-	-
2006 CRA/ERAF Revenue Bond	290,000	-	(140,000)	150,000	150,000
Certificates of Participation (COP)					
2003 Refunding COPs	885,000	-	(885,000)	-	-
Tax Allocation Bonds					
2005 Tax Allocation Revenue Bond	61,725,000	-	(1,765,000)	59,960,000	3,245,000
2010 Tax Allocation Housing Bond	24,935,000	-	(1,425,000)	23,510,000	1,485,000
2015 Tax Allocation Refunding Bond	-	11,975,000	-	11,975,000	-
Total	\$ 104,575,811	\$ 11,975,000	\$ (20,955,811)	\$ 95,595,000	\$ 4,880,000
Unamortized bond premium	\$ 1,900,775	\$ 1,740,951	\$ (213,324)	\$ 3,428,402	
Unamortized bond discount	(154,667)	-	61,908	(92,759)	
Total Long-Term Debt	\$ 106,321,919	\$ 13,715,951	\$ (20,804,395)	\$ 98,930,643	

The City 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 1X 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 \$135,798,431 with annual debt service requirements as indicated on the following pages. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$13,785,722 and the debt service obligation on the bonds was \$11,045,032.

Revenue Bonds

1998 Revenue Bond (Debt Serviced by the Successor Agency Funds)

On July 1, 1998, the City of Fullerton Public Financing Authority issued \$24,539,455 in Revenue Bonds consisting of current interest bonds in the aggregate principal amount of \$16,310,000 and capital appreciation bonds in the original principal

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

amount of \$8,229,455. The net proceeds were \$23.9 million (after payment of \$503,000 in underwriting fees, insurance, and other issuance costs).

A portion of the proceeds were used to advance refund \$3,485,000 of outstanding 1989 bonds with average interest rates ranging from 6.20% to 7.00%. Proceeds in the amount of \$1,330,581, plus an additional \$2,361,703 of 1989 Series sinking fund monies were used to purchase Defeasance Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 bonds. On February 1, 1999, the 1989 bonds were completely redeemed.

The remainder of the net proceeds was used for the acquisition, construction, and improvement of certain public capital improvements of benefit to the East Fullerton Redevelopment Project Area, including expansion of the police facility, expansion of the City's Main Library, trail system expansion, park renovation, construction of improvements in the Museum Plaza, and street construction. The Authority receives lease payments from the City under a lease agreement and the Fullerton Redevelopment Agency reimburses the City under a financing agreement. Bond repayment commenced on November 1, 1998 with interest rates ranging from 4.50% to 5.13%. The final maturity date is May 1, 2025. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the bond was refunded with the issuance of the 2015 Tax Allocation Refunding Bond.

2005 CRA/ERAF Revenue Bond (Debt Serviced by the Successor Agency Funds)

On April 27, 2005, the former Redevelopment Agency borrowed \$1.135 million to fund the payment due to the County of Orange Auditor/Controller for the Education Revenue Augmentation Fund due May 10, 2005 in accordance with Section 33681.12 of the California Health and Safety Code. Bond repayment commenced on November 1, 2005 with interest rates ranging from 3.87% to 5.01%. The final maturity date is March 1, 2015. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015 the outstanding balance was paid off.

2006 CRA/ERAF Revenue Bond (Debt Serviced by the Successor Agency Funds)

On April 1, 2006, the former Redevelopment Agency borrowed \$1.160 million to fund the payment due to the County of Orange Auditor/Controller for the Education Revenue Augmentation Fund due May 10, 2006, in accordance with Section 33681.12 of the California Health and Safety Code. Bond repayment commenced on November 1, 2006 with interest rates ranging from 5.28% to 5.67%. The final maturity date is March 1, 2016. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$150,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 150,000	\$ 9,540	\$ 159,540
Total	\$ 150,000	\$ 9,540	\$ 159,540

Certificates of Participation

2003 Refunding Certificates of Participation (Debt Serviced by the Successor Agency Funds, Water Utility Fund, and Sewer and Drainage Fund)

On August 1, 2003, the former Fullerton Redevelopment Agency issued \$8,355,000 in Certificates of Participation to refund 1993 Certificates of Participation with average interest rates ranging from 2.80% to 5.10%. The 1993 Certificates of Participation were originally issued to finance a portion of the City's share of costs related to a public safety communication system and to refund 1988 Series Bonds which was originally issued to construct a public parking lot, the City's maintenance yard and to improve the Police and Fire station facilities. The net proceeds of \$8.2 million (after payment of \$290,000 in underwriting fees, insurance, and other issuance costs) plus, an additional \$769,125 of 1993 Certificates of Participation debt service fund were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Certificates of anticipation. As a result, the 1993 Certificates of Participation are considered to be defeased. Bond repayment commenced on February 1, 2004, with interest rates ranging from 2.30% to 4.00%. The final maturity date is August 1, 2014. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. The entire balance has been paid off as of June 30, 2015.

Tax Allocation Bonds

2005 Tax Allocation Revenue Bond (Debt Serviced by the Successor Agency Funds)

On December 1, 2005, the City of Fullerton Public Financing Authority issued 2005 Tax Allocation Revenue Bonds in the amount of \$74,600,000. Issuance of the debt was for the purpose of financing certain capital improvements in the Orangefair Project Area, Central Fullerton Project Area and East Fullerton Project Area. The 2005 Tax Allocation Revenue Bonds are secured by the tax revenues to be derived from each project area. Bond repayment commenced on March 1, 2006, with interest rates ranging from 3.75% to 5.00%. The final maturity date is September 1, 2027. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$59,960,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 3,245,000	\$ 3,371,173	\$ 6,616,173
2017	3,210,000	3,209,063	6,419,063
2018	3,285,000	3,046,688	6,331,688
2019	3,415,000	2,878,488	6,293,488
2020	3,765,000	2,698,953	6,463,953
2021-2025	25,260,000	10,001,802	35,261,802
2026-2028	17,780,000	2,373,705	20,153,705
Total	<u>\$ 59,960,000</u>	<u>\$ 27,579,872</u>	<u>\$ 87,539,872</u>

2010 Tax Allocation Housing Bond (Debt Serviced by the Successor Agency Funds)

On October 21, 2010, the former Fullerton Redevelopment Agency issued 2010 Tax Allocation Housing Bonds in the amount of \$28,980,000. Issuance of the debt was for the purpose of financing certain improvements to the supply of low and moderate income housing in the City of Fullerton. The 2010 Tax Allocation Housing Bonds are secured by the tax increment revenues. Bond repayment commenced on March 1, 2011, with interest rates ranging from 3.00% to 6.63%. The final maturity date is September 1, 2026. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$23,510,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,485,000	\$ 1,310,707	\$ 2,795,707
2017	1,545,000	1,245,324	2,790,324
2018	1,615,000	1,170,453	2,785,453
2019	1,695,000	1,086,554	2,781,554
2020	1,780,000	994,045	2,774,045
2021-2025	10,550,000	3,258,842	13,808,842
2026-2027	4,840,000	312,491	5,152,491
Total	<u>\$ 23,510,000</u>	<u>\$ 9,378,416</u>	<u>\$ 32,888,416</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

2015 Tax Allocation Refunding Bonds (Debt Serviced by the Successor Agency Funds)

On January 28, 2015, the former Fullerton Redevelopment Agency issued 2015 Tax Allocation Refunding Bonds in the amount of \$11,975,000. Issuance of the debt was for the purpose of prepaying a financing agreement entered into by the former Fullerton Redevelopment Agency (the "1998 Financing Agreement") and to refund on a current basis certain outstanding bonds issued by the City of Fullerton Public Financing Authority, which bonds are secured by the 1998 Financing Agreement, to purchase municipal bond debt service reserve insurance policy for the bonds, and to provide for the costs of issuing the Bonds. The 2015 Tax Allocation Refunding Bonds are secured by the tax increment revenues. Bond repayment will commence on March 1, 2016, with interest rates ranging from 3.00% to 5.00%. The final maturity date is March 1, 2025. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2015, the outstanding balance was \$11,975,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 548,428	\$ 548,428
2017	1,030,000	502,750	1,532,750
2018	1,435,000	465,775	1,900,775
2019	1,515,000	413,950	1,928,950
2020	1,610,000	351,450	1,961,450
2021-2025	6,385,000	953,250	7,338,250
Total	<u>\$11,975,000</u>	<u>\$3,235,603</u>	<u>\$15,210,603</u>

e. Insurance

The Successor Agency is covered under the City of Fullerton's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

f. Net Position Restatement

Due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, beginning net position of the Successor Agency of the Former RDA has been restated \$(678,555).

Note 18: Subsequent Events

On November 23, 2015 the Fullerton City Council agreed to cooperate in a settlement totaling \$4.9 million for a case involving a police incident in 2011. The settlement will be funded by the City's insurance carriers as the \$2 million deductible had already been met in previous years through the payment of a settlement with one of the plaintiffs in the action and legal fees.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Note 1: Budgetary Comparison Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The City prepares a biannual budget presented by fund, program, and department and includes proposed appropriations and the means to finance them. The City Council approves the budget prior to July 1 by resolution and amends the budget throughout the year.

The City Manager is authorized to transfer budgeted amounts within departments, within funds. Transfers of appropriations between departments and between funds may be made only by authority of the City Council. Total fund and department expenditures in excess of the total budgeted amounts are prohibited. Expenditures may not legally exceed budgeted appropriations at the department level. Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations lapse at fiscal year-end unless carried over by approval by the City Council.

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 61,865,100	\$ 61,865,100	\$ 64,949,892	\$ 3,084,792
Licenses and permits	1,489,863	1,489,863	2,283,126	793,263
Intergovernmental	249,000	406,869	921,823	514,954
Charges for services	6,861,516	7,058,524	7,281,417	222,893
Use of money and property	3,227,202	3,227,202	3,425,251	198,049
Fines and forfeitures	1,116,200	1,116,200	1,302,993	186,793
Miscellaneous	613,576	613,576	882,861	269,285
Total Revenues	75,422,457	75,777,334	81,047,363	5,270,029
Expenditures:				
Current:				
General government	4,866,923	5,546,923	5,311,409	235,514
Public safety	54,564,189	54,915,561	54,749,504	166,057
Community development	3,765,772	4,062,780	3,955,717	107,063
Parks and recreation	8,659,050	8,966,047	8,688,667	277,380
Public works	6,491,984	6,831,984	6,829,611	2,373
Capital outlay	55,000	182,000	135,966	46,034
Total Expenditures:	78,402,918	80,505,295	79,670,874	834,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,980,461)	(4,727,961)	1,376,489	6,104,450
Other Financing Sources				
Transfers in	748,575	577,190	501,316	(75,874)
Transfers out	(1,897,285)	(887,285)	(252,767)	634,518
Proceeds from sale of capital asset	4,000	4,000	7,586	3,586
Total Other Financing Sources (Uses):	(1,144,710)	(306,095)	256,135	562,230
Net Change in Fund Balances	(4,125,171)	(5,034,056)	1,632,624	6,666,680
Fund Balances, Beginning of Year	15,578,592	15,578,592	15,578,592	-
Fund Balances, End of Year	\$ 11,453,421	\$ 10,544,536	\$ 17,211,216	\$ 6,666,680

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
PARK DWELLING
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 200,000	\$ 200,000	\$ 7,033,101	\$ 6,833,101
Total Revenues	200,000	200,000	7,033,101	6,833,101
Expenditures:				
Current:				
Public works	13,688	13,688	13,688	-
Total Expenditures:	13,688	13,688	13,688	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	186,312	186,312	7,019,413	6,833,101
Other Financing Sources				
Transfers out	(2,265,528)	(5,418,107)	(739,725)	4,678,382
Total Other Financing Sources (Uses):	(2,265,528)	(5,418,107)	(739,725)	4,678,382
Net Change in Fund Balances	(2,079,216)	(5,231,795)	6,279,688	11,511,483
Fund Balances, Beginning of Year	5,929,854	5,929,854	5,929,854	-
Fund Balances, End of Year	\$ 3,850,638	\$ 698,059	\$ 12,209,542	\$ 11,511,483

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
GRANTS ADMINISTRATION
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,521,882	\$ 4,779,905	\$ 2,887,460	\$ (1,892,445)
Miscellaneous	50,000	135,841	69,275	(66,566)
Total Revenues	2,571,882	4,915,746	2,956,735	(1,959,011)
Expenditures:				
Current:				
General government	216,030	452,284	68,091	384,193
Public safety	421,090	961,858	624,785	337,073
Community development	913,100	1,839,294	730,394	1,108,900
Parks and recreation	366,677	573,262	558,226	15,036
Capital outlay	-	185,634	185,136	498
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	152,325	152,325	152,325	-
Total Expenditures:	2,569,222	4,664,657	2,818,957	1,845,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,660	251,089	137,778	(113,311)
Net Change in Fund Balances	2,660	251,089	137,778	(113,311)
Fund Balances, Beginning of Year	(234,881)	(234,881)	(234,881)	-
Fund Balances, End of Year	\$ (232,221)	\$ 16,208	\$ (97,103)	\$ (113,311)

