

**City of Fullerton**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2018**



CITY OF FULLERTON, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY THE FINANCE DEPARTMENT

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## OFFICE OF THE CITY MANAGER

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December 10, 2018

The Honorable City Council  
Fullerton, California

We are pleased to present the 2017-18 Comprehensive Annual Financial Report (CAFR) to the City Council. This report is intended to update the City Council and citizens of Fullerton on the status of the City's financial position, results of operations for the past fiscal year, and has been prepared in compliance with all requirements of the Governmental Accounting Standards Board (GASB).

The City of Fullerton's financial statements were 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, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, 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, 2018 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP provides that management deliver 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.

The independent audit of the financial statements of the City of Fullerton is also part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies as required by the Federal Single Audit Act. 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.



## ECONOMIC CONDITION AND OUTLOOK

Fullerton is located in northwestern Orange County, approximately 25 miles southeast of downtown Los Angeles. 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. Encompassing 22.4 square miles, the City has a population of 144,214, ranking it the 41<sup>st</sup> largest in the State and the 7<sup>th</sup> largest 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. Effective November 2018, City Council members will begin to be elected by district, with new representatives in Districts 3 and 5. Services provided by the City include police and fire protection, community development, water and sanitation services, construction and maintenance of streets and infrastructure, recreational and cultural services, and an airport.

The County's unemployment rate of 3.2% continues to rank below the State and National average. Major employers in Fullerton include California State University, Fullerton, Fullerton Community College, St. Jude Hospital, Raytheon Systems Company, and Arconic 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 60,000 students.

Fullerton maintains a diversified tax base consisting of residential, commercial and industrial properties. The economy continues to grow moderately since the Great Recession, although expenditures continue to outpace revenues due in large part to increasing pension costs. The City, mindful that economic growth and business retention is critical to its future, is developing a long-range strategic plan and implementing a higher degree of fiscal accountability for achieving financial stability.

## FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse, and for compiling sufficient reliable information for the preparation of the City of Fullerton's financial statements in conformity with 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. Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Budgetary Controls: 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.

Financial Policies: To ensure that adequate funds be reserved for potential contingencies such as economic uncertainties or emergencies that might threaten the health, safety and welfare of the community, the City Council established a policy requiring a minimum of ten percent (10%) of General Fund expenditures be set aside as assigned reserves. As of June 30, 2018, the City's General Fund balance totaled \$14.3 million, representing 16% of total expenditures. Of that amount, \$8.9 million, or 10%, was assigned for contingencies in accordance with existing policy.

An updated and comprehensive set of high level City-wide financial policies based on the Government Finance Officers' Association of the United States and Canada (GFOA) best practices has been developed by staff and will be presented to the City Council for review and approval during the current fiscal year. These policies will be incorporated into the annual budget process so that they are reviewed and reaffirmed on an annual basis.

Long-Term Financial Planning: To assist in development and monitoring of the financial plan, staff maintains a five-year forecast which is used as a decision-making tool and is adopted as part of the budget process. As costs increase and funding sources fluctuate, this model helps to reprioritize goals and objectives. The City introduced an expanded twenty-year financial forecast during the past fiscal year and continues to refine that process so that impacts of near-term financial decisions on long-term finances is understood. Additionally, the City maintains a five-year Capital Improvement Plan. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. Additionally, the City Council approved the award of contracts to begin the development of a water master plan and a facilities master plan. These plans give City Council members an expanded opportunity to set policy and provide direction for implementation, resulting in improved management efficiency and improved financial results.

## MAJOR INITIATIVES

The City Council initiated a strategic planning process during the fiscal year and identified three strategic priority policy statements: 1.) fiscal and organizational stability, 2.) public safety, and 3.) infrastructure and City assets. These strategic priority policy statements were more specifically defined through tactical goals and objectives that will ensure success towards achieving the established policy statement.

### Fiscal and Organizational Stability

Fiscal and organizational stability objectives and goals included implementing financial stability for the general fund and establishing organizational stability through organizational reviews, fostering a positive and productive workplace, and improvement of the employee performance review process.

The fiscal year 2018-19 general fund budget was prepared and adopted in a structurally balanced manner where ongoing revenues were equal to ongoing expenditures. It will take continued effort from all internal and external stakeholders to maintain a balanced general fund budget into the future while maintaining appropriate service levels. The long-term unfunded liability of the City's pension obligation continues to be a focus and a significant factor in all financial decision-making processes. The City successfully reduced pension costs for Executives, Confidential and Management employees and continues to work towards pension cost reductions through labor negotiations, supporting legislative actions, CalPERS engagement, continuously monitoring CalPERS investment performance and actuarial information, and review of innovative new best practices as they arise.

Organizational reviews of the Public Works and Community Development Departments were initiated during the fiscal year and are nearing completion. These reviews are intended to identify measures that may be employed to ensure public services are provided in the most effective and efficient manner. Employee-centered activities during the fiscal year included increased and improved support of employee activities, including recognition programs, monthly City Manager brown bag lunches, and holiday receptions. Improvements to the timeliness and process of the employee evaluation process have been drafted and will be implemented to coordinate all non-safety employee evaluations by the end of the fiscal year.

### Public Safety

The primary public safety goal and objective includes the recruitment and retention of public safety personnel. The police and fire departments and their employees are committed to providing the highest quality service possible and it is important for the City to recruit and retain these valuable assets of the City. The City Council and City Management have engaged public safety personnel through various means during the year to brainstorm and develop viable solutions to recruiting and retaining the highest qualified candidates available in an employment market that is extremely competitive. These discussions will continue this year and are expected to result in ensuring the public safety departments are fully staffed.

### Infrastructure and City Assets

Goals and objectives to improve infrastructure and city assets included a review and plan for improving the City's Pavement Condition Index (PCI), performing analysis and development of a City facilities master plan, and developing plans and regulations to enhance Downtown Fullerton (the "Downtown Game Plan").

The Roadway Pavement Management Program (PMP) update was prepared during the fiscal year and shows the City's current projected Pavement Condition Index (PCI) rating is 64.7, an increase from 61.6 in 2016. In addition, the PMP update projects the PCI rating will increase to 67.7 in FY 2019-20 based on the current and projected CIP funding. The PMP update then projects a reduction of the PCI rating back to 64.3 in FY 2024-25 based on a projected annual funding level of approximately \$4.5 million. An additional \$1.5 million of additional annual funding is required to maintain the PCI rating at 67.7, with additional funding levels resulting in further increased PCI ratings. The City continues to seek additional funding for further improvements through several measures including: 1) grant funding 2) advocacy for current funding allocation methodologies to be revised more equitably 3) use of future one-time revenues and/or cost savings and (4) other revenue enhancements to increase pavement improvements.

A facilities master plan will be developed this year with the assistance of an expert consultant. The plan will identify deferred maintenance and infrastructure needs so that improvements may be included in the ongoing maintenance and capital improvement program.

The Downtown Fullerton Game Plan is a multi-pronged approach to achieve a shared, desired outcome for the Downtown by improving public safety, facilitating successful businesses, creating attractive public and private spaces, and maintaining a positive reputation and perception. The parking and restaurant portions of the Game Plan were initiated this year and continue to move forward towards implementation.

Additional Transparency Initiatives

Several transparency initiatives were implemented during the year. The City prepared and published its first Popular Annual Financial Report (PAFR). The City's first PAFR was submitted to the Government Finance Officers' Association (GFOA) Award program to ensure it was prepared in accordance with the GFOA's recommended best practices regarding content, format, and publication. The City also engaged the OpenGov transparency platform as a means of providing more real time and graphics rich budgetary information to internal and external stakeholders alike. The OpenGov platform will continue to be developed to include additional non-financial information that may be of interest to the City's stakeholders.

AWARD

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fullerton, California, for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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 Fiscal Services Manager Claire Moynihan and Accounting Supervisor Sylvina Kho. We also wish to extend our appreciation to the Mayor and City Council for their leadership and support in providing sound financial guidance to the Fullerton Community.

Respectfully submitted,



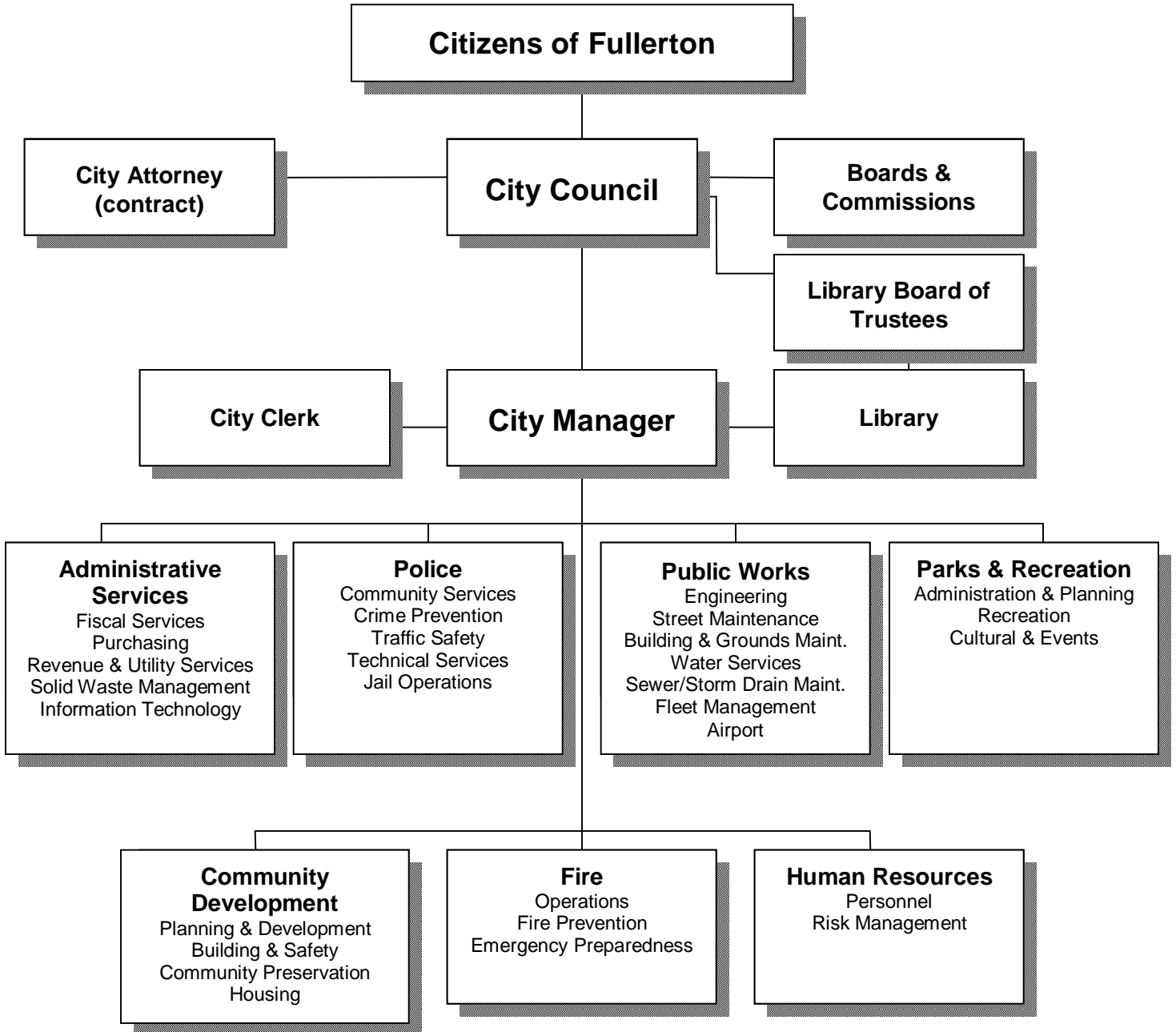
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Kenneth A. Domer  
City Manager



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Michael B. O'Kelly  
Director of Administrative Services



# CITY OF FULLERTON CALIFORNIA

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018



Jesus Silva, Mayor - District 3

Jennifer Fitzgerald  
Bruce Whitaker  
Ahmad Zahra  
Vacant

Mayor Pro Tem - At Large  
Council Member - At Large  
Council Member - District 5  
Council Member - At Large

Kenneth A. Domer, City Manager

Michael B. O'Kelly  
Vacant  
Gretchen Beatty  
Ted White  
Wolfgang Knabe  
Robert Dunn  
Judy Booth  
Hugo Curiel

Director of Administrative Services  
Director of Public Works  
Director of Human Resources  
Director of Community Development  
Fire Chief  
Interim Chief of Police  
Library Director  
Parks & Recreation Director



Government Finance Officers Association

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

Presented to

**City of Fullerton  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO





## 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 18 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, Park Dwelling Funds, Grants Administration Fund, and the Housing Fund, the schedule of changes in net pension liability and related ratios, the schedule of contributions, and the schedule of changes in OPEB liability and related ratios, 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 10, 2018 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.

*Lance, Solt & Lughard, LLP*

Brea, California  
December 10, 2018

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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, 2018. The City encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal found on page i of this report.

### Financial Highlights

- The City's net position totaled \$414.7 million at June 30, 2018, representing a decrease of \$8.0 million over the previous fiscal year due to increased pension and other post-employment benefit (OPEB) liabilities. Of the total net position, \$530.9 million is invested in capital assets (net of related debt), while \$39.6 million is restricted for specific governmental operations, leaving -\$155.8 million as unrestricted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$2.4 million in comparison with the prior year. This is primarily due to increased property tax revenues and one-time revenue related to the sale of property. The General Fund reflects assigned fund balance of \$9 million, which compares to committed fund balance the previous year of \$9.1 and an unassigned fund balance of \$5 million for a combined total of \$14.3 million, representing an increase of \$3.6 million over the previous fiscal year. In addition to increased revenues, the city has experienced some savings in salaries because of higher vacancy rates as a result of a higher level of scrutiny in filling positions.
- Long-term debt increased by \$52.1 million in fiscal year 2017-18 due to additional net pension and OPEB liabilities.
- Capital assets increased by \$26.7 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, and Housing Authority. 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. The funds of the City are 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 Park Dwelling Special Revenue Fund; the Grants Administration Special Revenue Fund; the Housing Special Revenue Fund and the City Capital Projects Fund, all of which are considered major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report.

For Fiscal year 2017-18, the city changed from a biannual appropriated budget to an annual budget for the General Fund. A budgetary comparison schedule is 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 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 \$414.7 million at the close of the most recent fiscal year. The City's net position decreased by \$8.0 million from the previous year due to the increased pension and OPEB costs as previously discussed. Tempering the impact of the increased benefit costs were increases in capital assets and deferred outflows.

#### Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$141,148	\$141,833	\$39,148	\$33,941	\$180,296	\$175,774
Capital assets	432,898	410,767	111,812	107,201	544,710	517,968
Total assets	574,046	552,600	150,960	141,142	725,006	693,742
Deferred Outflows	48,278	37,159	3,825	5,125	52,103	42,284
Long-term liabilities	301,538	252,424	27,130	24,174	328,668	276,598
Other liabilities	18,113	19,561	9,947	7,598	28,060	27,159
Total liabilities	319,651	271,985	37,077	31,772	356,728	303,757
Deferred Inflows	5,234	7,012	418	2,586	5,652	9,598
Net position:						
Net investment in capital assets	428,099	406,560	102,771	97,142	530,870	503,702
Restricted	39,316	27,704	298	276	39,614	27,980
Unrestricted	(169,976)	(123,501)	14,223	14,490	(155,753)	(109,011)
Total net position	\$297,439	\$310,763	117,292	\$111,908	414,731	\$422,671



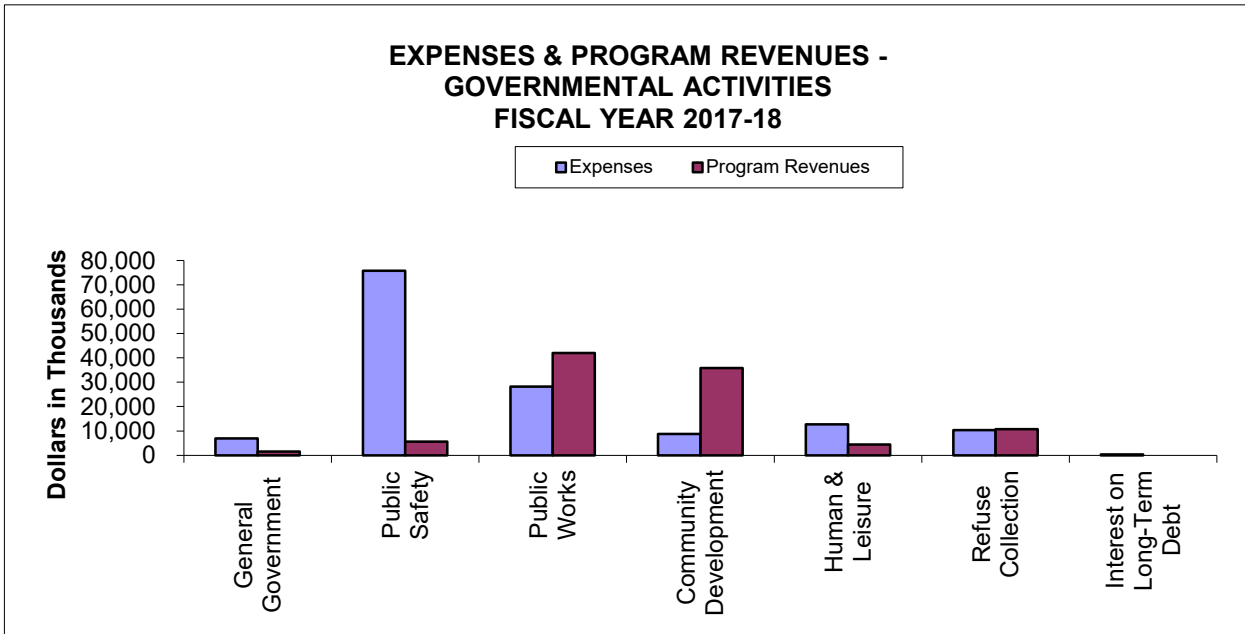
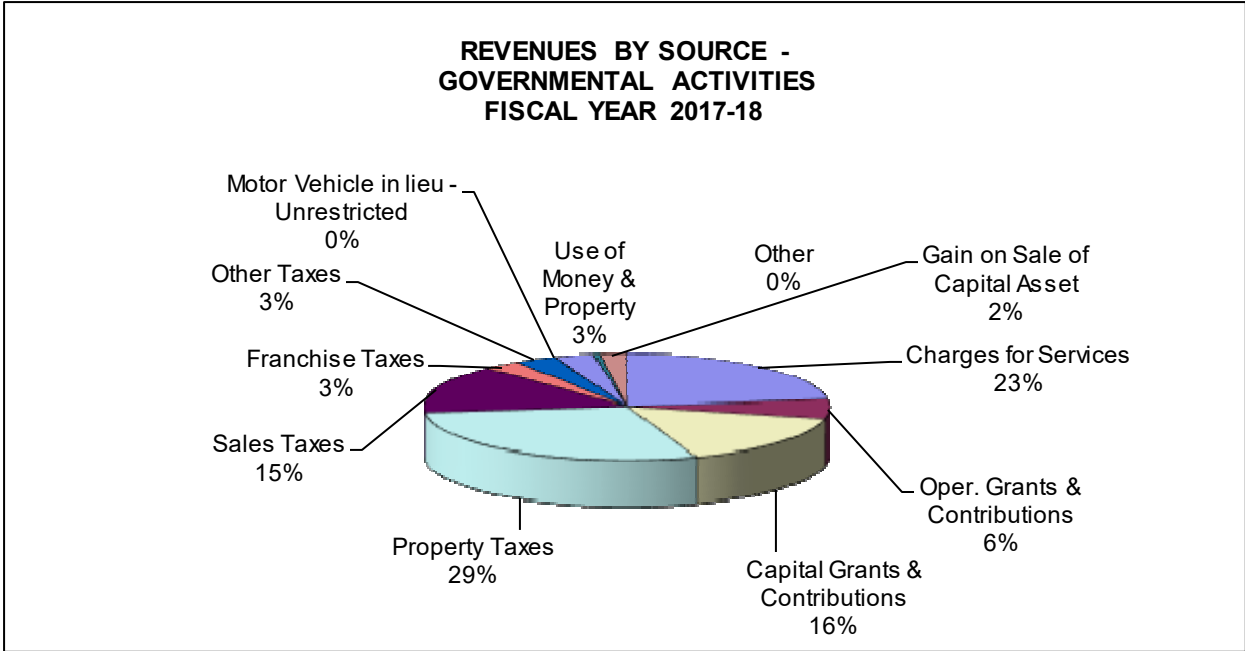
## Changes in Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$33,419	\$33,779	\$44,560	\$40,853	\$77,979	\$74,632
Operating grants and contributions	8,897	13,748			8,897	13,748
Capital grants and contributions	23,180	22,761	189	1,417	23,369	24,178
<b>General revenues:</b>						
Property taxes	42,146	39,738	98	110	42,244	39,848
Sales taxes	21,834	21,456			21,834	21,456
Franchise taxes	4,336	4,181			4,336	4,181
Other taxes	4,829	4,940			4,829	4,940
Motor vehicle in lieu – unrestricted	75	64			75	64
Use of Money & Property	4,594	3,976	40	38	4,634	4,014
Other	729	1,804	166	117	895	1,201
Gain on sale of capital asset	3,150				3,150	
<b>Total revenues</b>	<b>147,189</b>	<b>145,727</b>	<b>45,053</b>	<b>42,535</b>	<b>192,242</b>	<b>188,262</b>
<b>Expenses:</b>						
General government	6,862	1,594			6,862	1,594
Public safety	75,773	65,249			75,773	65,249
Public works	28,183	26,948			28,183	26,948
Community development	8,761	6,686			8,761	6,686
Human and leisure	12,670	11,670			12,670	11,670
Refuse collection	10,394	10,384			10,394	10,384
Interest on long-term debt	358	378			358	378
Water utility			30,290	27,268	30,290	27,268
Airport			1,667	1,525	1,667	1,525
Parking facilities			45	28	45	28
Brea Dam recreational facilities			2,770	2,857	2,770	2,857
Sewer enterprises			3,735	3,495	3,735	3,495
CNG			274	396	274	396
<b>Total expenses</b>	<b>143,001</b>	<b>122,909</b>	<b>38,781</b>	<b>35,569</b>	<b>181,782</b>	<b>158,478</b>
Change in net position before transfers	4,188	22,818	6,272	6,966	10,460	29,784
Transfers	(290)	(36)	290	36		
Change in net position	3,898	22,782	6,562	7,002	10,460	29,784
Net position - beginning	310,763	287,981	111,908	104,906	422,671	392,887
Restatement of net position	(17,222)		(1,178)		(18,400)	
<b>Net position - ending</b>	<b>\$297,439</b>	<b>\$310,763</b>	<b>\$117,292</b>	<b>\$111,908</b>	<b>\$414,731</b>	<b>\$422,671</b>

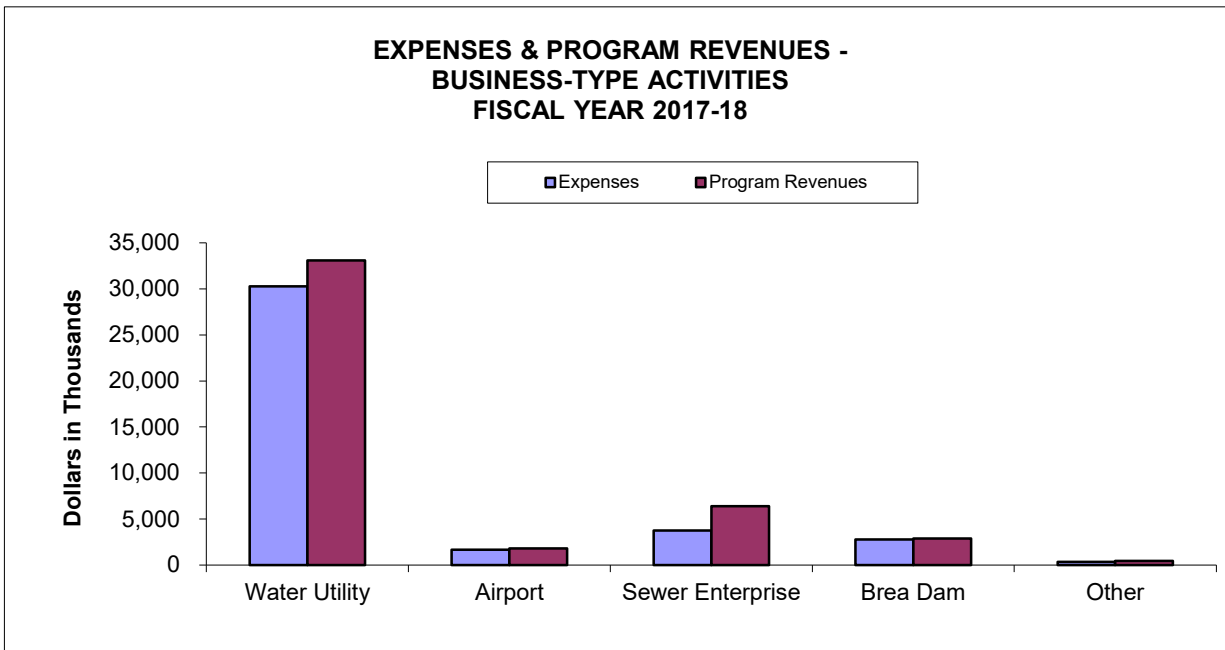
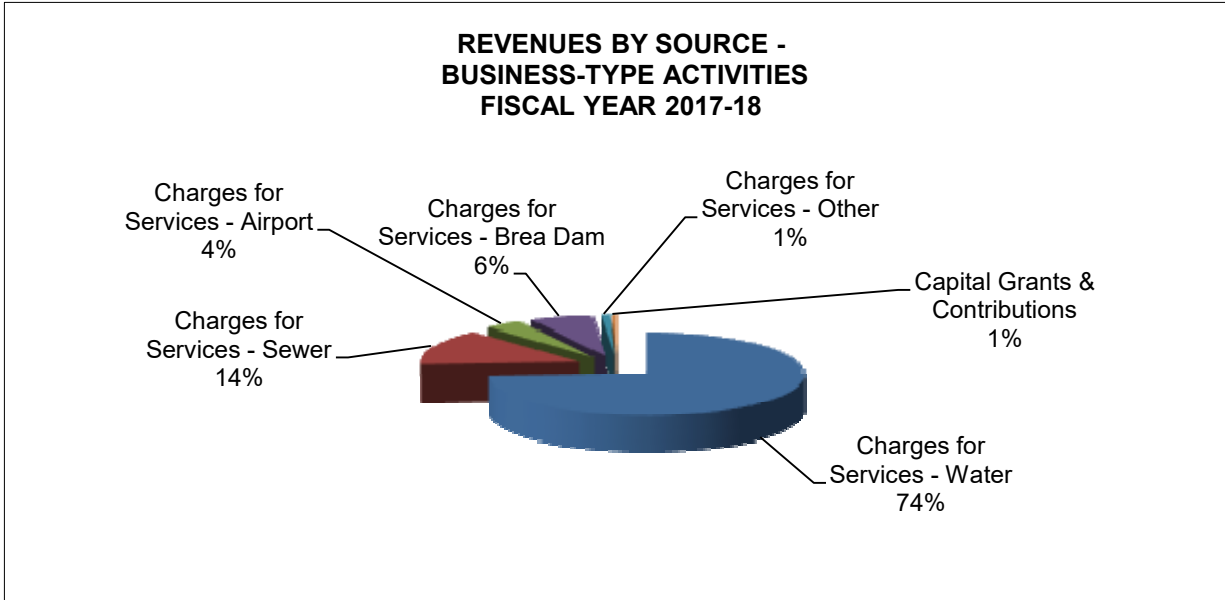
**Governmental activities.** The net position for governmental activities increased by \$3.9 million over the prior year.

Total revenues reflect an increase of \$1.5 million from the prior year; mostly due to increased property taxes.

Total expenses increased by \$20.1 million from the prior year. Significant contributors to the increase related to higher pension and OPEB costs, as well as additional costs for the Fire/Police/Public Works 800 MHz partnership.



**Business-type activities.** The Business-type activities reported an increase in net position of \$5.4 million for 2018, including restatements. Revenues reflect an increase of \$2.5 million, and expenses show an increase of \$3.2 million as water consumption increases and maintenance projects resume as the City and State recover from the severe drought.



**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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As mentioned previously in this discussion, the City's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$2.4 million in comparison with the prior year. Of that total, \$289,647 is nonspendable because it represents inventory and prepaid costs; \$39.3 million represents monies legally restricted by external agencies for debt service and specific programs or projects, and \$9 million represents funds assigned by the City Council for contingency reserve.

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 \$14.3 million. Of that amount, \$9 million was assigned 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 \$5 million is unassigned. Revenues totaled \$89.9 million, while expenditures totaled \$89.9 million, essentially resulting in a structural balance.

The Park Dwelling Fund accounts for park in-lieu fees generated by development. At June 30, 2018, this fund reported a fund balance of \$4.8 million with all funds restricted to parks projects.

The Grants Administration Fund reflected a deficit fund balance of -\$171,842 due to unbilled receivables as of June 30, 2018. This total represents a decrease of \$94,594 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 \$16.5 million reflects a decrease from the prior year of \$1.4 million as a result of the loss on disposition of assets.

The Capital Projects fund balance reported a deficit balance of -\$3.2 million; an improvement of \$7.2 million from the prior year. 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; Drainage Capital Outlay; 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 \$13 million at the end of the year: \$7.4 million for the Water Utility Fund, \$1 million for the Airport Fund, \$4.8 million for the Sewer Fund, -\$352,586 for the Brea Dam Fund, and a combined \$60,390 for the parking facilities and CNG funds. The total increase in net position for these funds was \$4.1 million from the prior fiscal year.

**Fiduciary funds.** The City reports five fiduciary funds consisting of four agency funds and one trust fund. The agency funds include the Deposits Contributions Fund which accounts for deposits and other funds held in trust by the City, the Community Facilities District and the Assessment District Funds which account for transactions associated with those Districts, and the OPEB-PARS Fund which accounts for the post-employment benefits. These agency funds have a total of \$2.1 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, 2018 was -\$10.1 million.

## General Fund Budgetary Highlights

The General Fund ended the fiscal year with a fund balance of \$14.3 million, reflecting an increase of \$3.6 million from the prior year. Total revenues increased by \$2.9 million, primarily as a result of increased property taxes and one-time revenue related to the sale of property. Expenditures decreased \$1.5 million over the prior year due to increased vacant positions as a result of increased hiring scrutiny and the region's competitive work force with low unemployment.

## 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, 2018 totaled \$545 million (net of accumulated depreciation), an increase of \$26.7 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 8 of the Notes to the Financial Statements.

### Capital Assets (net of depreciation)

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$52,548	\$52,737	\$9,128	\$9,128	\$61,676	\$61,865
Buildings	71,510	73,313	6,172	6,395	77,682	79,708
Improvements other than buildings	31,235	32,473	46,625	48,005	77,860	80,478
Machinery and equipment	11,946	13,359	1,359	1,338	13,305	14,697
Leasehold improvements			14	23	14	23
Infrastructure	88,712	91,318	37,965	37,905	126,677	129,223
Construction in progress	176,947	147,567	10,550	4,407	187,497	151,974
Total	\$432,898	\$410,767	\$111,813	\$107,201	\$544,711	\$517,968

**Long-term debt.** At the end of the current fiscal year, the City has total long-term debt outstanding of \$329 million, an increase of \$52 million due to additional net pension liability and OPEB obligation. 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	
	2018	2017	2018	2017	2018	2017
Revenue bonds			\$7,530	\$8,015	\$7,530	\$8,015
Judgment obligation bonds	\$5,900	\$6,180			5,900	6,180
Capital leases	4,799	4,208	1,071	1,575	5,870	5,783
Loans	1,000	1,500			1,000	1,500
Compensated absences	2,881	3,033	441	443	3,322	3,476
Net pension liability	225,108	190,881	16,280	13,532	241,388	204,413
Net OPEB obligation	34,737	20,536	1,234		35,971	20,536
Claims and judgments	27,155	26,131			27,155	26,131
Other	(42)	(45)	574	610	532	565
Total	\$301,538	\$252,424	\$27,130	\$24,175	\$328,668	\$276,599

## **Economic Factors and Next Year's Budget**

After years of producing a biannual budget, the City elected to adopt a one-year budget for the 2017-18 fiscal year in order to concentrate on stabilizing the financial future of the City, as well as prioritize the Council's goals and objectives. The City has struggled to balance expenses with revenues in recent years while still maintaining a high level of service. This difficult situation becomes even more strained as pension costs continue to escalate and aging infrastructure needs to be addressed. During the budget process, City Council and staff identified strategies to balance the budget, recognizing that it could not be balanced solely through additional cuts that would significantly reduce staffing and services. The fiscal year 2018-19 budget was balanced by relying on unfunding approximately 17 full-time equivalent (FTE) General Fund positions, a limited number of proposed fee revisions, as well as continuing organizational reviews to identify potential savings through departmental reorganizations.

## **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, California, 92832.

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CITY OF FULLERTON

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 90,850,350	\$ 30,831,527	\$ 121,681,877
Receivables:			
Accounts	3,591,309	1,783,337	5,374,646
Taxes	250,973	-	250,973
Notes and loans	23,890,422	-	23,890,422
Other accrued revenue	16,995,472	5,033,232	22,028,704
Internal balances	(1,162,537)	1,162,537	-
Prepaid costs	291,910	294	292,204
Inventories	182,576	37,731	220,307
Land held for resale	4,738,569	-	4,738,569
Restricted assets:			
Cash with fiscal agent	1,518,624	299,235	1,817,859
Capital assets not being depreciated	229,495,213	19,678,337	249,173,550
Capital assets, net of depreciation	203,402,622	92,134,173	295,536,795
<b>Total Assets</b>	<b>574,045,503</b>	<b>150,960,403</b>	<b>725,005,906</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	132,159	132,159
Deferred OPEB related items	48,285	1,715	50,000
Deferred pension related items	48,229,589	3,691,480	51,921,069
<b>Total Deferred Outflows of Resources</b>	<b>48,277,874</b>	<b>3,825,354</b>	<b>52,103,228</b>
<b>Liabilities:</b>			
Accounts payable	7,158,817	7,905,541	15,064,358
Accrued liabilities	2,727,122	151,578	2,878,700
Accrued interest	82,653	119,764	202,417
Unearned revenue	3,271,098	-	3,271,098
Deposits payable	4,756,504	1,769,407	6,525,911
Due to other governments	116,581	-	116,581
Noncurrent liabilities:			
Net pension liability	225,108,282	16,280,473	241,388,755
OPEB obligation	34,737,033	1,233,800	35,970,833
Due within one year	5,712,632	1,377,386	7,090,018
Due in more than one year	35,979,857	8,238,561	44,218,418
<b>Total Liabilities</b>	<b>319,650,579</b>	<b>37,076,510</b>	<b>356,727,089</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	5,233,948	417,535	5,651,483
<b>Total Deferred Inflows of Resources</b>	<b>5,233,948</b>	<b>417,535</b>	<b>5,651,483</b>
<b>Net Position:</b>			
Net investment in capital assets	428,098,364	102,770,563	530,868,927
Restricted for:			
Community development projects	674,718	-	674,718
Public safety	317,621	-	317,621
Parks and recreation	4,811,006	-	4,811,006
Public works	15,260,884	-	15,260,884
Debt service	205,907	298,274	504,181
Housing	16,543,543	-	16,543,543
Refuse collection	1,502,621	-	1,502,621
Unrestricted	(169,975,814)	14,222,875	(155,752,939)
<b>Total Net Position</b>	<b>\$ 297,438,850</b>	<b>\$ 117,291,712</b>	<b>\$ 414,730,562</b>

See Notes to Financial Statements

CITY OF FULLERTON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 6,861,894	\$ 1,304,446	\$ 1,109,868	\$ -
Public safety	75,772,543	5,178,879	673,199	-
Community development	8,760,528	4,514,783	1,840,789	126,950
Human and leisure	12,670,401	1,809,168	110,940	-
Public works	28,183,445	9,717,284	5,162,138	23,053,518
Refuse collection	10,394,211	10,894,364	-	-
Interest on long-term debt	358,336	-	-	-
<b>Total Governmental Activities</b>	<b>143,001,358</b>	<b>33,418,924</b>	<b>8,896,934</b>	<b>23,180,468</b>
Business-Type Activities:				
Airport	1,667,017	1,775,080	-	150,000
Brea Dam Facilities Recreational	2,769,801	2,862,898	-	-
Water Utility	30,290,133	33,094,630	-	38,925
Parking Facilities	45,194	16,059	-	-
Sewer Enterprise	3,734,249	6,389,846	-	-
Compressed Natural Gas Facility	274,239	421,184	-	-
<b>Total Business-Type Activities</b>	<b>38,780,633</b>	<b>44,559,697</b>	<b>-</b>	<b>188,925</b>
<b>Total Primary Government</b>	<b>\$ 181,781,991</b>	<b>\$ 77,978,621</b>	<b>\$ 8,896,934</b>	<b>\$ 23,369,393</b>

**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, Extraordinary Gain,  
and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (4,447,580)	\$ -	\$ (4,447,580)
(69,920,465)	-	(69,920,465)
(2,278,006)	-	(2,278,006)
(10,750,293)	-	(10,750,293)
9,749,495	-	9,749,495
500,153	-	500,153
(358,336)	-	(358,336)
<b>(77,505,032)</b>	<b>-</b>	<b>(77,505,032)</b>
-	258,063	258,063
-	93,097	93,097
-	2,843,422	2,843,422
-	(29,135)	(29,135)
-	2,655,597	2,655,597
-	146,945	146,945
<b>-</b>	<b>5,967,989</b>	<b>5,967,989</b>
<b>(77,505,032)</b>	<b>5,967,989</b>	<b>(71,537,043)</b>
42,146,101	97,793	42,243,894
21,834,116	-	21,834,116
4,335,536	-	4,335,536
4,829,373	-	4,829,373
74,870	-	74,870
4,593,706	39,520	4,633,226
729,087	166,325	895,412
3,150,336	-	3,150,336
(290,000)	290,000	-
<b>81,403,125</b>	<b>593,638</b>	<b>81,996,763</b>
3,898,093	6,561,627	10,459,720
310,762,592	111,908,407	422,670,999
(17,221,835)	(1,178,322)	(18,400,157)
<b>\$ 297,438,850</b>	<b>\$ 117,291,712</b>	<b>\$ 414,730,562</b>

See Notes to Financial Statements

CITY OF FULLERTON

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Park Dwelling</b>	<b>Grants Administration</b>	<b>Housing</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 15,744,269	\$ 4,811,006	\$ -	\$ 1,315,222
Receivables:				
Accounts	1,388,463	-	116,142	8,284
Taxes	250,973	-	-	-
Notes and loans	-	-	13,404,418	10,486,004
Other accrued revenue	5,642,088	-	495,573	4,565
Prepaid costs	283,010	-	-	-
Due from other funds	423,642	-	-	-
Inventories	6,637	-	-	-
Land held for resale	-	-	-	4,738,569
Restricted assets:				
Cash and investments with fiscal agents	-	-	116,581	-
<b>Total Assets</b>	<b>\$ 23,739,082</b>	<b>\$ 4,811,006</b>	<b>\$ 14,132,714</b>	<b>\$ 16,552,644</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,625,802	\$ -	\$ 71,263	\$ 5,695
Accrued liabilities	2,523,638	-	25,254	1,306
Unearned revenues	571,839	-	165,520	-
Deposits payable	4,736,364	-	-	2,100
Due to other governments	-	-	116,581	-
Due to other funds	-	-	338,205	-
<b>Total Liabilities</b>	<b>9,457,643</b>	<b>-</b>	<b>716,823</b>	<b>9,101</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	13,587,733	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>13,587,733</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	289,647	-	-	-
Restricted	-	4,811,006	-	16,543,543
Assigned	8,992,321	-	-	-
Unassigned	4,999,471	-	(171,842)	-
<b>Total Fund Balances</b>	<b>14,281,439</b>	<b>4,811,006</b>	<b>(171,842)</b>	<b>16,543,543</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 23,739,082</b>	<b>\$ 4,811,006</b>	<b>\$ 14,132,714</b>	<b>\$ 16,552,644</b>

CITY OF FULLERTON

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 1,395,379	\$ 14,737,272	\$ 38,003,148
Receivables:			
Accounts	655,037	1,411,536	3,579,462
Taxes	-	-	250,973
Notes and loans	-	-	23,890,422
Other accrued revenue	7,687,482	2,997,459	16,827,167
Prepaid costs	-	-	283,010
Due from other funds	-	-	423,642
Inventories	-	-	6,637
Land held for resale	-	-	4,738,569
Restricted assets:			
Cash and investments with fiscal agents	1,402,026	-	1,518,607
<b>Total Assets</b>	<b><u>\$ 11,139,924</u></b>	<b><u>\$ 19,146,267</u></b>	<b><u>\$ 89,521,637</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 4,011,914	\$ 1,083,501	\$ 6,798,175
Accrued liabilities	20,300	101,015	2,671,513
Unearned revenues	2,533,739	-	3,271,098
Deposits payable	18,040	-	4,756,504
Due to other governments	-	-	116,581
Due to other funds	-	-	338,205
<b>Total Liabilities</b>	<b><u>6,583,993</u></b>	<b><u>1,184,516</u></b>	<b><u>17,952,076</u></b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	7,788,838	-	21,376,571
<b>Total Deferred Inflows of Resources</b>	<b><u>7,788,838</u></b>	<b><u>-</u></b>	<b><u>21,376,571</u></b>
<b>Fund Balances:</b>			
Nonspendable	-	-	289,647
Restricted	-	17,961,751	39,316,300
Assigned	-	-	8,992,321
Unassigned	(3,232,907)	-	1,594,722
<b>Total Fund Balances</b>	<b><u>(3,232,907)</u></b>	<b><u>17,961,751</u></b>	<b><u>50,192,990</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 11,139,924</u></b>	<b><u>\$ 19,146,267</u></b>	<b><u>\$ 89,521,637</u></b>

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**CITY OF FULLERTON**

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

Fund balances of governmental funds		\$ 50,192,990
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.		425,088,976
Governmental funds report all OPEB contributions as expenditures, however, the OPEB liability has a measurement date of June 30, 2017, and contributions made subsequent to the measurement date are reclassified as deferred OPEB contributions.		47,420
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2017, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		13,382,269
Deferred outflows of resources reported for the pension plan for government-wide statement:		
Change of assumptions	\$ 26,853,928	
Net difference between projected and actual earnings on pension plan investments	<u>6,405,585</u>	33,259,513
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-Term Liabilities:		
Capital leases	(2,472,439)	
HUD Section 108 loans	(1,000,000)	
Compensated Absences	(2,880,573)	
Claims payable	<u>(203,937)</u>	(6,556,949)
Governmental funds report all OPEB contributions as expenditures, however, in the statement of net position, the excess of the total OPEB liability over the plan fiduciary net position is reported as a net OPEB liability.		(34,114,738)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(218,456,454)
Deferred inflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	(3,485,790)	
Change in assumptions	<u>(1,568,563)</u>	(5,054,353)
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.		21,376,571
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>18,273,605</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 297,438,850</u></b>