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
HOUSING
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 150,000	\$ 150,000	\$ 97,041	\$ (52,959)
Total Revenues	150,000	150,000	97,041	(52,959)
Expenditures:				
Current:				
Community development	81,700	121,700	117,122	4,578
Total Expenditures:	81,700	121,700	117,122	4,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,300	28,300	(20,081)	(48,381)
Other Financing Sources				
Transfers out	(2,830)	(2,830)	(2,830)	-
Total Other Financing Sources (Uses):	(2,830)	(2,830)	(2,830)	-
Net Change in Fund Balances	65,470	25,470	(22,911)	(48,381)
Fund Balances, Beginning of Year, as restated	17,965,639	17,965,639	17,965,639	-
Fund Balances, End of Year, as restated	\$ 18,031,109	\$ 17,991,109	\$ 17,942,728	\$ (48,381)

CITY OF FULLERTON

**MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 3,583,900
Interest on total pension liability	18,104,876
Benefit payments, including refunds of employee contributions	<u>(12,422,994)</u>
Net change in total pension liability	9,265,782
Total pension liability - beginning	245,817,888
Total pension liability - ending (a)	<u>\$ 255,083,670</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,819,538
Contributions - employee	3,340,171
Net investment income	31,546,084
Benefit payments	<u>(12,422,994)</u>
Net change in plan fiduciary net position	25,282,799
Plan fiduciary net position - beginning	184,970,916
Plan fiduciary net position - ending (b)	<u>\$ 210,253,715</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 44,829,955</u>
Plan fiduciary net position as a percentage of the total pension liability	82.43%
Covered-employee payroll	\$ 23,126,621
Plan Net Pension Liability/(Asset) as a Percentage of Covered- Employee Payroll	193.85%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

CITY OF FULLERTON

**MISCELLANEOUS PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
SAFETY CLASSIC:	
Actuarially Determined Contribution	\$ 3,340,087
Contribution in Relation to the Actuarially Determined Contributions	<u>(3,340,087)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 21,045,388
Contributions as a Percentage of Covered-Employee Payroll	15.87%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	29 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF FULLERTON

**SAFETY PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 6,428,794
Interest on total pension liability	29,880,228
Benefit payments, including refunds of employee contributions	<u>(20,933,019)</u>
Net change in total pension liability	15,376,003
Total pension liability - beginning	405,655,143
Total pension liability - ending (a)	<u>\$ 421,031,146</u>
Plan fiduciary net position	
Contributions - employer	\$ 7,863,788
Contributions - employee	3,664,440
Net investment income	46,137,412
Benefit payments	<u>(20,933,019)</u>
Net change in plan fiduciary net position	36,732,621
Plan fiduciary net position - beginning	269,193,188
Plan fiduciary net position - ending (b)	<u>\$ 305,925,809</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 115,105,337</u>
Plan fiduciary net position as a percentage of the total pension liability	72.66%
Covered-employee payroll	\$ 22,708,301
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	506.89%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: There were no changes in assumptions.

CITY OF FULLERTON

**SAFETY PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
SAFETY CLASSIC:	
Actuarially Determined Contribution	\$ 8,728,482
Contribution in Relation to the Actuarially Determined Contributions	<u>(8,728,482)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 21,551,511
Contributions as a Percentage of Covered-Employee Payroll	40.50%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	29 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue Funds</u>			
	<u>State Gas Tax</u>	<u>Sewer & Drainage</u>	<u>Traffic Safety</u>	<u>Asset Seizure</u>
Assets:				
Pooled cash and investments	\$ 6,040,889	\$ 2,916,080	\$ -	\$ 201,204
Receivables:				
Accounts	-	-	-	-
Other accrued revenue	369,492	197,195	37,299	372
Total Assets	<u>\$ 6,410,381</u>	<u>\$ 3,113,275</u>	<u>\$ 37,299</u>	<u>\$ 201,576</u>
Liabilities:				
Accounts payable	\$ 56,419	\$ 1,510	\$ -	\$ 6,012
Accrued liabilities	8,044	4,013	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>64,463</u>	<u>5,523</u>	<u>-</u>	<u>6,012</u>
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	37,299	195,564
Public works	6,345,918	-	-	-
Debt service	-	-	-	-
Committed to:				
Public works	-	3,107,752	-	-
Refuse collection	-	-	-	-
Total Fund Balances	<u>6,345,918</u>	<u>3,107,752</u>	<u>37,299</u>	<u>195,564</u>
Total Liabilities and Fund Balances	<u>\$ 6,410,381</u>	<u>\$ 3,113,275</u>	<u>\$ 37,299</u>	<u>\$ 201,576</u>

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Refuse Collection	Air Quality Improvement	Sanitation	Measure M2
Assets:				
Pooled cash and investments	\$ -	\$ 386,962	\$ 5,007,173	\$ 3,126,506
Receivables:				
Accounts	768,576	-	441,164	-
Other accrued revenue	1,145,104	45,963	547,780	379,490
Total Assets	\$ 1,913,680	\$ 432,925	\$ 5,996,117	\$ 3,505,996
Liabilities:				
Accounts payable	\$ 837,315	\$ 2,919	\$ 102,964	\$ 28,798
Accrued liabilities	278	-	66,011	-
Unearned revenues	-	-	-	33,568
Due to other funds	491,472	-	-	-
Total Liabilities	1,329,065	2,919	168,975	62,366
Fund Balances:				
Restricted for:				
Community development projects	-	430,006	-	-
Public safety	-	-	-	-
Public works	-	-	-	3,443,630
Debt service	-	-	-	-
Committed to:				
Public works	-	-	5,827,142	-
Refuse collection	584,615	-	-	-
Total Fund Balances	584,615	430,006	5,827,142	3,443,630
Total Liabilities and Fund Balances	\$ 1,913,680	\$ 432,925	\$ 5,996,117	\$ 3,505,996

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service Reserve</u>	
Assets:		
Pooled cash and investments	\$ 224,917	\$ 17,903,731
Receivables:		
Accounts	-	1,209,740
Other accrued revenue	-	2,722,695
	<u> </u>	<u> </u>
Total Assets	<u>\$ 224,917</u>	<u>\$ 21,836,166</u>
Liabilities:		
Accounts payable	\$ -	\$ 1,035,937
Accrued liabilities	-	78,346
Unearned revenues	-	33,568
Due to other funds	-	491,472
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>1,639,323</u>
Fund Balances:		
Restricted for:		
Community development projects	-	430,006
Public safety	-	232,863
Public works	-	9,789,548
Debt service	224,917	224,917
Committed to:		
Public works	-	8,934,894
Refuse collection	-	584,615
	<u> </u>	<u> </u>
Total Fund Balances	<u>224,917</u>	<u>20,196,843</u>
Total Liabilities and Fund Balances	<u>\$ 224,917</u>	<u>\$ 21,836,166</u>

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CITY OF FULLERTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			
	State Gas Tax	Sewer & Drainage	Traffic Safety	Asset Seizure
Revenues:				
Intergovernmental	\$ 3,893,138	\$ -	\$ -	\$ 69,923
Charges for services	-	1,828,088	-	35
Investment income	36,698	-	-	2,858
Fines and forfeitures	-	-	448,456	-
Total Revenues	3,929,836	1,828,088	448,456	72,816
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	379,224
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	1,727,905	590,754	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,727,905	590,754	-	379,224
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,201,931	1,237,334	448,456	(306,408)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(655,244)	(388,555)	(441,316)	(60,000)
Proceeds from sale of capital asset	-	-	-	4,482
Total Other Financing Sources (Uses)	(655,244)	(388,555)	(441,316)	(55,518)
Net Change in Fund Balances	1,546,687	848,779	7,140	(361,926)
Fund Balances, Beginning of Year	4,799,231	2,258,973	30,159	557,490
Fund Balances, End of Year	\$ 6,345,918	\$ 3,107,752	\$ 37,299	\$ 195,564

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Refuse Collection	Air Quality Improvement	Sanitation	Measure M2
Revenues:				
Intergovernmental	\$ -	\$ 173,863	\$ -	\$ 2,187,273
Charges for services	10,449,225	-	5,093,848	-
Investment income	-	2,644	-	30,080
Fines and forfeitures	-	-	-	-
Total Revenues	10,449,225	176,507	5,093,848	2,217,353
Expenditures:				
Current:				
General government	-	-	16,168	-
Public safety	-	-	123,126	-
Community development	-	104,470	74,045	-
Human and leisure	-	-	-	153,399
Public works	-	-	3,971,497	75,855
Refuse collection	10,077,874	-	-	-
Capital outlay	-	-	8,029	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	10,077,874	104,470	4,192,865	229,254
Excess (Deficiency) of Revenues Over (Under) Expenditures	371,351	72,037	900,983	1,988,099
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(484,969)	(29,035)	(35,904)	(2,841,730)
Proceeds from sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	(484,969)	(29,035)	(35,904)	(2,841,730)
Net Change in Fund Balances	(113,618)	43,002	865,079	(853,631)
Fund Balances, Beginning of Year	698,233	387,004	4,962,063	4,297,261
Fund Balances, End of Year	\$ 584,615	\$ 430,006	\$ 5,827,142	\$ 3,443,630

CITY OF FULLERTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>Debt Service Funds</u>	<u>Total</u>
	<u>Debt Service Reserve</u>	<u>Nonmajor Governmental Funds</u>
Revenues:		
Intergovernmental	\$ -	\$ 6,324,197
Charges for services	-	17,371,196
Investment income	-	72,280
Fines and forfeitures	-	448,456
	<u>-</u>	<u>24,216,129</u>
Total Revenues		
Expenditures:		
Current:		
General government	-	16,168
Public safety	-	502,350
Community development	-	178,515
Human and leisure	-	153,399
Public works	-	6,366,011
Refuse collection	-	10,077,874
Capital outlay	-	8,029
Debt service:		
Principal retirement	264,584	264,584
Interest and fiscal charges	28,061	28,061
	<u>292,645</u>	<u>17,594,991</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(292,645)</u>	<u>6,621,138</u>
Other Financing Sources (Uses):		
Transfers in	333,787	333,787
Transfers out	(105,644)	(5,042,397)
Proceeds from sale of capital asset	-	4,482
	<u>228,143</u>	<u>(4,704,128)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	<u>(64,502)</u>	<u>1,917,010</u>
Fund Balances, Beginning of Year	<u>289,419</u>	<u>18,279,833</u>
Fund Balances, End of Year	<u><u>\$ 224,917</u></u>	<u><u>\$ 20,196,843</u></u>

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,565,000	\$ 3,565,000	\$ 3,893,138	\$ 328,138
Use of money and property	25,000	25,000	36,698	11,698
Total Revenues	3,590,000	3,590,000	3,929,836	339,836
Expenditures:				
Current:				
Public works	1,911,475	1,911,475	1,727,905	183,570
Total Expenditures:	1,911,475	1,911,475	1,727,905	183,570
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,678,525	1,678,525	2,201,931	523,406
Other Financing Sources				
Transfers out	(2,417,410)	(4,223,179)	(655,244)	3,567,935
Total Other Financing Sources (Uses):	(2,417,410)	(4,223,179)	(655,244)	3,567,935
Net Change in Fund Balances	(738,885)	(2,544,654)	1,546,687	4,091,341
Fund Balances, Beginning of Year	4,799,231	4,799,231	4,799,231	-
Fund Balances, End of Year	\$ 4,060,346	\$ 2,254,577	\$ 6,345,918	\$ 4,091,341

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
SEWER & DRAINAGE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,800,000	\$ 1,800,000	\$ 1,828,088	\$ 28,088
Total Revenues	1,800,000	1,800,000	1,828,088	28,088
Expenditures:				
Current:				
Public works	590,915	590,915	590,754	161
Total Expenditures:	590,915	590,915	590,754	161
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,209,085	1,209,085	1,237,334	28,249
Other Financing Sources				
Transfers out	(1,059,010)	(2,918,132)	(388,555)	2,529,577
Total Other Financing Sources (Uses):	(1,059,010)	(2,918,132)	(388,555)	2,529,577
Net Change in Fund Balances	150,075	(1,709,047)	848,779	2,557,826
Fund Balances, Beginning of Year	2,258,973	2,258,973	2,258,973	-
Fund Balances, End of Year	\$ 2,409,048	\$ 549,926	\$ 3,107,752	\$ 2,557,826

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 500,000	\$ 500,000	\$ 448,456	\$ (51,544)
Total Revenues	500,000	500,000	448,456	(51,544)
Other Financing Sources				
Transfers out	(500,000)	(478,615)	(441,316)	37,299
Total Other Financing Sources (Uses):	(500,000)	(478,615)	(441,316)	37,299
Net Change in Fund Balances	-	21,385	7,140	(14,245)
Fund Balances, Beginning of Year	30,159	30,159	30,159	-
Fund Balances, End of Year	\$ 30,159	\$ 51,544	\$ 37,299	\$ (14,245)