CITY OF FULLERTON

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

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Park Dwelling</b>	<b>Grants Administration</b>	<b>Housing</b>
<b>Revenues:</b>				
Taxes	\$ 68,809,590	\$ -	\$ -	\$ -
Franchise taxes	4,335,536	-	-	-
Licenses and permits	2,283,875	-	-	-
Intergovernmental	1,086,121	-	3,694,686	-
Charges for services	7,107,001	274,860	-	-
Investment income	3,716,814	-	-	184,900
Fines and forfeitures	1,399,068	-	-	-
Miscellaneous	1,122,221	-	33,313	-
<b>Total Revenues</b>	<b>89,860,226</b>	<b>274,860</b>	<b>3,727,999</b>	<b>184,900</b>
<b>Expenditures:</b>				
Current:				
General government	4,362,990	-	13,013	-
Public safety	64,153,083	-	974,681	-
Community development	5,294,132	-	1,253,054	167,186
Human and leisure	9,334,552	-	513,471	-
Public works	6,734,985	-	-	-
Refuse collection	-	-	-	-
Capital outlay	43,466	-	-	-
Debt service:				
Principal retirement	-	-	500,000	-
Interest and fiscal charges	-	-	18,374	-
<b>Total Expenditures</b>	<b>89,923,208</b>	<b>-</b>	<b>3,272,593</b>	<b>167,186</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,982)	274,860	455,406	17,714
<b>Other Financing Sources (Uses):</b>				
Transfers in	465,554	-	-	-
Transfers out	-	(5,936,660)	(550,000)	-
Proceeds from sale of capital asset	3,150,336	-	-	-
Loss on disposition of assets	-	-	-	(1,395,400)
<b>Total Other Financing Sources (Uses)</b>	<b>3,615,890</b>	<b>(5,936,660)</b>	<b>(550,000)</b>	<b>(1,395,400)</b>
Net Change in Fund Balances	3,552,908	(5,661,800)	(94,594)	(1,377,686)
Fund Balances, Beginning of Year	10,728,531	10,472,806	(77,248)	17,921,229
<b>Fund Balances, End of Year</b>	<b>\$ 14,281,439</b>	<b>\$ 4,811,006</b>	<b>\$ (171,842)</b>	<b>\$ 16,543,543</b>



CITY OF FULLERTON

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

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 68,809,590
Franchise taxes	-	-	4,335,536
Licenses and permits	-	-	2,283,875
Intergovernmental	31,119,932	6,674,373	42,575,112
Charges for services	37,070	18,964,383	26,383,314
Investment income	461,596	35,963	4,399,273
Fines and forfeitures	-	274,707	1,673,775
Miscellaneous	306,875	161,696	1,624,105
<b>Total Revenues</b>	<b><u>31,925,473</u></b>	<b><u>26,111,122</u></b>	<b><u>152,084,580</u></b>
<b>Expenditures:</b>			
Current:			
General government	-	89,788	4,465,791
Public safety	-	391,063	65,518,827
Community development	-	48,544	6,762,916
Human and leisure	-	132,271	9,980,294
Public works	868,700	7,824,439	15,428,124
Refuse collection	-	10,737,296	10,737,296
Capital outlay	38,378,914	3,198	38,425,578
Debt service:			
Principal retirement	-	18,940	518,940
Interest and fiscal charges	-	70	18,444
<b>Total Expenditures</b>	<b><u>39,247,614</u></b>	<b><u>19,245,609</u></b>	<b><u>151,856,210</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,322,141)</u>	<u>6,865,513</u>	<u>228,370</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	14,704,800	-	15,170,354
Transfers out	(174,090)	(8,132,389)	(14,793,139)
Proceeds from sale of capital asset	-	-	3,150,336
Loss on disposition of assets	-	-	(1,395,400)
<b>Total Other Financing Sources (Uses)</b>	<b><u>14,530,710</u></b>	<b><u>(8,132,389)</u></b>	<b><u>2,132,151</u></b>
Net Change in Fund Balances	<u>7,208,569</u>	<u>(1,266,876)</u>	<u>2,360,521</u>
Fund Balances, Beginning of Year	<u>(10,441,476)</u>	<u>19,228,627</u>	<u>47,832,469</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ (3,232,907)</u></b>	<b><u>\$ 17,961,751</u></b>	<b><u>\$ 50,192,990</u></b>

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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, 2018**

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Net change in fund balances - total governmental funds \$ 2,360,521

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	\$ 36,403,139	
Disposal	(2,484,836)	
Depreciation	(11,264,007)	
Contributed capital assets	<u>(100,000)</u>	22,554,296

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	518,940	
Claims expense	<u>29,289</u>	548,229

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.

152,377

Pension 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.

(15,785,147)

Governmental funds report all contributions in relation to the actuarially determined contribution for OPEB as expenditures, however in the statement of activities only the annual OPEB cost is an expense.

(1,486,544)

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.

(8,237,614)

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.

3,791,975

**Change in Net Position of Governmental Activities**

**\$ 3,898,093**

CITY OF FULLERTON

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
<b>Assets and Deferred Outflows:</b>				
<b>Assets:</b>				
Current:				
Cash and investments	\$ 1,849,366	\$ 20,845,223	\$ 7,968,338	\$ 168,600
Receivables:				
Accounts receivable	140,917	1,108,330	517,493	16,597
Prepaid items	-	294	-	-
Inventory	-	-	-	37,731
Other accrued revenue receivable	-	4,141,704	764,323	127,205
Restricted:				
Cash with fiscal agent	-	5	-	299,230
<b>Total Current Assets</b>	<b>1,990,283</b>	<b>26,095,556</b>	<b>9,250,154</b>	<b>649,363</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	15,588,202	49,476,323	43,288,737	3,459,248
<b>Total Noncurrent Assets</b>	<b>15,588,202</b>	<b>49,476,323</b>	<b>43,288,737</b>	<b>3,459,248</b>
<b>Total Assets</b>	<b>17,578,485</b>	<b>75,571,879</b>	<b>52,538,891</b>	<b>4,108,611</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	-	132,159	-	-
Deferred pension related items	270,250	2,440,056	864,688	116,486
Deferred OPEB related items	-	1,630	85	-
<b>Total Deferred Outflows of Resources</b>	<b>270,250</b>	<b>2,573,845</b>	<b>864,773</b>	<b>116,486</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 17,848,735</b>	<b>\$ 78,145,724</b>	<b>\$ 53,403,664</b>	<b>\$ 4,225,097</b>
<b>Liabilities, Deferred Inflows and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 8,200	\$ 6,603,469	\$ 1,086,772	\$ 207,100
Accrued liabilities	9,002	101,969	32,543	8,064
Accrued interest	14,127	81,054	-	24,583
Deposits payable	56,805	1,712,602	-	-
Due to other funds	-	-	-	85,437
Accrued compensated absences	28,962	267,353	51,741	4,648
Claims payable	-	-	-	-
Bonds, notes, and capital leases	524,682	380,000	-	120,000
<b>Total Current Liabilities</b>	<b>641,778</b>	<b>9,146,447</b>	<b>1,171,056</b>	<b>449,832</b>
Noncurrent:				
Accrued compensated absences	7,241	66,838	12,935	1,162
Net pension liability	1,090,678	10,826,928	3,948,221	414,646
Net OPEB liability	-	1,172,649	61,151	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	546,457	5,769,966	-	1,833,962
<b>Total Noncurrent Liabilities</b>	<b>1,644,376</b>	<b>17,836,381</b>	<b>4,022,307</b>	<b>2,249,770</b>
<b>Total Liabilities</b>	<b>2,286,154</b>	<b>26,982,828</b>	<b>5,193,363</b>	<b>2,699,602</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	30,567	275,990	97,803	13,175
<b>Total Deferred Inflows of Resources</b>	<b>30,567</b>	<b>275,990</b>	<b>97,803</b>	<b>13,175</b>
<b>Net Position:</b>				
Net investment in capital assets	14,517,063	43,458,516	43,288,737	1,506,247
Restricted for debt service	-	5	-	298,269
Unrestricted	1,014,951	7,428,385	4,823,761	(292,196)
<b>Total Net Position</b>	<b>15,532,014</b>	<b>50,886,906</b>	<b>48,112,498</b>	<b>1,512,320</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Pension</b>	<b>\$ 17,848,735</b>	<b>\$ 78,145,724</b>	<b>\$ 53,403,664</b>	<b>\$ 4,225,097</b>

**Reconciliation of Net Position to the Government-Wide Statement of Net Position:**

Net Position per Statement of Net Position - Proprietary Funds	\$ 116,043,738
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	-
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	1,247,974
<b>Net Position per Government-Wide Financial Statement of Net Position</b>	<b>\$ 117,291,712</b>

See Notes to Financial Statements.

CITY OF FULLERTON

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	<b>Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Totals</b>	
<b>Assets and Deferred Outflows:</b>		
<b>Assets:</b>		
Current:		
Cash and investments	\$ 30,831,527	\$ 52,847,202
Receivables:		
Accounts receivable	1,783,337	11,847
Prepaid items	294	8,900
Inventory	37,731	175,939
Other accrued revenue receivable	5,033,232	168,305
Restricted:		
Cash with fiscal agent	299,235	17
<b>Total Current Assets</b>	<b>37,985,356</b>	<b>53,212,210</b>
Noncurrent:		
Capital assets - net of accumulated depreciation	111,812,510	7,808,859
<b>Total Noncurrent Assets</b>	<b>111,812,510</b>	<b>7,808,859</b>
<b>Total Assets</b>	<b>149,797,866</b>	<b>61,021,069</b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding	132,159	-
Deferred pension related items	3,691,480	1,587,807
Deferred OPEB related items	1,715	865
<b>Total Deferred Outflows of Resources</b>	<b>3,825,354</b>	<b>1,588,672</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 153,623,220</b>	<b>\$ 62,609,741</b>
<b>Liabilities, Deferred Inflows and Net Position:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 7,905,541	\$ 360,642
Accrued liabilities	151,578	55,609
Accrued interest	119,764	82,653
Deposits payable	1,769,407	-
Due to other funds	85,437	-
Accrued compensated absences	352,704	-
Claims payable	-	1,619,464
Bonds, notes, and capital leases	1,024,682	945,810
<b>Total Current Liabilities</b>	<b>11,409,113</b>	<b>3,064,178</b>
Noncurrent:		
Accrued compensated absences	88,176	-
Net pension liability	16,280,473	6,651,828
Net OPEB liability	1,233,800	622,295
Claims payable	-	25,331,536
Bonds, notes, and capital leases	8,150,385	7,238,730
<b>Total Noncurrent Liabilities</b>	<b>25,752,834</b>	<b>39,844,389</b>
<b>Total Liabilities</b>	<b>37,161,947</b>	<b>42,908,567</b>
<b>Deferred Inflows of Resources:</b>		
Deferred pension related items	417,535	179,595
<b>Total Deferred Inflows of Resources</b>	<b>417,535</b>	<b>179,595</b>
<b>Net Position:</b>		
Net investment in capital assets	102,770,563	6,881,827
Restricted for debt service	298,274	-
Unrestricted	12,974,901	12,639,752
<b>Total Net Position</b>	<b>116,043,738</b>	<b>19,521,579</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Pension</b>	<b>\$ 153,623,220</b>	<b>\$ 62,609,741</b>

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>	<u>Other Enterprise Funds</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 1,775,080	\$ 33,094,630	\$ 6,389,846	\$ 3,300,141
Internal service fund charges	-	-	-	-
Miscellaneous	9,030	53,542	103,752	-
<b>Total Operating Revenues</b>	<b><u>1,784,110</u></b>	<b><u>33,148,172</u></b>	<b><u>6,493,598</u></b>	<b><u>3,300,141</u></b>
<b>Operating Expenses:</b>				
Maintenance, operations, and administration	1,205,319	11,344,115	3,092,818	3,008,087
Cost of water	-	18,134,019	-	-
Claims expense	-	-	-	-
Depreciation expense	455,454	1,543,051	690,516	89,393
<b>Total Operating Expenses</b>	<b><u>1,660,773</u></b>	<b><u>31,021,185</u></b>	<b><u>3,783,334</u></b>	<b><u>3,097,480</u></b>
Operating Income (Loss)	<u>123,337</u>	<u>2,126,987</u>	<u>2,710,264</u>	<u>202,661</u>
<b>Nonoperating Revenues (Expenses):</b>				
Taxes	97,793	-	-	-
Interest revenue	-	38,633	-	887
Interest expense	(58,715)	(256,804)	-	(93,036)
Gain (loss) on disposal of capital assets	-	8,443	(65,723)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>39,078</u></b>	<b><u>(209,728)</u></b>	<b><u>(65,723)</u></b>	<b><u>(92,149)</u></b>
Income (Loss) Before Transfers and Contributions	162,415	1,917,259	2,644,541	110,512
Capital grants and contributions	150,000	38,926	100,000	-
Transfers in	-	190,000	-	-
Transfers out	-	-	-	-
Changes in Net Position	<u>312,415</u>	<u>2,146,185</u>	<u>2,744,541</u>	<u>110,512</u>
<b>Net Position:</b>				
Beginning of Year	15,219,599	49,860,642	45,426,358	1,401,808
Restatements	-	(1,119,921)	(58,401)	-
Beginning of Fiscal Year, as restated	<u>15,219,599</u>	<u>48,740,721</u>	<u>45,367,957</u>	<u>1,401,808</u>
<b>End of Fiscal Year</b>	<b><u>\$ 15,532,014</u></b>	<b><u>\$ 50,886,906</u></b>	<b><u>\$ 48,112,498</u></b>	<b><u>\$ 1,512,320</u></b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>				
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ 5,313,653
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				<u>1,247,974</u>
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>				<b><u>\$ 6,561,627</u></b>