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 69,923	\$ (10,077)
Charges for services	-	-	35	35
Use of money and property	2,200	2,200	2,858	658
Total Revenues	82,200	82,200	72,816	(9,384)
Expenditures:				
Current:				
Public safety	126,610	527,396	379,224	148,172
Total Expenditures:	126,610	527,396	379,224	148,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,410)	(445,196)	(306,408)	138,788
Other Financing Sources				
Transfers out	60,000	(60,000)	(60,000)	-
Proceeds from sale of capital asset	-	-	4,482	4,482
Total Other Financing Sources (Uses):	60,000	(60,000)	(55,518)	4,482
Net Change in Fund Balances	15,590	(505,196)	(361,926)	143,270
Fund Balances, Beginning of Year	557,490	557,490	557,490	-
Fund Balances, End of Year	\$ 573,080	\$ 52,294	\$ 195,564	\$ 143,270

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
REFUSE COLLECTION
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 10,367,000	\$ 10,367,000	\$ 10,449,225	\$ 82,225
Total Revenues	10,367,000	10,367,000	10,449,225	82,225
Expenditures:				
Current:				
Refuse collection	10,170,716	10,200,716	10,077,874	122,842
Total Expenditures:	10,170,716	10,200,716	10,077,874	122,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	196,284	166,284	371,351	205,067
Other Financing Sources				
Transfers out	-	(586,128)	(484,969)	101,159
Total Other Financing Sources (Uses):	-	(586,128)	(484,969)	101,159
Net Change in Fund Balances	196,284	(419,844)	(113,618)	306,226
Fund Balances, Beginning of Year	698,233	698,233	698,233	-
Fund Balances, End of Year	\$ 894,517	\$ 278,389	\$ 584,615	\$ 306,226

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 160,000	\$ 360,332	\$ 173,863	\$ (186,469)
Use of money and property	1,000	1,000	2,644	1,644
Total Revenues	161,000	361,332	176,507	(184,825)
Expenditures:				
Current:				
Community development	113,500	136,500	104,470	32,030
Total Expenditures:	113,500	136,500	104,470	32,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,500	224,832	72,037	(152,795)
Other Financing Sources				
Transfers out	(10,900)	(248,573)	(29,035)	219,538
Total Other Financing Sources (Uses):	(10,900)	(248,573)	(29,035)	219,538
Net Change in Fund Balances	36,600	(23,741)	43,002	66,743
Fund Balances, Beginning of Year	387,004	387,004	387,004	-
Fund Balances, End of Year	\$ 423,604	\$ 363,263	\$ 430,006	\$ 66,743

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
SANITATION
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 5,000,000	\$ 5,000,000	\$ 5,093,848	\$ 93,848
Total Revenues	5,000,000	5,000,000	5,093,848	93,848
Expenditures:				
Current:				
General government	-	16,168	16,168	-
Public safety	114,933	123,133	123,126	7
Community development	59,691	99,691	74,045	25,646
Public works	4,323,032	4,323,032	3,971,497	351,535
Capital outlay	9,550	9,550	8,029	1,521
Total Expenditures:	4,507,206	4,571,574	4,192,865	378,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	492,794	428,426	900,983	472,557
Other Financing Sources				
Transfers out	(8,950)	(71,468)	(35,904)	35,564
Total Other Financing Sources (Uses):	(8,950)	(71,468)	(35,904)	35,564
Net Change in Fund Balances	483,844	356,958	865,079	508,121
Fund Balances, Beginning of Year	4,962,063	4,962,063	4,962,063	-
Fund Balances, End of Year	\$ 5,445,907	\$ 5,319,021	\$ 5,827,142	\$ 508,121

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
MEASURE M2
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,985,550	\$ 2,057,277	\$ 2,187,273	\$ 129,996
Use of money and property	10,000	10,000	30,080	20,080
Total Revenues	1,995,550	2,067,277	2,217,353	150,076
Expenditures:				
Current:				
Parks and recreation	115,240	186,967	153,399	33,568
Public works	120,500	120,500	75,855	44,645
Total Expenditures:	235,740	307,467	229,254	78,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,759,810	1,759,810	1,988,099	228,289
Other Financing Sources				
Transfers out	(1,911,264)	(5,780,153)	(2,841,730)	2,938,423
Total Other Financing Sources (Uses):	(1,911,264)	(5,780,153)	(2,841,730)	2,938,423
Net Change in Fund Balances	(151,454)	(4,020,343)	(853,631)	3,166,712
Fund Balances, Beginning of Year	4,297,261	4,297,261	4,297,261	-
Fund Balances, End of Year	\$ 4,145,807	\$ 276,918	\$ 3,443,630	\$ 3,166,712

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,036,832	\$ 174,494,496	\$ 58,364,979	\$ (116,129,517)
Charges for services	110,000	428,264	184,032	(244,232)
Miscellaneous	667,700	685,189	331,628	(353,561)
Total Revenues	5,814,532	175,607,949	58,880,639	(116,727,310)
Expenditures:				
Current:				
Capital outlay	13,424,400	196,443,411	47,582,681	148,860,730
Total Expenditures:	13,424,400	196,443,411	47,582,681	148,860,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,609,868)	(20,835,462)	11,297,958	32,133,420
Other Financing Sources				
Transfers in	8,030,068	20,861,621	5,457,586	(15,404,035)
Transfers out	(2,212)	(2,212)	(2,212)	-
Total Other Financing Sources (Uses):	8,027,856	20,859,409	5,455,374	(15,404,035)
Net Change in Fund Balances	417,988	23,947	16,753,332	16,729,385
Fund Balances, Beginning of Year	(18,281,208)	(18,281,208)	(18,281,208)	-
Fund Balances, End of Year	\$ (17,863,220)	\$ (18,257,261)	\$ (1,527,876)	\$ 16,729,385

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE RESERVE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total Revenues	10,000	10,000	-	(10,000)
Expenditures:				
Debt service:				
Principal retirement	264,584	264,584	264,584	-
Interest and fiscal charges	28,061	28,061	28,061	-
Total Expenditures:	292,645	292,645	292,645	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(282,645)	(282,645)	(292,645)	(10,000)
Other Financing Sources				
Transfers in	333,786	333,786	333,787	1
Transfers out	(25,000)	(348,840)	(105,644)	243,196
Total Other Financing Sources (Uses):	308,786	(15,054)	228,143	243,197
Net Change in Fund Balances	26,141	(297,699)	(64,502)	233,197
Fund Balances, Beginning of Year	289,419	289,419	289,419	-
Fund Balances, End of Year	\$ 315,560	\$ (8,280)	\$ 224,917	\$ 233,197

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
Assets:				
Current:				
Cash and investments	\$ -	\$ 37,960	\$ 27,107	\$ 65,067
Receivables:				
Accounts receivable	18,956	-	-	18,956
Inventory	38,162	-	-	38,162
Other accrued revenue receivable	1,390	-	-	1,390
Restricted:				
Cash with fiscal agent	328,951	-	-	328,951
Total Current Position	387,459	37,960	27,107	452,526
Noncurrent:				
Capital assets - net of accumulated depreciation	3,187,382	541,789	-	3,729,171
Total Noncurrent Position	3,187,382	541,789	-	3,729,171
Total Assets	3,574,841	579,749	27,107	4,181,697
Deferred Outflows of Resources:				
Deferred pension related items	10,444	1,412	2,755	14,611
Total Deferred Outflows of Resources	10,444	1,412	2,755	14,611
Total Assets & Deferred Outflows of Resources	\$ 3,585,285	\$ 581,161	\$ 29,862	\$ 4,196,308
Liabilities:				
Current:				
Accounts payable	\$ 147,072	\$ 1,055	\$ 37,496	\$ 185,623
Accrued liabilities	4,438	297	652	5,387
Accrued interest	28,080	-	-	28,080
Due to other funds	51,826	-	-	51,826
Accrued compensated absences	6,904	-	-	6,904
Bonds, notes, and capital leases	105,000	-	-	105,000
Total Current Liabilities	343,320	1,352	38,148	382,820
Noncurrent:				
Accrued compensated absences	1,726	-	-	1,726
Net pension liability	140,177	18,952	36,976	196,105
Bonds, notes, and capital leases	2,171,513	-	-	2,171,513
Total Noncurrent Liabilities	2,313,416	18,952	36,976	2,369,344
Total Liabilities	2,656,736	20,304	75,124	2,752,164
Deferred Inflows of Resources:				
Deferred pension related items	45,070	6,093	11,889	63,052
Total Deferred Inflows of Resources	45,070	6,093	11,889	63,052
Net Position:				
Net investment in capital assets	931,958	541,789	-	1,473,747
Restricted for debt service	307,861	-	-	307,861
Unrestricted	(356,340)	12,975	(57,151)	(400,516)
Total Net Position	883,479	554,764	(57,151)	1,381,092
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 3,585,285	\$ 581,161	\$ 29,862	\$ 4,196,308

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
Operating Revenues:				
Sales and service charges	\$ 3,083,212	\$ -	\$ 384,774	\$ 3,467,986
Total Operating Revenues	3,083,212	-	384,774	3,467,986
Operating Expenses:				
Maintenance, operations, and administration	2,582,342	28,563	522,186	3,133,091
Depreciation expense	56,989	-	-	56,989
Total Operating Expenses	2,639,331	28,563	522,186	3,190,080
Operating Income (Loss)	443,881	(28,563)	(137,412)	277,906
Nonoperating Revenues (Expenses):				
Interest revenue	125	-	-	125
Interest expense	(105,730)	-	-	(105,730)
Total Nonoperating Revenues (Expenses)	(105,605)	-	-	(105,605)
Changes in Net Position	338,276	(28,563)	(137,412)	172,301
Net Position:				
Beginning of Year, as originally reported	726,647	607,858	128,124	1,462,629
Restatements	(181,444)	(24,531)	(47,863)	(253,838)
Beginning of Fiscal Year, as restated	545,203	583,327	80,261	1,208,791
End of Fiscal Year	\$ 883,479	\$ 554,764	\$ (57,151)	\$ 1,381,092

CITY OF FULLERTON

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 3,075,198	\$ -	\$ 390,101	\$ 3,465,299
Cash paid to suppliers	-	-	(9,487)	(9,487)
Cash paid to employees for services	(2,569,994)	(29,246)	(523,706)	(3,122,946)
Net Cash Provided (Used) by Operating Activities	505,204	(29,246)	(143,092)	332,866
Cash Flows from Non-Capital Financing Activities:				
Repayment made to other funds	(172,516)	-	-	(172,516)
Net Cash Provided (Used) by Non-Capital Financing Activities	(172,516)	-	-	(172,516)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(386,295)	-	403	(385,892)
Principal paid on capital debt	(102,517)	-	-	(102,517)
Interest paid on capital debt	(49,318)	-	-	(49,318)
Net Cash Provided (Used) by Capital and Related Financing Activities	(538,130)	-	403	(537,727)
Cash Flows from Investing Activities:				
Interest received	125	-	-	125
Net Cash Provided (Used) by Investing Activities	125	-	-	125
Net Increase (Decrease) in Cash and Cash Equivalents	(205,317)	(29,246)	(142,689)	(377,252)
Cash and Cash Equivalents at Beginning of Year	534,268	67,206	169,796	771,270
Cash and Cash Equivalents at End of Year	\$ 328,951	\$ 37,960	\$ 27,107	\$ 394,018
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 443,881	\$ (28,563)	\$ (137,412)	\$ 277,906
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	56,989	-	-	56,989
(Increase) decrease in accounts receivable	146	-	5,327	5,473
(Increase) decrease in other accrued revenue receivable	(8,160)	-	-	(8,160)
Increase (decrease) in accounts payable	21,127	169	(9,487)	11,809
Increase (decrease) in accrued liabilities	(359)	46	233	(80)
Increase (decrease) in compensated absences	(1,779)	-	-	(1,779)
Increase (decrease) in net pension liability	(6,641)	(898)	(1,753)	(9,292)
Total Adjustments	61,323	(683)	(5,680)	54,960
Net Cash Provided (Used) by Operating Activities	\$ 505,204	\$ (29,246)	\$ (143,092)	\$ 332,866
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/discounts	\$ (2,483)	\$ -	\$ -	\$ (2,483)

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
Assets:				
Current:				
Cash and investments	\$ 13,473,796	\$ 3,879,950	\$ 15,294,652	\$ 52,392
Receivables:				
Accounts receivable	-	5,610	-	-
Prepaid items	3,500	28,445	-	-
Inventory	-	-	-	-
Other accrued revenue receivable	10,565	3,690	16,884	-
Restricted:				
Cash with fiscal agent	3	-	-	-
Total Current Assets	13,487,864	3,917,695	15,311,536	52,392
Noncurrent:				
Capital assets - net of accumulated depreciation	-	5,262,843	-	-
Total Noncurrent Assets	-	5,262,843	-	-
Total Assets	13,487,864	9,180,538	15,311,536	52,392
Deferred Outflows of Resources:				
Deferred pension related items	14,728	-	18,041	26,233
Total Deferred Outflows of Resources	14,728	-	18,041	26,233
Total Assets & Deferred Outflows of Resources	\$ 13,502,592	\$ 9,180,538	\$ 15,329,577	\$ 78,625
Liabilities:				
Current:				
Accounts payable	\$ 12,869	\$ 40,704	\$ 2,329	\$ 27,736
Accrued liabilities	2,783	-	4,151	4,345
Accrued interest	78,487	15,349	-	-
Claims payable	912,178	-	2,301,772	-
Bonds, notes, and capital leases	270,000	272,377	-	-
Total Current Liabilities	1,276,317	328,430	2,308,252	32,081
Noncurrent:				
Net pension liability	197,676	-	242,143	352,093
Claims payable	8,788,822	-	12,804,228	-
Bonds, notes, and capital leases	6,404,010	758,655	-	-
Total Noncurrent Liabilities	15,390,508	758,655	13,046,371	352,093
Total Liabilities	16,666,825	1,087,085	15,354,623	384,174
Deferred Inflows of Resources:				
Deferred pension related items	63,557	-	77,854	113,206
Total Deferred Inflows of Resources	63,557	-	77,854	113,206
Net Position:				
Net investment in capital assets	-	4,231,811	-	-
Unrestricted	(3,227,790)	3,861,642	(102,900)	(418,755)
Total Net Position	(3,227,790)	8,093,453	(102,900)	(418,755)
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 13,502,592	\$ 9,180,538	\$ 15,329,577	\$ 78,625

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Assets:				
Current:				
Cash and investments	\$ 1,833,858	\$ 220,593	\$ 594,633	\$ 2,281,282
Receivables:				
Accounts receivable	2,524	-	-	-
Prepaid items	-	36,467	-	-
Inventory	192,444	-	-	-
Other accrued revenue receivable	-	-	-	2,200
Restricted:				
Cash with fiscal agent	-	1,115,998	-	-
Total Current Assets	2,028,826	1,373,058	594,633	2,283,482
Noncurrent:				
Capital assets - net of accumulated depreciation	180,685	1,281,766	107,309	132,808
Total Noncurrent Assets	180,685	1,281,766	107,309	132,808
Total Assets	2,209,511	2,654,824	701,942	2,416,290
Deferred Outflows of Resources:				
Deferred pension related items	82,431	73,455	77,077	-
Total Deferred Outflows of Resources	82,431	73,455	77,077	-
Total Assets & Deferred Outflows of Resources	\$ 2,291,942	\$ 2,728,279	\$ 779,019	\$ 2,416,290
Liabilities:				
Current:				
Accounts payable	\$ 83,413	\$ 748,615	\$ 101,159	\$ 3,180
Accrued liabilities	16,204	13,353	14,756	-
Accrued interest	-	-	-	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	-	593,297	-	-
Total Current Liabilities	99,617	1,355,265	115,915	3,180
Noncurrent:				
Net pension liability	1,106,372	985,898	1,034,511	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	-	1,625,407	-	-
Total Noncurrent Liabilities	1,106,372	2,611,305	1,034,511	-
Total Liabilities	1,205,989	3,966,570	1,150,426	3,180
Deferred Inflows of Resources:				
Deferred pension related items	355,723	316,988	332,618	-
Total Deferred Inflows of Resources	355,723	316,988	332,618	-
Net Position:				
Net investment in capital assets	180,685	1,281,766	107,309	132,808
Unrestricted	549,545	(2,837,045)	(811,334)	2,280,302
Total Net Position	730,230	(1,555,279)	(704,025)	2,413,110
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 2,291,942	\$ 2,728,279	\$ 779,019	\$ 2,416,290

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	<u>Totals</u>
Assets:	
Current:	
Cash and investments	\$ 37,631,156
Receivables:	
Accounts receivable	8,134
Prepaid items	68,412
Inventory	192,444
Other accrued revenue receivable	33,339
Restricted:	
Cash with fiscal agent	1,116,001
Total Current Assets	<u>39,049,486</u>
Noncurrent:	
Capital assets - net of accumulated depreciation	6,965,411
Total Noncurrent Assets	<u>6,965,411</u>
Total Assets	<u>46,014,897</u>
Deferred Outflows of Resources:	
Deferred pension related items	291,965
Total Deferred Outflows of Resources	<u>291,965</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 46,306,862</u>
Liabilities:	
Current:	
Accounts payable	\$ 1,020,005
Accrued liabilities	55,592
Accrued interest	93,836
Claims payable	3,213,950
Bonds, notes, and capital leases	1,135,674
Total Current Liabilities	<u>5,519,057</u>
Noncurrent:	
Net pension liability	3,918,693
Claims payable	21,593,050
Bonds, notes, and capital leases	8,788,072
Total Noncurrent Liabilities	<u>34,299,815</u>
Total Liabilities	<u>39,818,872</u>
Deferred Inflows of Resources:	
Deferred pension related items	1,259,946
Total Deferred Inflows of Resources	<u>1,259,946</u>
Net Position:	
Net investment in capital assets	5,934,379
Unrestricted	(706,335)
Total Net Position	<u>5,228,044</u>
Total Liabilities, Deferred Inflows of Resources, and Net Pension	<u>\$ 46,306,862</u>

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CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
Operating Revenues:				
Charges for services	\$ 1,601,484	\$ 1,109,919	\$ 808,832	\$ 16,681
Miscellaneous	1,330	56,915	187,771	-
Total Operating Revenues	1,602,814	1,166,834	996,603	16,681
Operating Expenses:				
Maintenance, operations and administration	-	-	-	-
Depreciation expense	-	762,642	-	-
Total Operating Expenses	-	762,642	-	-
Operating Income (Loss)	1,602,814	404,192	996,603	16,681
Nonoperating Revenues (Expenses):				
Interest revenue	83,790	28,298	129,433	-
Interest expense	(324,393)	(34,268)	-	-
Total Nonoperating Revenues (Expenses)	(240,603)	(5,970)	129,433	-
Income (Loss) Before Transfers	1,362,211	398,222	1,126,036	16,681
Transfers in	2,200,000	-	-	-
Transfers out	-	-	(2,200,000)	-
Changes in Net Position	3,562,211	398,222	(1,073,964)	16,681
Net Position:				
Beginning of Year, as originally reported	(6,534,131)	7,695,231	1,284,491	20,311
Restatements	(255,870)	-	(313,427)	(455,747)
Beginning of Fiscal Year, as restated	(6,790,001)	7,695,231	971,064	(435,436)
End of Fiscal Year	\$ (3,227,790)	\$ 8,093,453	\$ (102,900)	\$ (418,755)

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Operating Revenues:				
Charges for services	\$ 389,602	\$ -	\$ -	\$ 502,970
Miscellaneous	-	2,652	-	-
Total Operating Revenues	389,602	2,652	-	502,970
Operating Expenses:				
Maintenance, operations and administration	-	1,043,123	87,014	-
Depreciation expense	28,723	130,163	4,265	9,738
Total Operating Expenses	28,723	1,173,286	91,279	9,738
Operating Income (Loss)	360,879	(1,170,634)	(91,279)	493,232
Nonoperating Revenues (Expenses):				
Interest revenue	-	4,985	-	16,931
Interest expense	-	(37,281)	-	-
Total Nonoperating Revenues (Expenses)	-	(32,296)	-	16,931
Income (Loss) Before Transfers	360,879	(1,202,930)	(91,279)	510,163
Transfers in	-	-	-	-
Transfers out	-	-	-	(289,218)
Changes in Net Position	360,879	(1,202,930)	(91,279)	220,945
Net Position:				
Beginning of Year, as originally reported	1,801,427	923,787	726,315	2,192,165
Restatements	(1,432,076)	(1,276,136)	(1,339,061)	-
Beginning of Fiscal Year, as restated	369,351	(352,349)	(612,746)	2,192,165
End of Fiscal Year	\$ 730,230	\$ (1,555,279)	\$ (704,025)	\$ 2,413,110

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Totals</u>
Operating Revenues:	
Charges for services	\$ 4,429,488
Miscellaneous	248,668
Total Operating Revenues	<u>4,678,156</u>
Operating Expenses:	
Maintenance, operations and administration	1,130,137
Depreciation expense	935,531
Total Operating Expenses	<u>2,065,668</u>
Operating Income (Loss)	<u>2,612,488</u>
Nonoperating Revenues (Expenses):	
Interest revenue	263,437
Interest expense	<u>(395,942)</u>
Total Nonoperating Revenues (Expenses)	<u>(132,505)</u>
Income (Loss) Before Transfers	2,479,983
Transfers in	2,200,000
Transfers out	<u>(2,489,218)</u>
Changes in Net Position	<u>2,190,765</u>
Net Position:	
Beginning of Year, as originally reported	8,109,596
Restatements	<u>(5,072,317)</u>
Beginning of Fiscal Year, as restated	<u>3,037,279</u>
End of Fiscal Year	<u>\$ 5,228,044</u>

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CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
Cash Flows from Operating Activities:				
Cash received from interfund services provided	\$ 1,603,161	\$ 1,202,908	\$ 997,850	\$ 15,926
Cash paid to suppliers	(228,381)	987,711	(11,214)	(28,459)
Cash (paid) recovered to insurance claims	571,000	-	639,000	-
Net Cash Provided (Used) by Operating Activities	1,945,780	2,190,619	1,625,636	(12,533)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	2,200,000	-	-	-
Cash transfers out	-	-	(2,200,000)	-
Advance from other funds	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	2,200,000	-	(2,200,000)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(1,298,388)	-	-
Principal paid on capital debt	(262,167)	(263,199)	-	-
Interest paid on capital debt	(325,457)	(38,247)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(587,624)	(1,599,834)	-	-
Cash Flows from Investing Activities:				
Interest earned on investments	73,225	27,237	124,749	-
Net Cash Provided (Used) by Investing Activities	73,225	27,237	124,749	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,631,381	618,022	(449,615)	(12,533)
Cash and Cash Equivalents at Beginning of Year	9,842,418	3,261,928	15,744,267	64,925
Cash and Cash Equivalents at End of Year	\$ 13,473,799	\$ 3,879,950	\$ 15,294,652	\$ 52,392

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,602,814	\$ 404,192	\$ 996,603	\$ 16,681
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	762,642	-	-
(Increase) decrease in accounts receivable	-	36,074	-	-
(Increase) decrease in deposits receivable	-	949,810	-	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	(219,016)	37,901	257	(11,778)
Increase (decrease) in accrued liabilities	347	-	1,247	(755)
Increase (decrease) in claims and judgments	571,000	-	639,000	-
Increase (decrease) in net pension liability	(9,365)	-	(11,471)	(16,681)
Total Adjustments	342,966	1,786,427	629,033	(29,214)
Net Cash Provided (Used) by Operating Activities	\$ 1,945,780	\$ 2,190,619	\$ 1,625,636	\$ (12,533)
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/discounts	\$ 2,833	\$ -	\$ -	\$ -

CITY OF FULLERTON

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Cash Flows from Operating Activities:				
Cash received from interfund services provided	\$ 390,498	\$ 3,495	\$ 2,491	\$ 502,970
Cash paid to suppliers	(97,216)	(509,418)	(161,714)	(8,006)
Cash (paid) recovered to insurance claims	-	-	-	-
Net Cash Provided (Used) by Operating Activities	293,282	(505,923)	(159,223)	494,964
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	-	-
Cash transfers out	-	-	-	(289,218)
Advance from other funds	-	(37,956)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(37,956)	-	(289,218)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(504,527)	(68,828)	(11,455)
Principal paid on capital debt	-	(584,645)	-	-
Interest paid on capital debt	-	(37,281)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,126,453)	(68,828)	(11,455)
Cash Flows from Investing Activities:				
Interest earned on investments	689	5,711	-	16,255
Net Cash Provided (Used) by Investing Activities	689	5,711	-	16,255
Net Increase (Decrease) in Cash and Cash Equivalents	293,971	(1,664,621)	(228,051)	210,546
Cash and Cash Equivalents at Beginning of Year	1,539,887	3,001,212	822,684	2,070,736
Cash and Cash Equivalents at End of Year	\$ 1,833,858	\$ 1,336,591	\$ 594,633	\$ 2,281,282

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Equipment Maintenance</u>	<u>Information Technology</u>	<u>Building Maintenance</u>	<u>Facility Capital Repair</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 360,879	\$ (1,170,634)	\$ (91,279)	\$ 493,232
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	28,723	130,163	4,265	9,738
(Increase) decrease in accounts receivable	(2,334)	-	-	-
(Increase) decrease in deposits receivable	-	-	-	-
(Increase) decrease in inventory	16,209	-	-	-
(Increase) decrease in prepaid expense	-	1,421	-	-
Increase (decrease) in accounts payable	(61,013)	578,989	(25,691)	(8,006)
Increase (decrease) in accrued liabilities	3,230	843	2,491	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in net pension liability	(52,412)	(46,705)	(49,009)	-
Total Adjustments	(67,597)	664,711	(67,944)	1,732
Net Cash Provided (Used) by Operating Activities	\$ 293,282	\$ (505,923)	\$ (159,223)	\$ 494,964
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/discounts	\$ -	\$ -	\$ -	\$ -

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Totals</u>
Cash Flows from Operating Activities:	
Cash received from interfund services provided	\$ 4,719,299
Cash paid to suppliers	(56,697)
Cash (paid) recovered to insurance claims	<u>1,210,000</u>
Net Cash Provided (Used) by Operating Activities	<u>5,872,602</u>
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	2,200,000
Cash transfers out	(2,489,218)
Advance from other funds	<u>(37,956)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(327,174)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,883,198)
Principal paid on capital debt	(1,110,011)
Interest paid on capital debt	<u>(400,985)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,394,194)</u>
Cash Flows from Investing Activities:	
Interest earned on investments	<u>247,866</u>
Net Cash Provided (Used) by Investing Activities	<u>247,866</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,399,100
Cash and Cash Equivalents at Beginning of Year	<u>36,348,057</u>
Cash and Cash Equivalents at End of Year	<u>\$ 38,747,157</u>