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Totals</u>	
<b>Operating Revenues:</b>		
Sales and service charges	\$ 44,559,697	\$ -
Internal service fund charges	-	29,022,466
Miscellaneous	166,324	183,139
<b>Total Operating Revenues</b>	<b><u>44,726,021</u></b>	<b><u>29,205,605</u></b>
<b>Operating Expenses:</b>		
Maintenance, operations, and administration	18,650,339	19,148,071
Cost of water	18,134,019	-
Claims expense	-	3,102,500
Depreciation expense	2,778,414	1,200,127
<b>Total Operating Expenses</b>	<b><u>39,562,772</u></b>	<b><u>23,450,698</u></b>
Operating Income (Loss)	<u>5,163,249</u>	<u>5,754,907</u>
<b>Nonoperating Revenues (Expenses):</b>		
Taxes	97,793	-
Interest revenue	39,520	194,433
Interest expense	(408,555)	(339,892)
Gain (loss) on disposal of capital assets	(57,280)	(2,284)
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>(328,522)</u></b>	<b><u>(147,743)</u></b>
Income (Loss) Before Transfers and Contributions	4,834,727	5,607,164
Capital grants and contributions	288,926	-
Transfers in	190,000	-
Transfers out	-	(567,215)
Changes in Net Position	<u>5,313,653</u>	<u>5,039,949</u>
<b>Net Position:</b>		
Beginning of Year	111,908,407	15,075,944
Restatements	(1,178,322)	(594,314)
Beginning of Fiscal Year, as restated	<u>110,730,085</u>	<u>14,481,630</u>
<b>End of Fiscal Year</b>	<b><u>\$ 116,043,738</u></b>	<b><u>\$ 19,521,579</u></b>

CITY OF FULLERTON

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

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>	<u>Other Enterprise Funds</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 1,887,462	\$ 33,680,612	\$ 6,443,285	\$ 3,302,217
Cash received from interfund services provided	-	-	-	-
Cash paid to suppliers	(790,448)	(16,544,720)	(983,196)	(23,014)
Cash paid to employees services	(309,308)	(10,031,416)	(1,073,851)	(2,898,447)
Cash paid to insurance claims	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>787,706</u></b>	<b><u>7,104,476</u></b>	<b><u>4,386,238</u></b>	<b><u>380,756</u></b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	190,000	-	-
Cash transfers out	-	-	-	-
Repayment made from other funds	-	-	-	(21,400)
Taxes received	97,793	-	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b><u>97,793</u></b>	<b><u>190,000</u></b>	<b><u>-</u></b>	<b><u>(21,400)</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital lease proceeds	-	-	-	-
Acquisition and construction of capital assets	(229,406)	(3,468,163)	(3,610,250)	-
Principal paid on capital debt	(503,775)	(370,000)	-	(115,000)
Interest paid on capital debt	(65,361)	(290,972)	-	(91,773)
Grants received from federal and state	150,000	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(648,542)</u></b>	<b><u>(4,129,135)</u></b>	<b><u>(3,610,250)</u></b>	<b><u>(206,773)</u></b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	-	38,633	-	887
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>-</u></b>	<b><u>38,633</u></b>	<b><u>-</u></b>	<b><u>887</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>236,957</b>	<b>3,203,974</b>	<b>775,988</b>	<b>153,470</b>
Cash and Cash Equivalents at Beginning of Year	1,612,409	17,641,254	7,192,350	314,360
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 1,849,366</u></b>	<b><u>\$ 20,845,228</u></b>	<b><u>\$ 7,968,338</u></b>	<b><u>\$ 467,830</u></b>



CITY OF FULLERTON

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

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Water Utility</b>	<b>Sewer Enterprise</b>	<b>Other Enterprise Funds</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 123,337	\$ 2,126,987	\$ 2,710,264	\$ 202,661
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	455,454	1,543,051	690,516	89,393
(Increase) decrease in accounts receivable	75,623	583,118	(56,860)	43,411
(Increase) decrease in other accrued revenue receivable	25,329	(127,554)	6,547	(116,786)
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	(17,754)	1,589,299	657,533	52,437
Increase (decrease) in accrued liabilities	(453)	1,610	458	(2,083)
Increase (decrease) in deposits payable	2,400	76,876	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	(5,098)	(6,284)	8,646	1,112
Increase (decrease) in net OPEB liability	-	51,098	61,066	-
Increase (decrease) in net pension liability	128,868	1,266,275	308,068	110,611
<b>Total Adjustments</b>	<b>664,369</b>	<b>4,977,489</b>	<b>1,675,974</b>	<b>178,095</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 787,706</b>	<b>\$ 7,104,476</b>	<b>\$ 4,386,238</b>	<b>\$ 380,756</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Capital contributions	\$ -	\$ 38,926	\$ 100,000	\$ -
Amortization of bond premiums/(discounts)	-	38,615	-	(2,483)
Gain/(Loss) on capital assets	-	8,443	(65,723)	-
Deferred charges	-	(8,391)	-	-

CITY OF FULLERTON

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

	<b>Business-Type Activities - Enterprise</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Totals</b>	
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 45,313,576	\$ -
Cash received from interfund services provided	-	29,079,320
Cash paid to suppliers	(18,341,378)	(15,304,884)
Cash paid to employees services	(14,313,022)	(2,760,636)
Cash paid to insurance claims	-	(2,049,500)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>12,659,176</b>	<b>8,964,300</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash transfers in	190,000	-
Cash transfers out	-	(567,215)
Repayment made from other funds	(21,400)	-
Taxes received	97,793	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>266,393</b>	<b>(567,215)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital lease proceeds	-	1,400,000
Acquisition and construction of capital assets	(7,307,819)	(778,590)
Principal paid on capital debt	(988,775)	(1,069,489)
Interest paid on capital debt	(448,106)	(340,624)
Grants received from federal and state	150,000	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(8,594,700)</b>	<b>(788,703)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	39,520	194,433
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>39,520</b>	<b>194,433</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>4,370,389</b>	<b>7,802,815</b>
Cash and Cash Equivalents at Beginning of Year	26,760,373	45,044,404
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 31,130,762</b>	<b>\$ 52,847,219</b>

CITY OF FULLERTON

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

	<b>Business-Type Activities - Enterprise</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Totals</b>	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ 5,163,249	\$ 5,754,907
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	2,778,414	1,200,127
(Increase) decrease in accounts receivable	645,292	(11,647)
(Increase) decrease in other accrued revenue receivable	(212,464)	(111,615)
(Increase) decrease in inventory	-	33,069
(Increase) decrease in prepaid expense	-	(5,400)
Increase (decrease) in accounts payable	2,281,515	13,606
Increase (decrease) in accrued liabilities	(468)	(398)
Increase (decrease) in deposits payable	79,276	-
Increase (decrease) in claims and judgments	-	1,053,000
Increase (decrease) in compensated absences	(1,624)	-
Increase (decrease) in net OPEB liability	112,164	621,430
Increase (decrease) in net pension liability	1,813,822	417,221
<b>Total Adjustments</b>	<b>7,495,927</b>	<b>3,209,393</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 12,659,176</b>	<b>\$ 8,964,300</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
Capital contributions	\$ 138,926	\$ -
Amortization of bond premiums/(discounts)	36,132	(2,833)
Gain/(Loss) on capital assets	(57,280)	(2,284)
Deferred charges	(8,391)	-

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CITY OF FULLERTON

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2018

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
<b>Assets:</b>		
Pooled cash and investments	\$ 2,036,643	\$ 9,683,014
Receivables:		
Accounts	-	4,438
Notes and loans	-	33,574,882
Other accrued revenue	-	33,949
Land held for resale	-	2,900,768
Restricted assets:		
Cash and investments	-	6,230,425
Cash and investments with fiscal agents	110,802	4,608,254
Capital assets:		
Capital assets, not being depreciated	-	5,473,479
Capital assets, net of accumulated depreciation	-	9,984,780
<b>Total Assets</b>	<b>\$ 2,147,445</b>	<b>72,493,989</b>
<b>Deferred Outflows of Resources:</b>		
Deferred charges		691,821
Deferred pension related items		120,589
<b>Total Deferred Outflows of Resources</b>		<b>812,410</b>
<b>Liabilities:</b>		
Accounts payable	\$ 11,836	5,184
Accrued liabilities	-	4,970
Accrued interest	-	1,593,709
Deposits payable	2,081,923	23,316
Due to external parties/other agencies	53,686	-
Long-term liabilities:		
Due in one year	-	6,625,000
Due in more than one year	-	74,375,453
Net pension liability	-	722,756
<b>Total Liabilities</b>	<b>\$ 2,147,445</b>	<b>83,350,388</b>
<b>Deferred Inflows of Resources:</b>		
Deferred pension related items		13,640
<b>Total Deferred Inflows or Resources</b>		<b>13,640</b>
<b>Net Position:</b>		
Held in trust for other purposes		(10,057,629)
<b>Total Net Position</b>		<b>\$ (10,057,629)</b>

CITY OF FULLERTON

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

	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Taxes	\$ 9,521,437
Interest and change in fair value of investments	735,350
Miscellaneous	<u>1,000</u>
<b>Total Additions</b>	<b><u>10,257,787</u></b>
<b>Deductions:</b>	
Administrative expenses	280,503
Contractual services	464,272
Interest expense	4,378,979
Depreciation expense	<u>490,003</u>
<b>Total Deductions</b>	<b><u>5,613,757</u></b>
<b>Changes in Net Position</b>	<b>4,644,030</b>
Net Position - Beginning of the Year	<u>(14,701,659)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (10,057,629)</u></b>

**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**

**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 former 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 former 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 City of Fullerton has operational responsibility for the Housing Authority. 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 Public Financing Authority and the Housing 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 funds consists of agency funds and a private-purpose trust fund. The agency funds have 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 unavailable revenue. 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 the 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 Funds account for the collections and refunds of construction deposits, engineering deposits, community service deposits and other special deposits.
- Internal Service Funds 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.

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 recovered primarily through user charges and space rentals. Under GASB Statement No. 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 are offset by a fund balance nonspendable or restricted 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 assets are classified as nonspendable 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 nonspendable or restricted 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 recorded at acquisition value when received. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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 the following 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 items are deferred pension and OPEB related items reported in the Government-wide Statement of Net Position and the Statement of Fiduciary Net Position.

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 the following types of items. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes and grant revenue. 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, 2018**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

Gains and losses related to changes in total pension or OPEB liability and their related fiduciary net position are recognized in pension or OPEB expense, respectively, systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are recognized in future pension and OPEB expense, respectively.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earning on pension plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2017 (measurement date), EARLS were:	2.8 years	Pension Miscellaneous -Agent Multiple Employer Plan
	3.8 years	Pension Safety Police – Agent Multiple Employer Plan

**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 Fund that accounts for the City's self-insurance activities. It is the City's policy that all insurance claims outstanding at June 30, 2018, will be liquidated from expendable available financial resources at June 30, 2018.

**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 were recorded as the current portion of unpaid sick pay.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**


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**Note 1: Summary of Significant Accounting Policies (Continued)**

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	\$ 2,304,458	\$ 576,115	\$ 2,880,573
Business-type activities	352,704	88,176	440,880
	<u>\$ 2,657,162</u>	<u>\$ 664,291</u>	<u>\$ 3,321,453</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.

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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

**10. Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and the OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require 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	January 1, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2017 to June 30, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

**11. 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. 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.

**12. 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 by the adoption of a 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 Director of Administrative Services is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.
- Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only City fund that is able to report a positive unassigned fund balance.



**Note 1: Summary of Significant Accounting Policies (Continued)**

**13. 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.

**14. 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.

**15. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 75 – *Accounting and Financial Reporting For Post-Employment Benefits Other Than Pensions*. This Statement improves the accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This Statement replaces GASB No. 45 and GASB No. 57.

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**Deficit Fund Balances or Net Position**

At June 30, 2018, the following funds had deficit net position amounts of:

<b>Internal Service Funds</b>	
Building Maintenance	\$ (830,272)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 121,681,877
Restricted cash and investments	1,817,859
Fiduciary Funds:	
Cash and investments	11,719,657
Restricted cash and investments	<u>10,949,481</u>
Total cash and investments	<u>\$ 146,168,874</u>

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

Demand accounts and cash	
on hand Investments	\$ 4,900,010
Investments	135,038,439
Escrow Accounts	<u>6,230,425</u>
Total cash and investments	<u>\$ 146,168,874</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	40%
U.S. Federal instrumentalities	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%
Orange County Investment Pool	N/A	0%	0%
Asset Back Securities	5 years	20%	5%
Municipal Bonds	5 years	20%	5%
Supranational Debt	5 years	30%	5%
Money Market Funds	5 years	2%	10%
Local Agency Investment Fund (LAIF)	N/A	42%	None

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

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 3: Cash and Investments (Continued)**

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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, 2018 are as follows:

	Remaining Investment Maturities			Fair Value
	12 months or less	1 to 3 years	3 to 5 years	
Investments:				
Local Agency Investment Fund	\$ 57,237,333	\$ -	\$ -	\$ 57,237,333
Certificates of Deposit	1,696,402	1,050,689	490,295	3,237,386
U.S. Government Treasury Notes	2,231,937	33,128,922	5,883,266	41,244,125
Corporate Notes	3,004,640	9,556,664	-	12,561,304
Federal agency securities				
FHLB	-	983,180	-	983,180
FHLMC	1,988,860	7,440,951	-	9,429,811
FNMA	1,490,745	2,226,548	-	3,717,293
Money Market Mutual Funds	199,619	-	-	199,619
<b>Total Cash Investments</b>	<b>67,849,536</b>	<b>54,386,954</b>	<b>6,373,561</b>	<b>128,610,051</b>
Investments with Fiscal Agents:				
PARS OPEB Trust Fund	53,686	-	-	53,686
U.S. Government Treasury Notes	99,129	193,731	-	292,860
Corporate Notes	-	-	98,427	98,427
Federal agency securities				
FHLB	623,046	1,909,090	-	2,532,136
FHLMC	99,443	-	-	99,443
FNMA	249,745	-	490,451	740,196
FFCB	-	133,306	-	133,306
Money Market Mutual Funds	2,478,334	-	-	2,478,334
<b>Total Investments with Fiscal Agent</b>	<b>3,603,383</b>	<b>2,236,127</b>	<b>588,878</b>	<b>6,428,388</b>
<b>Total Investments</b>	<b>\$ 71,452,919</b>	<b>\$ 56,623,081</b>	<b>\$ 6,962,439</b>	<b>\$ 135,038,439</b>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 3: Cash and Investments (Continued)**

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 fulfil 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, 2018	Minimum Legal Rating	AAA-A	A-1-A-1+	Not Required to be Rated
Local Agency Investment Fund	\$ 57,237,333	N/A	\$ -	\$ -	\$ 57,237,333
Certificates of Deposit	3,237,386	N/A	-	3,237,385	-
U.S. Government Treasury Notes	41,244,125	N/A	41,244,125	-	-
Corporate Notes	12,561,304	AA	12,561,304	-	-
Federal agency securities	14,130,284	N/A	18,279,957	-	-
Money Market Mutual Funds	199,619	AAA	199,619	-	199,619
Investments with Fiscal Agents:					
PARS OPEB Trust Fund	53,686	N/A	-	-	53,686
U.S. Government Treasury Notes	292,860	N/A	292,860	-	-
Corporate Notes	98,427	AA	98,427	-	-
Federal agency securities	3,505,081	N/A	3,505,081	-	-
Money Market Mutual Funds	2,478,334	AAA	-	-	2,478,334
<b>Total</b>	<b>\$ 135,038,439</b>		<b>\$ 76,181,373</b>	<b>\$ 3,237,385</b>	<b>\$ 59,968,972</b>

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:

Issuer	Investment Type	Reported Amount
Federal Home Loan MC	Federal agency securities	\$9,529,254

**Note 3: Cash and Investments (Continued)**

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, 2018, none of the City's deposits or investments were exposed to custodial credit risk. As of June 30, 2018, \$6,428,388 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.

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.

**CITY OF FULLERTON**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

**Note 3: Cash and Investments (Continued)**

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

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

Investment Type	Totals	Investments no Measured at Fair Value	Level		
			1	2	3
Local Agency Investment Fund	\$ 57,237,333	\$ -	\$ -	\$ 57,237,333	\$ -
Certificates of Deposit	3,237,386	-	-	3,237,386	-
U.S. Treasury Bonds	41,244,125	-	-	41,244,125	-
Corporate Notes	12,561,304	-	-	12,561,304	-
Federal agency securities	14,130,284	-	-	14,130,284	-
Money Market Mutual Funds	199,619	-	199,619	-	-
Investments with Fiscal Agents:					
PARS OPEB Trust Fund	53,686	53,686	-	-	-
U.S. Treasury Bonds	292,860	-	-	292,860	-
Corporate Notes	98,427	-	-	98,427	-
Federal agency securities	3,505,081	-	-	3,505,081	-
Money Market Mutual Funds	2,478,334	-	2,478,334	-	-
Total Investments	\$ 135,038,439	\$ 53,686	\$ 2,677,953	\$ 132,306,800	\$ -

**Note 4: Other Accrued Revenue Receivable**

The other accrued revenue receivable as of June 30, 2018, for the City's major and other funds are as follows:

	General	Grants Administration	Housing	Capital Projects	Other Governmental Funds	Total
<b>Governmental Funds:</b>						
Receivables:						
Rental revenue	\$ 138,514	\$ -	\$ -	\$ -	\$ -	\$ 138,514
Unbilled reimbursable cost	462,007	-	-	-	-	462,007
Interest revenue	225,840	-	4,565	-	19,633	250,038
Transient occupancy tax	523,226	-	-	-	-	523,226
Unbilled grants and entitlements	4,018,300	495,573	-	7,687,482	767,481	12,968,836
Unbilled water and refuse collection franchise tax	138,505	-	-	-	1,181,039	1,319,544
Unbilled paramedic revenue	135,696	-	-	-	-	135,696
Unbilled sanitation revenue	-	-	-	-	1,029,306	1,029,306
Total receivables	\$ 5,642,088	\$ 495,573	\$ 4,565	\$ 7,687,482	\$ 2,997,459	\$ 16,827,167

	Water Utility	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Proprietary Funds:</b>					
Receivables:					
Rental revenue	\$ -	\$ -	\$ 5,097	\$ 5,097	\$ -
Unbilled water revenue	4,140,531	-	-	4,140,531	-
Unbilled sewer revenue	-	764,323	-	764,323	-
Unbilled other revenue	1,173	-	122,108	123,281	-
Interest revenue	-	-	-	-	168,305
Total receivables	\$ 4,141,704	\$ 764,323	\$ 127,205	\$ 5,033,232	\$ 168,305

**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, 2018, is \$9,115,121.

**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, 2018, is \$1,370,883.

The Housing Fund notes and loans receivable total \$10,486,004.

**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, 2018, is \$1,141,649.

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 \$597,408, totaling \$1,442,352 at June 30, 2018.

**Note 5: Notes and Loans Receivable (Continued)**

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 \$223,611, totaling \$667,892 at June 30, 2018.

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 \$156,145 totaling \$464,210 at June 30, 2018.

**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%.

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 \$442,505, totaling \$607,505 at June 30, 2018.

**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 \$366,005, totaling \$931,005 at June 30, 2018.



**Note 5: Notes and Loans Receivable (Continued)**

**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 \$222,695, totaling \$2,242,255 at June 30, 2018.

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 \$1,873,228 with accrued interest of \$471,333, totaling \$2,344,561 at June 30, 2018.

**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 \$907,504 with accrued interest of \$478,884, totaling \$1,386,388 at June 30, 2018.

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 \$51,795, totaling \$198,458 at June 30, 2018.

**i. Orange County Community Housing Corporation**

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, 2018.

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, 2018, is \$1,130,297.

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, 2018, is \$456,636.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 5: Notes and Loans Receivable (Continued)**

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, 2018, was \$206,074.

The Grants Administration Fund notes and loans receivable total \$13,404,418.

**Note 6: Deposits Payable**

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

Customer Deposits Held By:	
Airport	\$ 56,805
Water Utility	<u>1,712,602</u>
Total Deposits Payable	<u>\$ 1,769,407</u>

**Note 7: Interfund Transactions**

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

**a. Due To and Due From Funds**

Due From Other Funds	Due to Other Funds		Total
	Grants Administration Fund	Other Enterprise Funds	
	General Fund	\$ 338,205	

The above amounts resulted from temporary reclassifications made at June 30, 2018, to cover cash shortfalls.

**b. Transfers to and From Other Funds**

Transfers In	Transfers Out				Proprietary Funds Internal Service Funds	Total
	Governmental Funds			Nonmajor Governmental Funds		
	Park Dwelling Fund	Grants Administration Fund	Capital Projects Fund			
General Fund	\$ -	\$ -	\$ 174,090	\$ 291,464	\$ -	\$ 465,554
Capital Projects Fund	5,936,660	550,000	-	7,650,925	567,215	14,704,800
Water Utility Fund	-	-	-	190,000	-	190,000
<b>Total</b>	<u>\$ 5,936,660</u>	<u>\$ 550,000</u>	<u>\$ 174,090</u>	<u>\$ 8,132,389</u>	<u>\$ 567,215</u>	<u>\$ 15,360,354</u>

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 project 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, 2018

**Note 8: Capital Assets**

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

	Beginning Balance	Transfers of CIP *	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 52,736,901	\$ -	\$ -	\$ (188,899)	\$ 52,548,002
Construction in progress	147,566,715	(3,187,926)	34,861,441	(2,293,019)	176,947,211
Total capital assets, not being depreciated	200,303,616	(3,187,926)	34,861,441	(2,481,918)	229,495,213
Capital assets, being depreciated:					
Buildings	91,357,889	-	-	-	91,357,889
Improvements other than buildings	56,450,801	948,393	216,971	-	57,616,165
Machinery and equipment	39,452,337	275,241	931,976	(329,992)	40,329,562
Leasehold improvements	1,290,945	-	-	-	1,290,945
Infrastructure	270,323,374	1,864,292	1,171,341	(1,141,904)	272,217,103
Total capital assets, being depreciated	458,875,346	3,087,926	2,320,288	(1,471,896)	462,811,664
Less accumulated depreciation for:					
Buildings	(18,044,651)	-	(1,802,912)	-	(19,847,563)
Improvements other than buildings	(23,978,067)	-	(2,403,083)	-	(26,381,150)
Machinery and equipment	(26,092,882)	-	(2,616,161)	324,790	(28,384,253)
Leasehold improvements	(1,290,945)	-	-	-	(1,290,945)
Infrastructure	(179,005,057)	-	(5,641,978)	1,141,904	(183,505,131)
Total accumulated depreciation	(248,411,602)	-	(12,464,134)	1,466,694	(259,409,042)
Total capital assets being depreciated, net	210,463,744	3,087,926	(10,143,846)	(5,202)	203,402,622
Governmental activities capital assets, net	\$ 410,767,360	\$ (100,000)	\$ 24,717,595	\$ (2,487,120)	\$ 432,897,835

\* Transfers of Construction in Progress were completed projects in the Governmental Activities in the amount of \$3,187,926 which were transferred as assets in Governmental Activities and the Sewer Fund in the amounts of \$3,087,926 and \$100,000, respectively.

Governmental activities depreciation expense for capital assets for the year ended June 30, 2018, is as follows:

General government	\$ 526,736
Public safety	995,490
Public works	7,388,633
Community development	138,366
Human and leisure	2,214,782
Equipment replacement	891,603
Equipment maintenance	18,282
Information technology	267,075
Building maintenance	7,706
Facility capital repair	15,461
Total depreciation expense - governmental activities	<u>\$ 12,464,134</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

Note 8: Capital Assets (Continued)

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

	Beginning Balance	Transfers of CIP *	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 9,128,423	\$ -	\$ -	\$ -	\$ 9,128,423
Construction in progress	4,406,486	(309,425)	6,529,433	(76,580)	10,549,914
Total capital assets, not being depreciated	13,534,909	(309,425)	6,529,433	(76,580)	19,678,337
Capital assets, being depreciated:					
Buildings	8,594,685	-	-	-	\$ 8,594,685
Improvements other than buildings	80,031,658	-	189,254	-	80,220,912
Machinery and equipment	13,410,226	-	308,780	-	13,719,006
Leasehold improvements	468,140	-	-	-	468,140
Infrastructure	41,253,589	409,425	338,580	-	42,001,594
Total capital assets, being depreciated	143,758,298	409,425	836,614	-	145,004,337
Less accumulated depreciation for:					
Buildings	(2,199,063)	-	(223,711)	-	\$ (2,422,774)
Improvements other than buildings	(32,027,268)	-	(1,568,418)	-	(33,595,686)
Machinery and equipment	(12,071,627)	-	(288,605)	-	(12,360,232)
Leasehold improvements	(444,730)	-	(9,730)	-	(454,460)
Infrastructure	(3,349,062)	-	(687,950)	-	(4,037,012)
Total accumulated depreciation	(50,091,750)	-	(2,778,414)	-	(52,870,164)
Total capital assets being depreciated, net	93,666,548	409,425	(1,941,800)	-	92,134,173
Business-type activities capital assets, net	\$ 107,201,457	\$ 100,000	\$ 4,587,633	\$ (76,580)	\$111,812,510

\* Transfers of Construction in Progress were transferred from Governmental Activities to the Sewer Fund in the amount of \$100,000.

Business-type activities depreciation expense for capital assets for the year ended June 30, 2018, is as follows:

Airport	\$ 455,454
Water Utility	1,543,051
Sewer Enterprise	690,516
Brea Dam Facilities Recreational	89,393
Total depreciation expense - business-type activities	<u>\$ 2,778,414</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

**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, 2018:

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>						
2013 Taxable Judgment						
Obligation Bonds	\$ 6,180,000	\$ -	\$ -	\$ (280,000)	\$ 5,900,000	\$ 285,000
Capital leases:						
Governmental Funds	2,491,379	-	-	(18,940)	2,472,439	306,135
Internal Service Funds	1,716,521	-	1,400,000	(789,489)	2,327,032	660,810
HUD Section 108 loans	1,500,000	-	-	(500,000)	1,000,000	500,000
Compensated absences	3,032,950	-	2,736,498	(2,888,875)	2,880,573	2,304,458
Net pension liability	190,880,888	4,582,796 **	44,288,156	(14,643,558)	225,108,282	-
Net OPEB obligation	20,536,049	12,639,039 *	1,561,945	-	34,737,033	-
Claims and judgments:						
Governmental Funds	233,226	-	-	(29,289)	203,937	36,765
Internal Service Funds	25,898,000	-	2,586,500	(1,533,500)	26,951,000	1,619,464
Total	<u>\$ 252,469,013</u>	<u>\$ 17,221,835</u>	<u>\$ 52,573,099</u>	<u>\$ (20,683,651)</u>	<u>\$ 301,580,296</u>	<u>\$ 5,712,632</u>
Unamortized Bond Discount	\$ (45,325)		\$ -	\$ (2,833)	\$ (42,492)	
	<u>\$ 252,423,688</u>		<u>\$ 52,573,099</u>	<u>\$ (20,686,484)</u>	<u>\$ 301,537,804</u>	

\* Adjustment relates to implementation of GASB No. 75.

\*\* Adjustment made to true-up Net Pension Liability to agree to the Valuation Report.