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 2,612,488
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	935,531
(Increase) decrease in accounts receivable	33,740
(Increase) decrease in deposits receivable	949,810
(Increase) decrease in inventory	16,209
(Increase) decrease in prepaid expense	1,421
Increase (decrease) in accounts payable	291,643
Increase (decrease) in accrued liabilities	7,403
Increase (decrease) in claims and judgments	1,210,000
Increase (decrease) in net pension liability	(185,643)
Total Adjustments	<u>3,260,114</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,872,602</u>
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of bond premiums/discounts	\$ 2,833

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2015

	<u>Deposits Contributions</u>	<u>Community Facilities Districts</u>	<u>Assessment Districts</u>	<u>Totals</u>
Assets:				
Pooled cash and investments	\$ 1,187,311	\$ 11,749	\$ 604,089	\$ 1,803,149
Receivables:				
Other accrued revenue	4	-	-	4
Restricted assets:				
Cash and investments with fiscal agents	32,923	-	-	32,923
Total Assets	<u>\$ 1,220,238</u>	<u>\$ 11,749</u>	<u>\$ 604,089</u>	<u>\$ 1,836,076</u>
Liabilities:				
Accounts payable	\$ 101,642	\$ -	\$ -	\$ 101,642
Deposits payable	1,118,596	11,749	604,089	1,734,434
Total Liabilities	<u>\$ 1,220,238</u>	<u>\$ 11,749</u>	<u>\$ 604,089</u>	<u>\$ 1,836,076</u>

CITY OF FULLERTON

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015**

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<u>Deposits Contributions</u>				
Assets:				
Pooled cash and investments	\$ 1,220,008	\$ 2,099,871	\$ 2,132,568	\$ 1,187,311
Receivables:				
Other accrued revenue	3	4	3	4
Restricted assets:				
Cash and investments with fiscal agents	-	66,510	33,587	32,923
Total Assets	<u>\$ 1,220,011</u>	<u>\$ 2,166,385</u>	<u>\$ 2,166,158</u>	<u>\$ 1,220,238</u>
Liabilities:				
Accounts payable	\$ 153,865	\$ 1,724,423	\$ 1,776,646	\$ 101,642
Deposits payable	1,066,146	2,159,867	2,107,417	1,118,596
Total Liabilities	<u>\$ 1,220,011</u>	<u>\$ 3,884,290</u>	<u>\$ 3,884,063</u>	<u>\$ 1,220,238</u>
<u>Community Facilities Districts</u>				
Assets:				
Pooled cash and investments	\$ 15,072	\$ 1,747,262	\$ 1,750,585	\$ 11,749
Total Assets	<u>\$ 15,072</u>	<u>\$ 1,747,262</u>	<u>\$ 1,750,585</u>	<u>\$ 11,749</u>
Liabilities:				
Deposits payable	\$ 15,072	\$ 3,497,859	\$ 3,501,182	\$ 11,749
Total Liabilities	<u>\$ 15,072</u>	<u>\$ 3,497,859</u>	<u>\$ 3,501,182</u>	<u>\$ 11,749</u>
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 1,139,671	\$ 9,942	\$ 545,524	\$ 604,089
Total Assets	<u>\$ 1,139,671</u>	<u>\$ 9,942</u>	<u>\$ 545,524</u>	<u>\$ 604,089</u>
Liabilities:				
Accounts payable	\$ -	\$ 545,523	\$ 545,523	\$ -
Deposits payable	1,139,671	109,942	645,524	604,089
Total Liabilities	<u>\$ 1,139,671</u>	<u>\$ 655,465</u>	<u>\$ 1,191,047</u>	<u>\$ 604,089</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 2,374,751	\$ 3,857,075	\$ 4,428,677	\$ 1,803,149
Receivables:				
Other accrued revenue	3	4	3	4
Restricted assets:				
Cash and investments with fiscal agents	-	66,510	33,587	32,923
Total Assets	<u>\$ 2,374,754</u>	<u>\$ 3,923,589</u>	<u>\$ 4,462,267</u>	<u>\$ 1,836,076</u>
Liabilities:				
Accounts payable	\$ 153,865	\$ 2,269,946	\$ 2,322,169	\$ 101,642
Deposits payable	2,220,889	5,767,668	6,254,123	1,734,434
Total Liabilities	<u>\$ 2,374,754</u>	<u>\$ 8,037,614</u>	<u>\$ 8,576,292</u>	<u>\$ 1,836,076</u>

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Statistical Section

This part of the City of Fullerton’s comprehensive annual financial report presents detailed information as a context for understanding what the information says about the government’s overall financial health.

Contents	Page
Financial Trends.....	138
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	148
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	152
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.....	160
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	162
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report 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 City’s Comprehensive Annual Financial Report for the relevant year.

City of Fullerton
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in Thousands)

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Governmental activities					
Net investment in capital assets	\$ 156,367	\$ 165,525	\$ 168,275	\$ 192,325	\$ 204,585
Restricted	74,301	76,314	92,232	94,412	83,982
Unrestricted	27,643	38,098	37,225	36,148	6,819
Total governmental activities net position	<u>\$ 258,311</u>	<u>\$ 279,937</u>	<u>\$ 297,732</u>	<u>\$ 322,885</u>	<u>\$ 295,386</u>
Business-type activities					
Net investment in capital assets	\$ 36,491	\$ 39,579	\$ 46,691	\$ 62,005	\$ 66,360
Restricted	-	-	-	-	-
Unrestricted	11,844	21,013	21,255	13,156	14,318
Total business-type activities net position	<u>\$ 48,335</u>	<u>\$ 60,592</u>	<u>\$ 67,946</u>	<u>\$ 75,161</u>	<u>\$ 80,678</u>
Primary government					
Net investment in capital assets	\$ 192,858	\$ 205,104	\$ 214,966	\$ 254,330	\$ 270,944
Restricted	74,301	76,314	92,232	94,412	83,982
Unrestricted	39,487	59,111	58,480	49,304	21,138
Total primary government net position	<u>\$ 306,646</u>	<u>\$ 340,529</u>	<u>\$ 365,678</u>	<u>\$ 398,046</u>	<u>\$ 376,064</u>

City of Fullerton
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in Thousands)

Fiscal Year				
2010-11	2011-12	2012-13	2013-14	2014-15
\$ 209,514	\$ 294,379	\$ 302,377	\$ 306,424	\$ 343,504
143,490	31,905	31,113	30,585	28,620
(40,874)	24,408	22,850	33,585	(128,432)
<u>\$ 312,130</u>	<u>\$ 350,692</u>	<u>\$ 356,340</u>	<u>\$ 370,594</u>	<u>\$ 243,692</u>
\$ 70,145	\$ 72,728	\$ 77,139	\$ 80,109	\$ 87,838
-	1,125	885	556	308
18,458	20,486	20,826	24,948	10,579
<u>\$ 88,603</u>	<u>\$ 94,339</u>	<u>\$ 98,850</u>	<u>\$ 105,613</u>	<u>\$ 98,725</u>
\$ 279,659	\$ 367,107	\$ 379,516	\$ 386,533	\$ 431,342
143,490	33,030	319,998	31,141	28,928
(22,416)	44,894	43,676	58,533	(117,853)
<u>\$ 400,733</u>	<u>\$ 445,031</u>	<u>\$ 743,190</u>	<u>\$ 476,207</u>	<u>\$ 342,417</u>

City of Fullerton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in Thousands)

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Expenses					
Governmental activities:					
General government	\$ 4,207	\$ 5,855	\$ 8,180	\$ 5,756	\$ 20,233
Public safety	37,213	51,127	53,237	56,805	53,312
Public works	34,419	25,652	34,965	24,832	25,606
Community development	4,592	6,022	8,000	9,394	27,929
Human and leisure	7,815	8,905	4,113	9,852	8,838
Refuse collection	8,920	9,283	9,545	9,656	9,095
Interest on long-term debt	7,252	6,673	6,837	5,898	5,825
Total governmental activities net expenses	<u>104,418</u>	<u>113,517</u>	<u>124,877</u>	<u>122,193</u>	<u>150,838</u>
Business-type activities:					
Water utility	20,485	22,246	22,743	24,966	25,082
Airport	1,626	2,047	1,342	1,500	1,399
Parking facilities	16	13	21	17	24
Brea Dam recreational facilities	754	908	1,009	920	1,008
Compressed Natural Gas facility	-	-	-	-	-
Sewer enterprise	795	1,379	2,088	3,186	2,358
Total business-type activities net expenses	<u>23,676</u>	<u>26,593</u>	<u>27,203</u>	<u>30,589</u>	<u>29,871</u>
Total primary government expenses	<u>\$ 128,094</u>	<u>\$ 140,110</u>	<u>\$ 152,080</u>	<u>\$ 152,782</u>	<u>\$ 180,709</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,977	\$ 2,604	\$ 2,754	\$ 5,495	\$ 1,692
Public safety	5,935	6,666	7,816	7,584	6,775
Public works	6,014	6,397	6,818	6,958	6,685
Community development	2,467	3,006	2,729	1,551	1,446
Human and leisure	1,802	1,297	4,270	1,567	1,852
Refuse collection	8,930	9,397	9,518	9,695	9,381
Operating grants and contributions	7,599	9,123	9,003	5,985	8,799
Capital grants and contributions	8,852	11,900	14,675	24,211	7,522
Total governmental activities program revenues	<u>43,576</u>	<u>50,390</u>	<u>57,583</u>	<u>63,046</u>	<u>44,152</u>

City of Fullerton
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (in Thousands)

Fiscal Year				
2010-11	2011-12	2012-13	2013-14	2014-15
\$ 4,584	\$ 13,682	\$ 11,135	\$ 3,607	\$ 4,983
51,050	52,838	52,627	54,469	55,089
17,738	15,470	20,571	17,039	18,598
18,796	7,989	7,975	8,074	8,583
7,869	9,098	9,729	10,661	11,110
9,593	9,941	9,964	10,011	10,077
5,878	4,274	259	533	554
<u>115,508</u>	<u>113,292</u>	<u>112,260</u>	<u>104,394</u>	<u>108,994</u>
25,281	25,349	24,892	27,929	26,929
1,242	1,510	1,396	1,517	1,445
26	19	25	51	29
1,962	3,540	2,983	2,899	2,745
-	-	65	412	522
2,713	2,467	3,886	2,384	3,375
<u>31,224</u>	<u>32,885</u>	<u>33,247</u>	<u>35,192</u>	<u>35,045</u>
<u>\$ 146,732</u>	<u>\$ 146,177</u>	<u>\$ 145,507</u>	<u>\$ 139,586</u>	<u>\$ 144,039</u>
\$ 917	\$ 771	\$ 429	\$ 547	\$ 1,553
5,465	5,320	4,823	5,140	5,066
6,513	6,824	7,259	7,723	7,691
6,317	3,012	3,681	4,529	4,085
1,323	4,867	1,468	3,288	8,400
9,911	10,432	10,170	10,255	10,449
7,683	9,675	8,033	8,990	8,820
16,300	24,087	16,206	35,283	39,543
<u>54,429</u>	<u>64,988</u>	<u>52,069</u>	<u>75,755</u>	<u>85,607</u>

City of Fullerton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in Thousands)

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Business-type activities:					
Charges for services:					
Water utility	21,254	24,350	23,953	25,130	25,859
Airport	1,275	1,496	1,541	1,643	1,605
Parking facilities	16	78	28	35	37
Brea Dam recreational facilities	763	805	613	846	842
Compressed Natural Gas facility	-	-	-	-	-
Sewer enterprise	3,899	9,005	7,627	7,245	6,594
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	549	3,129	876	3,003	551
Total business-type activities program revenues	<u>27,756</u>	<u>38,863</u>	<u>34,638</u>	<u>37,902</u>	<u>35,488</u>
Primary government program revenues	<u>\$ 71,332</u>	<u>\$ 89,253</u>	<u>\$ 92,221</u>	<u>\$ 100,948</u>	<u>\$ 79,640</u>
Net (Expense)/Revenue					
Governmental activities	\$ (60,842)	\$ (63,126)	\$ (67,294)	\$ (59,147)	\$ (106,686)
Business-type activities	4,080	12,270	7,435	7,313	5,618
Total primary government net expense	<u>\$ (56,762)</u>	<u>\$ (50,856)</u>	<u>\$ (59,859)</u>	<u>\$ (51,834)</u>	<u>\$ (101,068)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 41,938	\$ 45,618	\$ 49,117	\$ 50,530	\$ 50,642
Sales taxes	17,500	18,665	18,600	17,156	15,269
Franchise fees	5,402	5,438	5,568	6,268	5,864
Unrestricted motor vehicle in-lieu taxes	1,052	770	625	482	418
Unrestricted investment earnings	1,209	2,486	2,552	1,481	318
Use of money and property					
Miscellaneous	8,233	10,612	8,546	8,284	6,575
Transfers	203	13	81	98	101
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>75,537</u>	<u>83,602</u>	<u>85,089</u>	<u>84,299</u>	<u>79,187</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Use of money and property	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(203)	(13)	(81)	(98)	(101)
Total business-type activities	<u>(203)</u>	<u>(13)</u>	<u>(81)</u>	<u>(98)</u>	<u>(101)</u>
Total primary government	<u>\$ 75,334</u>	<u>\$ 83,589</u>	<u>\$ 85,008</u>	<u>\$ 84,201</u>	<u>\$ 79,086</u>
Change in Net Position					
Governmental activities	\$ 14,695	\$ 20,476	\$ 17,796	\$ 25,152	\$ (27,499)
Business-type activities	3,877	12,257	7,354	7,216	5,517
Total primary government	<u>\$ 18,572</u>	<u>\$ 32,733</u>	<u>\$ 25,150</u>	<u>\$ 32,368</u>	<u>\$ (21,982)</u>