**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 replenished 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, 2018, the outstanding balance was \$5,900,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 9: Long-Term Debt (Continued)**

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 285,000	\$ 301,533	\$ 586,533
2020	295,000	293,125	588,125
2021	305,000	282,948	587,948
2022	315,000	271,815	586,815
2023	330,000	259,215	589,215
2024-2028	1,890,000	1,042,605	2,932,605
2029-2033	2,480,000	463,799	2,943,799
Total	<u>\$ 5,900,000</u>	<u>\$ 2,915,040</u>	<u>\$ 8,815,040</u>

**Capital Leases**

As of June 30, 2018, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Total
2019	\$ 1,021,686
2020	647,985
2021	647,985
2022	647,985
2023	647,985
2024-2027	1,666,536
Total minimum lease payments	5,280,162
Less: amounts representing interest	(480,691)
Present value of minimum lease payments	<u>\$ 4,799,471</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 8,779,652
Less: accumulated depreciation	(5,401,811)
Total	<u>\$ 3,377,841</u>

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. The lease was paid in full during the current fiscal year.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 9: Long-Term Debt (Continued)**

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, 2018, the outstanding balance was \$556,646.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 105,267	\$ 15,586	\$ 120,853
2020	108,214	12,639	120,853
2021	111,244	9,609	120,853
2022	114,359	6,493	120,852
2023	117,562	3,291	120,853
Total	<u>\$ 556,646</u>	<u>\$ 47,618</u>	<u>\$ 604,264</u>

In March 2014, the City entered into a lease agreement with Suntrust Equipment Finance & Leasing Corporation for the acquisition of 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, 2018, the outstanding balance was \$293,966.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 293,966	\$ 1,213	\$ 295,179
Total	<u>\$ 293,966</u>	<u>\$ 1,213</u>	<u>\$ 295,179</u>

In February 2016, the City entered into a lease agreement with TYMCO, Inc. for the acquisition of a street sweeper at a cost of \$301,705. The lease meets the capitalization policy and the equipment has been recorded as an asset of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 2.75%. The term of the lease is four years. Payments are due annually under the terms of the lease agreement. At June 30, 2018, the outstanding balance was \$76,420.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 76,420	\$ 2,102	\$ 78,522
Total	<u>\$ 76,420</u>	<u>\$ 2,102</u>	<u>\$ 78,522</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 9: Long-Term Debt (Continued)**

In July 2016, the City entered into a lease agreement with Motorola Solutions, Inc., for the acquisition of 800 MHz Radio Equipment at a cost of \$2,472,439. The lease meets the capitalization policy and the assets have been recorded as an asset of the Governmental Funds. The interest rate on the lease is 0.0% for the first two years and 2.81% for the remainder of the lease. 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 July 1, 2018. At June 30, 2018, the outstanding balance was \$2,472,439.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 306,135	\$ -	\$ 306,135
2020	245,262	60,873	306,135
2021	252,154	53,981	306,135
2022	259,240	46,895	306,135
2023	266,524	39,611	306,135
2024-2027	1,143,124	81,416	1,224,540
Total	<u>\$ 2,472,439</u>	<u>\$ 282,776</u>	<u>\$ 2,755,215</u>

In September 2017, the City entered into a tax-exempt lease/purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. for the acquisition of street lighting equipment, at a cost of \$1,400,000. The lease meets the capitalization policy and the equipment 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 seven years. Payments are due annually under the terms of the lease agreement. At June 30, 2018, the outstanding balance was \$1,400,000.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 185,157	\$ 35,840	\$ 220,997
2020	189,897	31,100	220,997
2021	194,759	26,239	220,997
2022	199,745	21,253	220,997
2023	204,858	16,139	220,997
2024-2025	425,584	16,411	441,995
Total	<u>\$ 1,400,000</u>	<u>\$ 146,982</u>	<u>\$ 1,546,982</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, 2018, the amount outstanding is \$1,000,000.



CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 9: Long-Term Debt (Continued)**

Loan debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 500,000	\$ 12,725	\$ 512,725
2020	500,000	4,700	504,700
Total	<u>\$ 1,000,000</u>	<u>\$ 17,425</u>	<u>\$ 1,017,425</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 12 detailing the net pension liability. The total liability at June 30, 2018 was \$225,108,282.

Net OPEB Obligation

The City's policies relating to other post-employment benefits are described in Note 13 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 14 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, 2018, the outstanding balance was \$203,937. Settlement debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 36,765	\$ 11,235	\$ 48,000
2020	39,031	8,969	48,000
2021	41,439	6,561	48,000
2022	43,994	4,006	48,000
2023	42,708	1,292	44,000
Total	<u>\$ 203,937</u>	<u>\$ 32,063</u>	<u>\$ 236,000</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

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, 2018:

	Beginning Balance	Adjustments*	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-Type Activities:</u>						
Revenue Bonds						
2014 Water Revenue Refunding Bonds	\$ 5,915,000	\$ -	\$ -	\$ (370,000)	\$ 5,545,000	\$ 380,000
2010 Lease Revenue Bonds, Series A	2,100,000	-	-	(115,000)	1,985,000	120,000
Capital Leases						
Hangar Lease	1,574,914	-	-	(503,775)	1,071,139	524,682
Compensated Absences	442,504	-	273,460	(275,084)	440,880	352,704
Net pension liability	13,532,027	-	3,716,635	(968,189)	16,280,473	-
OPEB obligation	-	1,178,322	55,478	-	1,233,800	-
Total	<u>23,564,445</u>	<u>1,178,322</u>	<u>4,045,573</u>	<u>(2,232,048)</u>	<u>26,556,292</u>	<u>\$ 1,377,386</u>
Unamortized bond premium	643,581	-	-	(38,615)	604,966	
Unamortized bond discount	(33,521)	-	-	2,483	(31,038)	
Total Long-Term Debt	<u>\$ 24,174,505</u>	<u>\$ 1,178,322</u>	<u>\$ 4,045,573</u>	<u>\$ (2,268,180)</u>	<u>\$ 27,130,220</u>	

\* Adjustment relates to implementation of GASB No. 75.

**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, 2018, the outstanding balance was \$1,985,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 9: Long-Term Debt (Continued)**

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 120,000	\$ 150,776	\$ 270,776
2020	125,000	142,976	267,976
2021	125,000	134,850	259,850
2022	135,000	125,162	260,162
2023	140,000	114,700	254,700
2024-2028	785,000	402,614	1,187,614
2029-2031	555,000	87,574	642,574
Total	<u>\$ 1,985,000</u>	<u>\$ 1,158,652</u>	<u>\$ 3,143,652</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 2014 Water Revenue Refunding Bonds are secured by a pledge of net revenues of the City's water system. Bond repayment commenced 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, 2018, the outstanding balance was \$5,545,000.

The certificates of participation debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 380,000	\$ 240,813	\$ 620,813
2020	390,000	231,213	621,213
2021	250,000	222,313	472,313
2022	265,000	212,013	477,013
2023	270,000	201,313	471,313
2024-2028	1,555,000	807,594	2,362,594
2029-2033	1,975,000	371,874	2,346,874
2034	460,000	11,500	471,500
Total	<u>\$ 5,545,000</u>	<u>\$ 2,298,631</u>	<u>\$ 7,843,631</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

Note 9: Long-Term Debt (Continued)

Capital Leases

As of June 30, 2018, 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
2019	\$ 569,134
2020	569,135
Total minimum lease payments	1,138,269
Less: amounts representing interest	(67,130)
Present value of minimum lease payments	<u>\$ 1,071,139</u>

The assets acquired through capital leases are as follows:

Asset:	Business-Type Activities
Machinery and equipment	\$ 5,862,900
Less: accumulated depreciation	<u>(1,525,334)</u>
Total	<u>\$ 4,337,566</u>

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, 2018, the outstanding balance was \$1,071,139.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 524,682	\$ 44,452	\$ 569,134
2020	546,457	22,678	569,135
Total	<u>\$ 1,071,139</u>	<u>\$ 67,130</u>	<u>\$ 1,138,269</u>

Net Pension Liability

See Note 12 detailing the net pension liability. The total liability at June 30, 2018 was \$16,280,473.

**CITY OF FULLERTON**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

**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.

At June 30, 2018, non-committal debt amounts issued and outstanding are as follows:

<u>Non-committal Debt Issues:</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2018</u>
CFD No. 1 2012 Special Tax Refunding Bonds	\$ 19,040,000	\$ 16,225,000
CFD No. 2 2014 Special Tax Bonds	<u>7,570,000</u>	<u>7,485,000</u>
Total Non-committal Debt Issues:	<u>\$ 32,920,000</u>	<u>\$ 23,710,000</u>

**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 8). 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, 2018, the lease payment to the General Fund totaled \$1,180,480. 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:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Base Rent Payment	\$ 1,374,000	\$ 1,374,000	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400
Rent Increase*	<u>137,400</u>	<u>137,400</u>	<u>151,140</u>	<u>151,140</u>	<u>151,140</u>
Total Annual Rent Payment	<u>\$ 1,511,400</u>	<u>\$ 1,511,400</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>

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

**Note 12: 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, 2018, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	6.883%	6.000%
Required employer contribution rates	20.294%	20.294%
	<b>Safety Plan</b>	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	3% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9.133%	11.000%
Required employer contribution rates	51.163%	51.163%

\* Closed to new entrants

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

**Note 12: City Employees' Retirement Plans (Continued)****Employees Covered**

At June 30, 2018, the following employees were covered by the benefit terms of the Plans:

<u>Description</u>	<u>Number of members</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Active members	396	220
Transferred members	277	57
Terminated members	192	36
Retired members and beneficiaries	599	407
<b>Total</b>	<b>1,464</b>	<b>720</b>

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2018, the contributions that were recognized as a reduction to the net pension liability were \$3,455,877 and \$10,074,802 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table**	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

\*\* 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 12: City Employees' Retirement Plans (Continued)**

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Change of Assumptions**

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement 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 on the next page 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. The target allocation shown was adopted by the Board effective on July 1, 2014.



CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

Note 12: City Employees' Retirement Plans (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

- (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:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Assets)</u>
<b>Miscellaneous Plan:</b>			
<b>Balance at: 6/30/2017 (Valuation Date of 6/30/16)</b>	\$ 262,839,748	\$ 199,133,350	\$ 63,706,398
<b>Changes recognized for the Measurement Period:</b>			
Service Cost	4,028,019	-	4,028,019
Interest on the Total Pension Liability	19,457,971	-	19,457,971
Difference between Expected and Actual Experience	(1,691,562)	-	(1,691,562)
Changes of Assumptions	15,777,516	-	15,777,516
Contribution from the Employer	-	3,455,877	(3,455,877)
Contributions from Employees	-	3,207,458	(3,207,458)
Net Investment Income	-	21,919,922	(21,919,922)
Benefit Payments including Refunds of Employee Contributions	(13,600,494)	(13,600,494)	-
Administrative expense	-	(294,007)	294,007
<b>Net changes during 2016-17</b>	<b>23,971,450</b>	<b>14,688,756</b>	<b>9,282,694</b>
<b>Balance at: 6/30/2018 (Measurement Date of 6/30/17)</b>	<b>\$ 286,811,198</b>	<b>\$ 213,822,106</b>	<b>\$ 72,989,092</b>
<b>Safety Plan:</b>			
<b>Balance at: 6/30/2017 (Valuation Date of 6/30/16), as restated</b>	\$ 439,810,169	\$ 290,346,473	\$ 149,463,696
<b>Changes recognized for the Measurement Period:</b>			
Service Cost	7,137,610	-	7,137,610
Interest on the Total Pension Liability	32,652,041	-	32,652,041
Difference between Expected and Actual Experience	(1,625,395)	-	(1,625,395)
Changes of Assumptions	27,036,186	-	27,036,186
Contribution from the Employer	-	10,074,802	(10,074,802)
Contributions from Employees	-	3,864,941	(3,864,941)
Net Investment Income	-	32,030,653	(32,030,653)
Benefit Payments including Refunds of Employee Contributions	(24,235,721)	(24,235,721)	-
Administrative expense	-	(428,677)	428,677
<b>Net changes during 2016-17</b>	<b>40,964,721</b>	<b>21,305,998</b>	<b>19,658,723</b>
<b>Balance at: 6/30/2018 (Measurement Date of 6/30/17)</b>	<b>\$ 480,774,890</b>	<b>\$ 311,652,471</b>	<b>\$ 169,122,419</b>
<b>Total Plans:</b>	<b>\$ 767,586,088</b>	<b>\$ 525,474,577</b>	<b>\$ 242,111,511</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**
**Note 12: 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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	
Net Pension Liability	\$ 110,778,547	\$ 234,222,965	\$ 345,001,512
Current Discount Rate	7.15%	7.15%	
Net Pension Liability	\$ 72,989,092	\$ 169,122,419	\$ 242,111,511
1% Increase	8.15%	8.15%	
Net Pension Liability	\$ 41,761,951	\$ 115,829,996	\$ 157,591,947

**Pension Plan Fiduciary Net Position**

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report 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 funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

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

For the year ended June 30, 2018, the City recognized pension expense of \$8,153,910 and \$19,511,977 for the Miscellaneous and Safety Plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 3,880,635	\$ -	\$ 10,729,928	\$ -	\$ 14,610,563	\$ -
Difference between expected and actual experience	-	(1,929,648)	-	(2,166,912)	-	(4,096,560)
Change in Assumptions	10,142,689	-	19,921,400	(1,568,563)	30,064,089	(1,568,563)
Net difference between projected and actual earnings on pension plan investments	3,036,866	-	4,330,140	-	7,367,006	-
<b>Total</b>	<b>\$ 17,060,190</b>	<b>\$ (1,929,648)</b>	<b>\$ 34,981,468</b>	<b>\$ (3,735,475)</b>	<b>\$ 52,041,658</b>	<b>\$ (5,665,123)</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**
**Note 12: City Employees' Retirement Plans (Continued)**

\$3,880,635 and \$10,729,928 was reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Miscellaneous	Safety	Total
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2019	\$ 4,064,709	\$ 4,042,594	\$ 8,107,303
2020	7,504,238	11,618,326	19,122,564
2021	1,279,193	7,197,371	8,476,564
2022	(1,598,233)	(2,342,226)	(3,940,459)
	<u>\$ 11,249,907</u>	<u>\$ 20,516,065</u>	<u>\$ 31,765,972</u>

**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, 2018, the City's payroll covered by the plan was \$134,984. The City made employer contributions of \$67,492 (3.75% of current covered payroll), and employees contributed \$67,492 (3.75% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

**Note 13: 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) or with a disability at any age with any service and are eligible for a PERS pension.

Miscellaneous and Police retirees and their spouses are covered either under the Kaiser plan or the Anthem Blue Cross HMO and PPO health plans. Fire and Fire Management retirees and their spouses are covered in the health plans available through California PERS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 13: Post-Employment Healthcare Plan (Continued)**

The City's contribution for retiree health benefits is \$200 for participants that retire with 20 or more years of service and \$100 for participants that retire with more than 10 but less than 20 years of service at retirement for all non-Fire bargaining unit employees hired after January 1, 2012.

After age 65, the City's contribution towards retiree health insurance stops except that the City will pay the minimum required contribution for Fire and Fire Management retirees enrolled in the California PERS health plans.

**Employees Covered**

As of the January 1, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active	611
Inactive employees or beneficiaries currently receiving benefits	<u>263</u>
Total	<u><u>874</u></u>

**Contributions**

The contribution requirements of plan members and the City are established and may be amended by the 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. For the measurement date ended June 30, 2017, the City's contribution was \$0.