City of Fullerton
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in Thousands)

Fiscal Year				
2010-11	2011-12	2012-13	2013-14	2014-15
26,174	26,685	25,524	29,454	28,715
1,723	1,695	1,660	1,643	1,650
32	28	25		
1,801	2,812	2,996	3,017	3,083
-	-	95	510	385
6,348	6,508	6,770	6,799	6,418
-	-	-	-	-
153	555	520	79	457
<u>36,231</u>	<u>38,283</u>	<u>37,590</u>	<u>41,502</u>	<u>40,708</u>
<u>\$ 90,660</u>	<u>\$ 103,271</u>	<u>\$ 89,659</u>	<u>\$ 117,257</u>	<u>\$ 126,315</u>
\$ (61,079)	\$ (48,304)	\$ (60,192)	\$ (28,638)	\$ (23,387)
5,007	5,398	4,344	6,309	5,663
<u>\$ (56,072)</u>	<u>\$ (42,906)</u>	<u>\$ (55,848)</u>	<u>\$ (22,329)</u>	<u>\$ (17,724)</u>
\$ 49,167	\$ 41,413	\$ 37,226	\$ 32,950	\$ 35,723
17,176	18,876	19,704	20,582	20,643
6,010	5,754	3,929	3,971	4,392
633	69	130		57
2,965	2,360	1,676	3,636	3,858
3,341	3,747	4,189	4,283	4,699
(2,358)	(14)	(34)	(36)	(36)
-	14,802	(980)	(22,359)	-
<u>76,934</u>	<u>87,007</u>	<u>65,840</u>	<u>43,027</u>	<u>69,336</u>
-	118	63	93	105
26	24	43	80	39
533	182	213	244	366
2,358	14	34	36	36
<u>2,917</u>	<u>338</u>	<u>353</u>	<u>453</u>	<u>546</u>
<u>\$ 79,851</u>	<u>\$ 87,345</u>	<u>\$ 66,193</u>	<u>\$ 43,480</u>	<u>\$ 69,882</u>
\$ 15,855	\$ 38,702	\$ 5,648	\$ 14,388	\$ 45,948
7,924	5,736	4,697	6,763	6,210
<u>\$ 23,779</u>	<u>\$ 44,438</u>	<u>\$ 10,345</u>	<u>\$ 21,151</u>	<u>\$ 52,158</u>

City of Fullerton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in Thousands)

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
General Fund					
Reserved	\$ 2,160	\$ 1,499	\$ 923	\$ 1,030	\$ 300
Unreserved	28,249	33,813	35,828	35,586	8,913
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 30,409</u>	<u>\$ 35,312</u>	<u>\$ 36,751</u>	<u>\$ 36,616</u>	<u>\$ 9,213</u>
All Other Governmental Funds					
Reserved	\$ 25,014	\$ 33,783	\$ 41,177	\$ 39,939	\$ 38,960
Unreserved, reported in:					
Special revenue funds	31,737	22,492	21,186	23,028	27,830
Capital projects funds	85,000	82,370	84,735	87,326	67,480
Debt service funds	17,427	17,854	16,842	14,963	7,881
Nonspendable					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Other governmental funds	-	-	-	-	-
Restricted					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Other governmental funds	-	-	-	-	-
Committed					
Special revenue funds	-	-	-	-	-
Other governmental funds	-	-	-	-	-
Assigned					
Capital projects funds	-	-	-	-	-
Unassigned					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 159,178</u>	<u>\$ 156,499</u>	<u>\$ 163,940</u>	<u>\$ 165,256</u>	<u>\$ 142,151</u>

City of Fullerton
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in Thousands)

Fiscal Year				
2010-11	2011-12	2012-13	2013-14	2014-15
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
138	43	20	11	13
-	-	7,422	7,679	7,967
10,862	9,551	8,164	7,888	9,231
<u>\$ 11,000</u>	<u>\$ 9,594</u>	<u>\$ 15,606</u>	<u>\$ 15,578</u>	<u>\$ 17,211</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
18,341	11,703	18,047	17,821	-
8,736	4	-	-	-
12	-	-	-	-
37,327	6,464	54	147	17,943
56,111	-	-	-	-
11,034	-	-	-	-
11,940	11,443	10,960	10,361	10,677
-	-	-	-	12,209
12,754	12,831	11,320	13,849	9,520
1,753	-	-	-	-
(213)	(170)	(197)	(237)	(97)
-	(4,400)	(1,350)	(18,281)	(1,528)
<u>\$ 157,795</u>	<u>\$ 37,875</u>	<u>\$ 38,834</u>	<u>\$ 23,660</u>	<u>\$ 48,724</u>

City of Fullerton
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in Thousands)

	Fiscal Years				
	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues					
Taxes	\$ 65,829	\$ 68,991	\$ 72,135	\$ 71,603	\$ 69,646
Franchise fees	3,127	3,150	3,290	3,879	5,864
Licenses and permits	1,732	1,799	1,998	1,452	1,393
Fines and forfeitures	3,074	3,100	3,619	3,475	2,901
Investment income	4,879	9,229	9,430	6,728	1,952
Intergovernmental	12,680	12,220	15,078	25,330	14,651
Charges for services	20,545	22,296	25,228	21,959	21,450
Payments in lieu of taxes	2,275	2,288	2,278	2,389	-
Other	4,608	7,108	6,710	10,121	6,027
Total revenues	<u>118,749</u>	<u>130,181</u>	<u>139,766</u>	<u>146,936</u>	<u>123,884</u>
Expenditures					
Current					
General government	4,027	5,557	6,590	4,505	4,138
Public safety	46,815	51,149	54,526	55,795	52,272
Public works	11,834	11,342	13,431	13,466	12,293
Community development	5,004	5,326	8,783	7,192	19,525
Human and leisure	7,911	8,288	8,894	9,057	8,318
Refuse collection	8,921	9,283	9,545	9,657	9,095
Debt service					
Principal retired	4,057	5,195	5,221	5,551	6,803
Interest and fiscal charges	5,051	6,613	6,613	6,230	5,803
ERAF/SERAF payments	1,122	-	-	-	6,671
Developer reimbursements	106	69	28	21	-
Pass through payment to taxing agencies	175	477	977	2,449	1,344
Capital outlay	20,592	24,671	20,259	31,930	26,751
Total expenditures	<u>115,615</u>	<u>127,970</u>	<u>134,867</u>	<u>145,853</u>	<u>153,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,134</u>	<u>2,211</u>	<u>4,899</u>	<u>1,083</u>	<u>(29,129)</u>
Other Financing Sources (Uses)					
Proceeds from long-term debt	1,160	-	-	-	-
Contributions from the Successor Agency	-	-	-	-	-
Bonds issued	-	-	-	-	-
Capital -related debt issued	75,834	-	3,900	-	-
Bond premium	3,174	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
SERAF payment	-	-	-	-	-
Transfers in	37,767	32,160	33,392	32,693	31,804
Transfers out	(37,565)	(32,147)	(33,311)	(32,595)	(53,184)
Total other financing sources (uses)	<u>80,370</u>	<u>13</u>	<u>3,981</u>	<u>98</u>	<u>(21,380)</u>
Extraordinary loss on dissolution of RDA	-	-	-	-	-
Net change in fund balances	<u>83,504</u>	<u>2,224</u>	<u>8,880</u>	<u>1,181</u>	<u>(50,509)</u>
Fund balances - July 1	106,083	189,587	191,811	200,691	201,872
Restatements	-	-	-	-	-
Fund balances - June 30	<u>\$ 189,587</u>	<u>\$ 191,811</u>	<u>\$ 200,691</u>	<u>\$ 201,872</u>	<u>\$ 151,363</u>
Debt service as a percentage of noncapital expenditures	10.60%	11.12%	10.72%	12.41%	15.62%

City of Fullerton
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (in Thousands)

		Fiscal Years							
		2010-11	2011-12	2012-13	2013-14	2014-15			
\$	69,564	\$	63,772	\$	60,696	\$	57,394	\$	60,558
	6,010		5,754		3,929		3,971		4,392
	1,607		1,608		1,434		1,766		2,283
	2,665		2,156		1,686		1,586		1,751
	2,751		2,189		1,711		3,430		3,595
	19,826		21,232		22,386		24,948		68,498
	22,618		26,226		23,447		27,237		31,870
	-		-		-		-		-
	622		1,693		2,066		1,448		1,284
	<u>125,663</u>		<u>124,630</u>		<u>117,355</u>		<u>121,780</u>		<u>174,231</u>
	3,590		3,959		6,572		4,577		5,396
	50,152		52,023		51,546		53,909		55,877
	16,684		11,638		11,929		12,935		13,209
	10,222		5,499		4,315		4,661		4,982
	7,493		7,951		8,545		9,205		9,400
	9,594		9,940		9,964		10,011		10,078
	6,992		4,766		813		753		764
	6,071		3,494		255		217		180
	-		-		-		-		-
	-		-		-		-		-
	1,199		-		-		-		-
	<u>24,117</u>		<u>42,143</u>		<u>18,805</u>		<u>39,276</u>		<u>47,912</u>
	<u>136,114</u>		<u>141,413</u>		<u>112,744</u>		<u>135,544</u>		<u>147,798</u>
	<u>(10,451)</u>		<u>(16,783)</u>		<u>4,611</u>		<u>(13,764)</u>		<u>26,433</u>
	-		-		-		-		-
	-		-		195		-		-
	30,577		-		-		-		-
	-		-		-		-		-
	49		-		-		-		-
	6		4		6		7		12
	(1,373)		-		-		-		-
	18,006		14,233		11,415		6,845		6,292
	<u>(19,588)</u>		<u>(13,876)</u>		<u>(8,276)</u>		<u>(8,155)</u>		<u>(6,040)</u>
	<u>27,677</u>		<u>361</u>		<u>3,340</u>		<u>(1,303)</u>		<u>264</u>
	-		(104,537)		(980)		-		-
	17,226		(120,959)		6,971		(15,067)		26,697
	151,364		168,795		47,469		54,440		39,238
	205		(367)		-		(135)		-
\$	<u>168,795</u>	\$	<u>47,469</u>	\$	<u>54,440</u>	\$	<u>39,238</u>	\$	<u>65,935</u>
	12.75%		8.28%		1.10%		1.00%		0.92%

City of Fullerton
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in Thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other* Property	Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005-06	\$ 9,058,366	\$ 1,493,886	\$ 1,196,038	\$ 40,745	\$ 416,569	\$ 11,789,035	1.0579
2006-07	9,946,674	1,558,354	1,189,537	51,727	429,091	12,746,292	1.0530
2007-08	10,736,588	1,675,023	1,251,271	54,559	454,501	13,717,441	1.0529
2008-09	11,011,165	1,823,636	1,357,540	6,999	497,793	14,199,340	1.0532
2009-10	10,169,958	1,654,131	1,581,580	32,509	519,095	13,438,178	1.0575
2010-11	10,731,321	1,630,594	1,386,303	5,544	-	13,753,762	1.0604
2011-12	10,983,044	1,619,002	1,316,810	6,275	-	13,925,131	1.0545
2012-13	11,097,680	1,639,211	1,338,964	6,246	-	14,082,101	1.0614
2013-14	11,479,863	1,694,648	1,381,108	6,368	-	14,561,987	1.0568
2014-15	12,261,966	1,744,831	1,395,924	6,320	-	15,409,041	1.0543

*Other property includes water, mineral rights, rural, extensions, and unique miscellaneous. Values have changed due to reclassification.

Source: Orange County Assessor

City of Fullerton
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates							
		Fullerton Schools	Anaheim Schools	Brea Olinda Schools	Buena Park Schools	La Habra Schools	N. OC Community College	Placentia Yorba Linda Schools	Metro Water District
2005-06	1.0000	0.04121	0.05255	0.02436	0.01751	0.01988	0.01666	0.02751	0.00520
2006-07	1.0000	0.03854		0.02183	0.01495		0.01444	0.02650	0.00470
2007-08	1.0000	0.03788	0.06060	0.02241	0.01743	0.01916	0.01502	0.02950	0.00450
2008-09	1.0000	0.03831	0.04611	0.02270	0.01444	0.01936	0.01493	0.04764	0.00430
2009-10	1.0000	0.04085	0.05810	0.02285	0.01768	0.02168	0.01662	0.06166	0.00430
2010-11	1.0000	0.04280	0.06108	0.02426	0.01851	0.02301	0.01758	0.05804	0.00370
2011-12	1.0000	0.03710	0.08049	0.02367	0.01851	0.02320	0.01742	0.05846	0.00370
2012-13	1.0000	0.04239	0.08240	0.02365	0.01809	0.02644	0.01902	0.06203	0.00350
2013-14	1.0000	0.03971	0.08468	0.02470	0.01662	0.02746	0.01704	0.06525	0.00350
2014-15	1.0000	0.03721	0.05279	0.02528	0.04793	0.02612	0.01704	0.05822	0.00350

Source: Orange County Assessor Tax Rate Table

City of Fullerton
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2014-2015			2004-2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kimberly-Clark Worldwide	\$ 186,283,698	1	1.13 %	\$ -	-	-
Sommerville-Conzelman Company	106,257,202	2	0.64	-	-	-
Hughes Drive Acquisitions Partners LLC	99,482,338	3	0.60	-	-	-
University House Fullerton LLC	83,740,661	4	0.51	-	-	-
Corecare III	82,179,292	5	0.50	-	-	-
RREEF America REIT II Corporation	80,874,647	6	0.49	-	-	-
La Villita-La Costa Apartments LP	72,150,138	7	0.44	-	-	-
Fullerton LLC	61,569,080	8	0.37	-	-	-
Breitburn Energy	60,550,324	9	0.37	-	-	-
Amerige Heights Apartments LLC	59,177,166	10	0.36	-	-	-
Kimberly Clark Worldwide, Inc.	-	-	-	145,928,972	1	1.67 %
Beckman Instruments Inc.	-	-	-	72,173,255	2	0.83
Corecare III	-	-	-	68,554,540	3	0.78
RREEF America REIT II Corporation	-	-	-	67,911,925	4	0.78
Orangefair Company, LLC	-	-	-	34,851,202	5	0.40
CT Retail Properties	-	-	-	34,364,102	6	0.39
Oasis Residential	-	-	-	31,759,985	7	0.36
SCCO College Properties, Inc.	-	-	-	27,822,454	8	0.32
Haven Hills Apartments, LLC	-	-	-	23,624,228	9	0.27
William G. Sommerville	-	-	-	19,240,510	10	0.22
	<u>\$ 892,264,546</u>		<u>5.41%</u>	<u>\$ 526,231,173</u>		<u>6.02%</u>

Source: Orange County Assessment Rolls and HdL Companies
Excludes government and tax-exempt property owners

City of Fullerton
Secured Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year ended June 30	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
	Total Tax Levy	Amount	% of Levy		Amount	% of Levy
2006	\$ 16,203,272	\$ 15,861,219	97.89	\$ 202,065	\$ 16,063,284	99.14
2007	17,743,439	17,171,704	96.78	354,473	17,526,177	98.78
2008	19,066,871	18,356,469	96.27	616,358	18,972,827	99.51
2009	19,678,775	18,942,358	96.26	674,503	19,616,861	99.69
2010	19,418,256	18,886,850	97.26	451,544	19,338,394	99.59
2011	19,555,934	19,085,309	97.59	311,715	19,397,024	99.19
2012	19,796,510	19,271,553	97.35	297,343	19,568,896	98.85
2013	19,978,708	19,625,807	98.23	209,533	19,835,340	99.28
2014	20,444,654	20,167,631	98.65	170,860	20,338,491	99.48
2015	21,759,590	21,412,516	98.40	N/A	21,412,516	98.40

Source: Orange County Auditor/Controller
Property tax totals are net of 1915 act bond assessment district levies.

City of Fullerton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	% of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Capital Leases	Section 108 Loans	Revenue Bonds	Capital Leases	Construction Loan			
2005-06	\$ 111,231	\$ 4,994	\$ 7,000	\$ 8,565	\$ -	\$ 7,553	\$ 139,343	3.81%	1,021
2006-07	107,518	4,166	6,500	8,400	-	7,132	133,716	3.06%	973
2007-08	104,036	6,901	6,000	8,230	-	6,959	132,126	3.13%	961
2008-09	100,243	5,637	5,500	8,055	-	6,464	125,899	3.06%	915
2009-10	96,387	3,119	5,000	7,875	-	5,763	118,144	2.78%	859
2010-11	121,116	2,165	4,500	7,690	100	5,270	140,841	3.36%	1,042
2011-12	-	1,283	4,000	10,115	60	4,758	20,216	0.48%	147
2012-13	-	970	3,500	9,820	24	4,225	18,539	0.45%	134
2013-14	6,990	717	3,000	9,230	-	2,969	22,906	NYA	163
2014-15	6,725	453	2,500	8,940	-	2,523	21,141	NYA	150

(2)

Note: Details regarding the outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

(2) The Redevelopment Agency was dissolved on February 1, 2012.

NYA = Not Yet Available

City of Fullerton
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2015

(in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Orange County and Fullerton School Districts	\$ 79,243	¹ .51 %	\$ 404
Subtotal, overlapping debt			<u>\$ 404</u>
City of Fullerton direct debt			<u>23,436</u>
Total direct and overlapping debt			<u><u>\$ 23,840</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is born by the residents and businesses of the City of Fullerton. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden born 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.

¹ The percentage of overlapping debt applicable is estimated using net taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

City of Fullerton
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in Thousands)

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 1,830,841	\$ 1,976,307	\$ 2,125,791	\$ 2,204,570	\$ 2,093,591
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,830,841</u>	<u>\$ 1,976,307</u>	<u>\$ 2,125,791</u>	<u>\$ 2,204,570</u>	<u>\$ 2,093,591</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2014-15

Assessed value	\$ 15,409,041
Add back: exempt real property	-
Total Assessed Value	<u>\$ 15,409,041</u>
Debt limit (15% of total assessed value)	\$ 2,311,356
Debt applicable to limit:	<u>-</u>
Legal debt margin	<u><u>\$ 2,311,356</u></u>

Note: Under state finance law, the City of Fullerton's outstanding general obligation debt should not exceed 15 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.

(1) Net Taxable Value was used for the calculation rather than Assessed Value as in previous years.

City of Fullerton
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in Thousands)

Fiscal Year				
2011 (1)	2012 (1)	2013 (1)	2014 (1)	2015 (1)
\$ 2,063,064	\$ 2,088,770	\$ 2,112,315	\$ 2,184,298	\$ 2,311,356
-	-	-	-	-
\$ 2,063,064	\$ 2,088,770	\$ 2,112,315	\$ 2,184,298	\$ 2,311,356
0%	0%	0%	0%	0%

City of Fullerton
Revenue Bond Coverage
2015 Water Revenue Refunding Bonds
Current Fiscal Year

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015	\$ 3,913,333	\$ 185,000	\$ 273,786	\$ 458,786	8.53

(1) All water system net revenues, (gross revenue adjusted by operation & maintenance costs).

1996 Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 79,286,057	\$ 485,000	\$ 85,861	\$ 570,861	138.89
2007	84,134,672	515,000	59,282	574,282	146.50
2008	88,746,890	145,000	41,720	186,720	475.29
2009	87,081,097	155,000	33,542	188,542	461.87
2010	69,637,972	165,000	24,660	189,660	367.17
2011	71,000,575	170,000	15,195	185,195	383.38
2012	71,311,364	180,000	5,175	185,175	385.10
2013	N/A	-	-	-	N/A
2014	N/A	-	-	-	N/A
2015	N/A	-	-	-	N/A

(1) Total revenues for General Fund and Airport Fund.

* 1996 Revenue Bonds were fully retired in FY 12/13

2003 Refunding Certificates of Participation (3)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 12,956,823	\$ 680,000	\$ 236,963	\$ 916,963	14.13
2007	14,158,100	695,000	221,494	916,494	15.45
2008	15,266,855	710,000	204,800	914,800	16.69
2009	15,890,558	730,000	185,888	915,888	17.35
2010	15,886,598	750,000	164,600	914,600	17.37
2011	15,686,568	775,000	140,756	915,756	17.13
2012	10,534,514 (2)	508,800	73,120	581,920	18.10
2013	-	825,000	84,869	909,869	0.00
2014	-	850,000	52,400	902,400	0.00
2015	-	885,000	17,700	902,700	0.00

(1) Total Debt Service Fund revenues for Central and East Fullerton Redevelopment Project Areas.

(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.

(3) The Redevelopment Agency was dissolved on February 1, 2012.

City of Fullerton
Revenue Bond Coverage
1999 Refunding Revenue Bonds (2)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 9,858,504	\$ 395,000	\$ 171,601	\$ 566,601	17.40
2007	10,486,035	410,000	156,789	566,789	18.50
2008	10,866,308	425,000	141,414	566,414	19.18
2009	10,994,331	445,000	124,414	569,414	19.31
2010	11,679,487	460,000	106,614	566,614	20.61
2011	12,880,794	480,000	87,754	567,754	22.69
2012	N/A	-	-	-	N/A
2013	N/A	-	-	-	N/A
2014	N/A	-	-	-	N/A
2015	N/A	-	-	-	N/A

(1) Total Debt Service Fund revenues for Orangefair and East Fullerton Redevelopment Project Areas.

(2) The Redevelopment Agency was dissolved on February 1, 2012.

(3) The 1999 Refunding Revenue Bonds were fully retired in FY 11/12

1998 Refunding Revenue Bonds (3)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 12,956,823	\$ 548,374	\$ 972,563	\$ 1,520,937	8.52
2007	14,158,100	551,434	999,778	1,551,212	9.13
2008	15,266,855	559,146	1,032,116	1,591,262	9.59
2009	15,890,558	610,181	1,095,907	1,706,088	9.31
2010	15,886,598	607,916	1,132,471	1,740,387	9.13
2011	15,686,568	606,296	1,167,841	1,774,137	8.84
2012	10,534,514 (2)	-	381,194	381,194	27.64
2013	-	594,517	1,245,870	1,840,387	0.00
2014	-	597,421	1,285,716	1,883,137	0.00
2015	-	592,167	1,323,221	1,915,388	0.00

(1) Total Debt Service Fund revenues for Central and East Fullerton Redevelopment Project Areas.

(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.

(3) The Redevelopment Agency was dissolved on February 1, 2012.

(4) The bonds were retired in February of 2015.

2004 Water Revenue Certificates of Participation
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 2,798,992	\$ 165,000	\$ 385,513	\$ 550,513	5.08
2007	3,493,164	165,000	382,213	547,213	6.38
2008	3,148,581	170,000	376,275	546,275	5.76
2009	2,216,636	175,000	374,550	549,550	4.03
2010	2,960,072	180,000	369,662	549,662	5.39
2011	3,269,046	185,000	363,956	548,956	5.96
2012	3,655,147	190,000	357,625	547,625	6.67
2013	2,954,820	200,000	350,800	550,800	5.36
2014	3,889,609	200,000	343,550	543,550	7.16
2015	N/A	-	-	-	N/A

(1) All water system net revenues, (gross revenue adjusted by operation & maintenance costs).

(2) The bonds were retired in March of 2014.

City of Fullerton
Revenue Bond Coverage
2005 Tax Allocation Revenue Bonds (3)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 16,120,316	\$ -	\$ 686,571	\$ 686,571	23.48
2007	16,881,560	1,515,000	3,920,842	5,435,842	3.11
2008	18,122,318	1,515,000	3,856,602	5,371,602	3.37
2009	18,656,176	1,630,000	3,794,961	5,424,961	3.44
2010	19,314,711	1,575,000	3,735,471	5,310,471	3.64
2011	18,251,819	1,595,000	3,672,986	5,267,986	3.46
2012	10,534,514 (2)	1,635,000	1,874,135	3,509,135	3.00
2013	-	1,675,000	3,517,230	5,192,230	0.00
2014	-	1,735,000	3,438,852	5,173,852	0.00
2015	-	1,765,000	3,362,661	5,127,661	0.00

- (1) Total Debt Service Fund revenues for Orangefair, Central, and East Fullerton Redevelopment Project Areas.
(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.
(3) The Redevelopment Agency was dissolved on February 1, 2012.

2005 CRA/ERAF Taxable Revenue Bonds (3)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ 16,120,316	\$ 80,000	\$ 67,450	\$ 147,450	109.33
2007	16,881,560	100,000	50,688	150,688	112.03
2008	18,122,318	100,000	45,256	145,256	124.76
2009	18,656,176	105,000	40,917	145,917	127.85
2010	19,314,711	110,000	36,233	146,233	132.08
2011	18,251,819	115,000	31,185	146,185	124.85
2012	10,534,514 (2)	60,531	12,896	73,427	143.47
2013	-	130,000	20,068	150,068	0.00
2014	-	135,000	13,710	148,710	0.00
2015	-	140,000	7,014	147,014	0.00

- (1) Total Debt Service Fund revenues for Orangefair, Central, and East Fullerton Redevelopment Project Areas.
(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.
(3) The Redevelopment Agency was dissolved on February 1, 2012.

2006 CRA/ERAF Taxable Revenue Bonds (3)
Last Nine Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	\$ 16,881,560	\$ 75,000	\$ 80,812	\$ 155,812	108.35
2008	18,122,318	95,000	61,238	156,238	115.99
2009	18,656,176	100,000	56,152	156,152	119.47
2010	19,314,711	105,000	50,728	155,728	124.03
2011	18,251,819	115,000	45,000	160,000	114.07
2012	10,534,514 (2)	40,659	38,682	79,341	132.78
2013	-	125,000	32,028	157,028	0.00
2014	-	135,000	25,034	160,034	0.00
2015	-	140,000	17,442	157,442	0.00

- (1) Total Debt Service Fund revenues for Orangefair, Central, and East Fullerton Redevelopment Project Areas.
(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.
(3) The Redevelopment Agency was dissolved on February 1, 2012.

City of Fullerton
Revenue Bond Coverage

2010 Tax Allocation Housing Revenue Bonds (2)
Last Five Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2011	\$ 12,880,794		\$ 496,138	\$ 496,138	25.96
2012	10,534,514 (3)	\$ 1,330,000	1,506,628	2,836,628	3.71
2013	-	1,335,000	1,466,652	2,801,652	0.00
2014	-	1,380,000	1,422,478	2,802,478	0.00
2015	-	1,425,000	1,369,828	2,794,828	0.00

- (1) Total Debt Service Fund revenues for Orangefair and East Fullerton Redevelopment Project Areas.
(2) The Redevelopment Agency was dissolved on February 1, 2012.
(3) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.

2010 Lease Revenue Bonds - Series A (2)
Last Five Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2011	\$ 15,686,568		\$ 66,956	\$ 66,956	234.28
2012	10,534,514 (3)	\$ -	95,863	95,863	109.89
2013	-	95,000	191,726	286,726	0.00
2014	-	100,000	185,550	285,550	0.00
2015	-	105,000	179,050	284,050	0.00

- (1) Total Debt Service Fund revenues for Central and East Fullerton Redevelopment Project Areas.
(2) The Redevelopment Agency was dissolved on February 1, 2012.
(3) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.

2010 Lease Revenue Bonds - Series B (3)
Five Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2011	\$ 15,686,568	\$ 410,000	\$ 23,451	\$ 433,451	36.19
2012	10,534,514 (2)	420,000	26,400	446,400	23.60
2013	-	440,000	36,000	476,000	0.00
2014	-	460,000	18,400	478,400	0.00
2015	N/A	-	-	-	N/A

- (1) Total Debt Service Fund revenues for Central and East Fullerton Redevelopment Project Areas.
(2) 2012 information calculated through January 31, 2012, due to the dissolution of the Redevelopment Agency on 2/1/12.
(3) The Redevelopment Agency was dissolved on February 1, 2012.
(4) The bonds were fully retired in May of 2014.

City of Fullerton
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)*	Unemployment Rate (3)
2006	136,428	\$ 3,659,681	\$ 26,825	4.0%
2007	137,367	4,373,628	31,839	3.9%
2008	137,437	4,224,059	30,865	5.0%
2009	137,624	4,110,478	29,903	8.1%
2010	137,459 (4)	4,256,693	30,967	10.9%
2011	135,468	4,196,121	30,975	10.3%
2012	137,481	4,193,583	30,503	9.2%
2013	138,251	4,135,502	29,913	7.6%
2014	140,131	NYA	NYA	7.1%
2015	141,042	NYA	NYA	5.6%

Sources:

- (1) State of California - Department of Finance
- (2) U.S. Dept. of Commerce - Bureau of Economic Analysis
- (3) U.S. Dept. of Labor - Bureau of Labor Statistics
- (4) 2010 Census

*Based on Orange County personal income data.

NYA = Not Yet Available

City of Fullerton
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2015</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment*</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
California State University, Fullerton	3,450	1	5.34%	2,900	1	4.49%
Raytheon Systems Co.	1,320	2	2.04%	1,400	3	2.17%
Fullerton School District	1,300	3	2.01%	1,350	4	2.09%
Fullerton College	1,235	4	1.91%	1,000	6	1.55%
St. Jude Medical Center	1,000	5	1.55%	2,200	2	3.41%
Albertsons Regional Office	950	6	1.47%	800	9	1.24%
Fullerton Joint Union High School District	870	7	1.35%	1,000	7	1.55%
Alcoa Fastening Systems	750	8	1.16%	870	8	1.35%
City of Fullerton	631	9	0.98%			
St. Jude Heritage Health	604	10	0.94%			
Beckman Coulter Inc.				1,250	5	1.94%
Foxconn				600	10	0.93%
Total	<u>12,110</u>		<u>18.75%</u>	<u>13,370</u>		<u>20.72%</u>

*Based upon U.S. Census Bureau's American Community Survey's estimate of 64,591 residents employed

Source: A to Z Databases from Fullerton Public Library

City of Fullerton and Fullerton Redevelopment Agency
 Full-Time Equivalent City Employees by Function (1)
 Last Ten Fiscal Years

Department	2005-06 Total Positions	2006-07 Total Positions	2007-08 Total Positions	2008-09 Total Positions	2009-10 Total Positions	2010-11 Total Positions	2011-12 Total Positions
City Council	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager	8.2	8.6	8.7	9.0	9.0	6.8	8.0
City Clerk*							
Administrative Svcs.	35.1	38.3	41.3	41.3	41.3	38.7	39.0
Human Resources	9.5	10.4	10.1	10.1	10.7	9.2	9.7
Fire	93.0	94.0	95.5	95.5	95.0	92.0	92.0
Police	222.6	231.0	235.0	235.0	234.0	213.0	213.0
Community Dev.	43.0	38.0	38.0	38.0	37.0	31.0	31.0
Engineering	31.0	42.5	40.5	41.0	41.0	34.0	35.0
Maintenance Svcs.	161.5	163.5	175.5	175.5	177.5	157.0	159.0
Public Works							
Parks & Recreation	29.2	30.1	30.5	30.5	29.0	25.0	26.0
Library	28.2	29.9	30.4	30.4	30.4	25.4	25.4
Redevelopment**	6.0	7.0	7.0	7.0	7.0	7.0	0.0
<i>Subtotal</i>	673.3	699.3	718.5	719.3	717.9	645.1	644.1
Part-Time Hours	173,901	171,806	190,334	188,794	199,748	166,922	193,766
Full-Time Equivalents	83.6	82.6	91.5	90.8	96.0	80.3	93.2
TOTAL POSITIONS	756.9	781.9	810.0	810.1	813.9	725.4	737.3

*Effective 2003-04 the City Clerk and City Manager Departments combined as one department.

** Effective 1/31/2012 the Redevelopment Agency was dissolved and positions were moved to other departments.

*** The Engineering and Maintenance Services Departments are now merged into the Public Works Department.

(1) Source: City of Fullerton Budget

City of Fullerton and Fullerton Redevelopment Agency
 Full-Time Equivalent City Employees by Function (1)
 Last Ten Fiscal Years

2012-13 Total Positions	2013-14 Total Positions	2014-15 Total Positions
6.0	6.0	6.0
7.0	6.5	6.5
37.3	32.3	33.0
8.7	8.9	8.9
90.0	90.0	92.0
214.0	210.0	211.0
27.0	27.0	29.0
35.0		
160.0		
	200.0	199.5
21.0	21.0	22.0
25.4	23.8	23.8
0.0	0.0	0.0
631.4	625.5	631.7
192,762	177,294	177,389
92.7	85.2	85.3
724.1	710.7	717.0

City of Fullerton
 Elementary, High School, and University Enrollment Information (1)
 Last Ten Fiscal Years

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Fullerton Elementary School District	13,890	13,613	13,592	13,450	13,556
Fullerton Joint Union High School District	16,299	16,499	15,212	15,807	14,170
Fullerton College	28,944	19,669	19,669	22,014	22,014
California State University - Fullerton	34,412	35,424	36,018	37,765	32,611
Western State University College of Law	448	390	367	379	419
Southern California College of Optometry	*	385	392	385 *	397
Hope International University	1,384	1,428	1,708 *	1,809	1,980
Total enrollment in Fullerton's schools and universities	95,762	87,415	86,951	91,609	85,147

*Based on average attendance (actual enrollment data is not available)

(1) Sources: California State University, Fullerton College, Western State University College of Law, Southern California College of Optometry, Hope International University Fullerton Elementary and Joint Union High School Districts.

City of Fullerton
 Elementary, High School, and University Enrollment Information (1)
 Last Ten Fiscal Years

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
13,700	13,621	13,830	13,801	13,730
14,260	14,178	14,046	13,969	13,910
22,014	18,890	18,890	18,890	35,335
36,156	37,677	38,325	38,325	38,948
485	525	528	459	376
399	400	400	391	391
<u>1,739</u>	<u>1,824</u>	<u>1,694</u>	<u>2,011</u>	<u>1,420</u>
88,753	87,115	87,713	87,846	104,110

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

Function:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Police					
Calls dispatched	91,600	41,029	40,163	48,596	53,339
Crime reports	13,700	11,601	18,652	18,302	16,924
Moving citations	9,900	14,255	9,608	18,078	26,233
Parking citations	61,300	60,352	32,347	63,050	51,465
Fire					
Unit responses	13,137	13,145	13,917	13,796	13,781
Medical calls	7,682	9,803	8,184	8,283	8,222
Annual fire inspections	5,706	3,502	4,734	3,480	3,954
Water					
Number of customer accounts	31,500	31,360	32,202	31,500	31,546
Average daily consumption (millions of gallons)	28.1	28.6	26.8	28.0	23.0
Water samples taken	4,960	3,100	6,569	5,100	4,563
Sewers					
Feet of sewer mains root cut/ chemically treated	87,949	113,218	218,151	220,563	266,265
Number of chemically or mechanically treated sewer laterals	1,456	1,474	2,357	2,251	1,764
Traffic and General Engineering					
Traffic signals maintained	145	146	147	147	147
Infrastructure improvement projects administered	79	74	82	71	83
Private development plans reviewed	950	950	1,331	1,059	585
Maintenance					
Square ft. graffiti removal	439,971	438,000	655,270	677,010	665,735
Street sweeping miles	34,029	38,529	37,633	36,324	36,352
Trees pruned per year	13,044	11,529	12,128	14,955	14,105
Culture and Recreation					
Park event attendance	33,154	25,570	13,129	12,100	12,100
Independ/ Park /Comm. Ctr. participants	61,425	60,000	54,322	60,000	60,000
Fullerton Museum Center attendance	21,378	26,000	24,898	28,000	28,000

Sources: City of Fullerton Budget Division and various City departments

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
43,581	44,755	46,762	47,292	48,637
15,359	15,321	16,233	16,645	16,925
24,668	9,788	5,440	5,350	5,212
48,077	39,917	28,658	35,371	35,551
14,516	12,043	16,108	11,646	17,500
9,403	6,595	6,993	9,494	8,201
4,650	4,336	5,578	4,700	4,205
31,547	31,600	31,577	31,544	31,795
22.2	22.8	23.8	25.4	22.9
4,650	4,143	4,300	2,554	4,439
245,261	276,144	408,144	249,744	209,009
2,031	1,737	1,722	2,600	2,166
148	150	151	151	150
70	65	86	96	60
857	767	933	1,038	2,695
538,606	392,022	370,166	403,016	344,120
35,582	36,837	36,030	38,399	40,504
13,000	13,000	13,000	13,542	13,500
12,100	12,100	28,000	29,500	39,500
60,000	60,000	130,500	152,000	152,000
28,000	21,145	15,000	23,987	23,987

City of Fullerton
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function:	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Public Safety					
Police stations	1	1	1	1	1
Number of patrol units	31	31	31	31	36
Fire stations	6	6	6	6	6
Number of ladder trucks	2	2	2	1	2
Number of fire engines	9	10	9	6	9
Highways and streets					
Miles of streets	275.66	275.66	275.66	285.00	275.6
Traffic Signals	145	145	147	147	147
Streetlights	7,283	7,283	7,261	7,263	7,263
Water					
Number of water wells	12	11	11	11	11
Number of reservoirs	15	15	15	15	15
Miles of lines & mains	426	426	426	430	429
Sewer					
Miles of sanitary sewers	310.00	304.00	311.00	325.00	312.00
Miles of storm drains	68.14	68.14	68.14	70.68	71.21
Culture and Recreation					
Number of recreation and cultural facilities	67	55	67	67	67
Number of acres for above	678	683	683	741	683
Number of libraries	2	2	2	2	2
Number of library books	286,000	355,771	357,700	351,580	351,580

Sources: City of Fullerton Budget Division and various City departments

City of Fullerton
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
1	1	1	1	1
36	26	26	30	31
6	6	6	6	6
2	2	2	2	2
10	10	11	11	11
290.7	290	290	290	290
148	150	150	151	150
7,263	7,263	7,263	7,275	7,275
11	11	11	11	11
15	15	15	15	15
420	422	420	423	423
321.00	325.00	324.00	320.00	322.40
71.21	71.20	71.20	71.20	71.20
67	67	67	67	67
683	683	683	683	683
2	2	2	2	2
241,058	241,058	241,058	241,058	210,597

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