**OPEB Liability**

The City's total OPEB liability was based on an actuarial valuation as of January 1, 2017. This is the date as of which the actuarial valuation was performed. The City's measurement date was as of June 30, 2017 and to develop the total OPEB liability at the beginning of the measurement period on June 30, 2016, the results of the June 30, 2017 valuation were rolled back, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions	
Discount Rate	3.75%
Payroll Growth	Payroll growth is based on the CalPERS Salary Scale for Miscellaneous, Police, and Fire CalPERS salary scale for any employees hired at age 30 for purposes of allocating Service Costs under the Entry Age Normal cost method.
Mortality Rate (1)	Scale BB projected to 2028
Healthcare Cost-trade Rate (2)	3.75%

Notes:

- (1) Rates based on statistics taken from the CalPERS Experience Study Report adopted in 2014 and include a margin for mortality improvement
- (2) Rate based on the assumption that health costs will increase according to the health cost inflation trend derived by using the "Getzen" model developed by the Society of Actuaries

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 13: Post-Employment Healthcare Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.75 percent. It reflects the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets are insufficient to finance all OPEB benefits, the discount rate is based on 20-year tax exempt AA or higher Municipal Bonds.

**Changes in the Total OPEB Liability**

The changes in the Total OPEB liability for the Plan are as follows:

	Increase(Decrease)		
	Total OPEB Liability/(Assets)	Plan Fiduciary Net Position	OPEB Liability/(Assets)
	(a)	(b)	(c) = (a) - (b)
<b>Balance at June 30,2017 (valuation date 1/1/2017)</b>	<b>\$ 34,353,410</b>	<b>\$ -</b>	<b>\$ 34,353,410</b>
<b>Changes recognized over the measurement period:</b>			
Service Cost	1,913,643	-	1,913,643
Interest	1,288,253	-	1,288,253
Expected Investment Income	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit Payments	(1,584,473)	-	(1,584,473)
Administrative expense	-	-	-
Investment Experience	-	-	-
<b>Net Changes</b>	<b>1,617,423</b>	<b>-</b>	<b>1,617,423</b>
<b>Balance at June 30, 2018 (measurement date 06/30/2017)</b>	<b>\$ 35,970,833</b>	<b>\$ -</b>	<b>\$ 35,970,833</b>

**Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate, for measurement period ended June 30, 2017:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
OPEB Liability	\$ 32,559,263	\$ 35,970,833	\$ 39,870,463

**Sensitivity of the OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate, for measurement period ended June 30, 2017:

	1% Decrease (2.50%)	Current Healthcare Cost Trend Rates (3.50%)	1% Increase (4.50%)
OPEB Liability	\$ 34,588,162	\$ 35,970,833	\$ 38,035,722

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 13: Post-Employment Healthcare Plan (Continued)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,617,423. As of fiscal year ended June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 50,000	\$ -
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ -</b>

**Note 14: 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 \$750,000 for non-safety personnel and \$1,000,000 for safety personnel per claim self-insured retention level.

The City utilizes the services of a contract claims administrator for administration of the workers' compensation program. However, the liability program is currently administered in-house along with the 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, 2018, is \$26,951,000 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, 2018.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 14: Self-Insurance Program (Continued)**

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, 2016	\$ 9,253,000	\$ 15,650,000	\$ 24,903,000
Incurred claims (including IBNRs)	618,617	6,076,466	6,695,083
Claim payments	<u>(1,782,617)</u>	<u>(3,917,466)</u>	<u>(5,700,083)</u>
Unpaid claims, June 30, 2017	8,089,000	17,809,000	25,898,000
Incurred claims (including IBNRs)	2,153,887	432,613	2,586,500
Claim payments	<u>(584,887)</u>	<u>(948,613)</u>	<u>(1,533,500)</u>
Unpaid claims, June 30, 2018	<u>\$ 9,658,000</u>	<u>\$ 17,293,000</u>	<u>\$ 26,951,000</u>

**Note 15: Commitments and Contingencies**

As of June 30, 2018, 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, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
Raymond Avenue Grade Separation	\$ 50,401,414	\$ 47,240,090	\$ 3,161,324
Rolling Hills Area Improvement	1,993,986	1,296,385	697,601

**CITY OF FULLERTON**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

**Note 16: Fund Balance Classifications**

The fund balances of the City's governmental funds as of June 30, 2018 are presented below:

	<u>General</u>	<u>Park Dwelling</u>	<u>Grants Administration</u>	<u>Housing</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>							
<b>Nonspendable</b>							
Inventories and prepayments	\$ 289,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,647
<b>Restricted</b>							
Street improvement projects	-	-	-	-	-	8,289,520	8,289,520
Park projects	-	4,811,006	-	-	-	-	4,811,006
Traffic safety program	-	-	-	-	-	20,082	20,082
Police narcotics	-	-	-	-	-	297,539	297,539
Housing	-	-	-	16,543,543	-	-	16,543,543
AQMD activities	-	-	-	-	-	674,718	674,718
Debt Service	-	-	-	-	-	205,907	205,907
Storm drain system projects	-	-	-	-	-	3,414,065	3,414,065
Refuse collection	-	-	-	-	-	1,502,621	1,502,621
Street maintenance	-	-	-	-	-	3,557,299	3,557,299
<b>Assigned</b>							
Contingency reserve	8,992,321	-	-	-	-	-	8,992,321
<b>Unassigned</b>							
	4,999,471	-	(171,842)	-	(3,232,907)	-	1,594,722
<b>Total Fund Balances</b>	<b><u>\$ 14,281,439</u></b>	<b><u>\$ 4,811,006</u></b>	<b><u>\$ (171,842)</u></b>	<b><u>\$ 16,543,543</u></b>	<b><u>\$ (3,232,907)</u></b>	<b><u>\$ 17,961,751</u></b>	<b><u>\$ 50,192,990</u></b>

**Note 17: Net Position Restatements**

Proprietary Funds:

Water Utility Fund

To record OPEB liability due to the implementation of GASB Statements No. 75

\$ (1,119,921)

Sewer Enterprise fund

To record OPEB liability due to the implementation of GASB Statements No. 75

(58,401)

\$ (1,178,322)

Internal Service Funds:

To record OPEB liability due to the implementation of GASB Statements No. 75

\$ (594,314)

Government-wide Statements:

Governmental Activities:

To true-up Net Pension Liability to agree to the Valuation Report

\$ (4,582,796)

To record OPEB liability due to the implementation of GASB Statement No. 75

(12,639,039)

\$ (17,221,835)

Business-Type Activities:

To record OPEB liability due to the implementation of GASB Statement No. 75

\$ (1,178,322)



**Note 18: 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 could not 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	\$ 9,683,014
Restricted cash and investments	6,230,425
Cash and investments with fiscal agent	4,608,254
	<u>\$ 20,521,693</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 2<sup>nd</sup> Amendment dated August 3, 2009 the maximum loan amount could not exceed \$6,000,000. A repayment account was 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 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, 2018, is \$5,703,265.

**Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

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, 2018, the outstanding balances are \$1,049,028.

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, 2018, 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, 2018, is \$251,681.

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 assisted 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, 2018, is \$46,250.

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 \$82,698, totaling \$712,698 at June 30, 2018.

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 (58<sup>th</sup>) 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. The outstanding principal balance is \$8,972,000 with accrued interest of \$1,005,686, totaling \$9,977,687 at June 30, 2018.

**Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

Fullerton Family Housing Partners, LP:

On October 13, 2016, the Successor Agency agreed to loan \$7,200,000 for the acquisition of real property located at 336 East Santa Fe Avenue and the construction of affordable apartment units. According to the Promissory Note the Term 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 Family Housing Partners, LP, 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 \$7,200,000 with accrued interest of \$300,723, totaling \$7,500,723 at June 30, 2018.

Richman Park Housing Partners LP (Jamboree):

On October 31, 2016, the Successor Agency agreed to loan \$4,402,564 for the acquisition of real property located at multiple addresses and the construction of affordable apartment units. According to the Promissory Note the Term 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 Richman Park Housing Partners LP, 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 \$4,402,564 with accrued interest of \$86,381 totaling \$4,488,945 at June 30, 2018.

Fullerton Supportive Housing, LP:

On March 31, 2017, the Successor Agency agreed to loan \$2,850,000 for the acquisition of real property located at 1220 East Orangethorpe Avenue and the construction of affordable apartment units. According to the Promissory Note the Term 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 Supportive Housing, LP, 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 \$2,850,000 with accrued interest of \$78,121, totaling \$2,928,121 at June 30, 2018.

Total Loans Receivable is \$33,574,882.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**c. Capital Assets**

A description of capital assets of the Successor Agency as of June 30, 2018, is as follows:

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 757,575	\$ -	\$ -	\$ -	\$ 757,575
Construction-in-progress	4,963,495	(563,494)	315,903	-	4,715,904
Total capital assets not being depreciated	5,721,070	(563,494)	315,903	-	5,473,479
Capital assets, being depreciated:					
Buildings	261,204	-	-	-	261,204
Improvements other than Buildings	3,914,896	-	-	-	3,914,896
Machinery and equipment	575,817	-	-	-	575,817
Leasehold Improvements	546,500	-	-	-	546,500
Infrastructure	7,843,302	563,494	-	-	8,406,796
Total capital assets being depreciated	13,141,719	563,494	-	-	13,705,213
Less accumulated depreciation					
Buildings	(99,464)	-	(9,310)	-	(108,774)
Improvements other than Buildings	(1,967,332)	-	(191,924)	-	(2,159,256)
Machinery and equipment	(575,816)	-	-	-	(575,816)
Leasehold Improvements	(300,575)	-	(27,325)	-	(327,900)
Infrastructure	(287,243)	-	(261,444)	-	(548,687)
Total accumulated depreciation	(3,230,430)	-	(490,003)	-	(3,720,433)
Total capital assets being depreciated, net	9,911,289	563,494	(490,003)	-	9,984,780
Successor Agency capital assets, net	\$ 15,632,359	\$ -	\$ (174,100)	\$ -	\$ 15,458,259

**d. Long-Term Debt**

A description of long-term debt outstanding of the Successor Agency as of June 30, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Fiduciary Activities:</u>					
Tax Allocation Bonds					
2005 Tax Allocation Revenue Bond	\$ 53,505,000	\$ -	\$ (3,285,000)	\$ 50,220,000	\$ 3,415,000
2010 Tax Allocation Housing Bond	20,480,000	-	(1,615,000)	18,865,000	1,695,000
2015 Tax Allocation Refunding Bond	10,945,000	-	(1,435,000)	9,510,000	1,515,000
Total	84,930,000	-	(6,335,000)	78,595,000	\$ 6,625,000
Unamortized bond premium	2,791,661	-	(318,370)	2,473,291	
Unamortized bond discount	(76,145)	-	8,307	(67,838)	
Total Long-Term Debt	\$ 87,645,516	\$ -	\$ (6,645,063)	\$ 81,000,453	

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2018**

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**Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

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 \$103,918,530 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 \$9,521,437 and the debt service obligation on the bonds was \$11,017,916.

**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, 2018, the outstanding balance was \$50,220,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,415,000	\$ 2,878,488	\$ 6,293,488
2020	3,765,000	2,698,953	6,463,953
2021	4,575,000	2,489,648	7,064,648
2022	4,805,000	2,258,159	7,063,159
2023	5,040,000	2,014,205	7,054,205
2024-2028	28,620,000	5,613,495	34,233,495
Total	<u>\$ 50,220,000</u>	<u>\$ 17,952,948</u>	<u>\$ 68,172,948</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, 2018, the outstanding balance was \$18,865,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

**Note 18: 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
2019	\$ 1,695,000	\$ 1,086,554	\$ 2,781,554
2020	1,780,000	994,045	2,774,045
2021	1,880,000	891,051	2,771,051
2022	1,985,000	780,947	2,765,947
2023	2,100,000	663,168	2,763,168
2024-2027	9,425,000	1,236,167	10,661,167
Total	<u>\$ 18,865,000</u>	<u>\$ 5,651,932</u>	<u>\$ 24,516,932</u>

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 commenced 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, 2018, the outstanding balance was \$9,510,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,515,000	\$ 413,950	\$ 1,928,950
2020	1,610,000	351,450	1,961,450
2021	970,000	295,000	1,265,000
2022	1,015,000	245,375	1,260,375
2023	1,065,000	193,375	1,258,375
2024-2025	3,335,000	219,500	3,554,500
Total	<u>\$ 9,510,000</u>	<u>\$ 1,718,650</u>	<u>\$ 11,228,650</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 14.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018

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**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, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 74,396,650	\$ 74,396,650	\$ 73,145,126	\$ (1,251,524)
Licenses and permits	1,896,300	1,896,300	2,283,875	387,575
Intergovernmental	415,280	446,027	1,086,121	640,094
Charges for services	8,577,831	8,577,831	7,107,001	(1,470,830)
Use of money and property	4,052,524	4,052,524	3,716,814	(335,710)
Fines and forfeitures	1,190,200	1,190,200	1,399,068	208,868
Miscellaneous	640,572	640,572	1,122,221	481,649
<b>Total Revenues</b>	<b>91,169,357</b>	<b>91,200,104</b>	<b>89,860,226</b>	<b>(1,339,878)</b>
<b>Expenditures:</b>				
Current:				
General government				
Council	566,639	566,639	540,068	26,571
City Manager	728,639	728,639	753,460	(24,821)
City Clerk	388,200	388,200	348,939	39,261
Administrative Services				
Finance	1,838,213	1,838,213	1,723,693	114,520
Human Resources	971,185	971,185	598,908	372,277
General Government	356,272	397,972	397,922	50
Public safety				
Fire	19,875,326	20,230,649	20,237,000	(6,351)
Police	45,068,031	45,115,331	43,916,083	1,199,248
Community development	4,848,401	5,372,377	5,294,132	78,245
Human and leisure				
Parks and Recreation	5,723,457	5,723,457	5,602,939	120,518
Library	3,968,316	3,968,316	3,731,613	236,703
Public works	6,626,290	6,768,355	6,734,985	33,370
Capital outlay	55,000	65,759	43,466	22,293
<b>Total Expenditures:</b>	<b>91,013,969</b>	<b>92,135,092</b>	<b>89,923,208</b>	<b>2,211,884</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>155,388</b>	<b>(934,988)</b>	<b>(62,982)</b>	<b>872,006</b>
<b>Other Financing Sources</b>				
Transfers in	450,000	474,090	465,554	(8,536)
Transfers out	(110,000)	(110,000)	-	110,000
Proceeds from sale of capital asset	6,000	6,000	3,150,336	3,144,336
<b>Total Other Financing Sources (Uses):</b>	<b>346,000</b>	<b>370,090</b>	<b>3,615,890</b>	<b>3,245,800</b>
Net Change in Fund Balances	501,388	(564,898)	3,552,908	4,117,806
Fund Balances, Beginning of Year	10,728,531	10,728,531	10,728,531	-
<b>Fund Balances, End of Year</b>	<b>\$ 11,229,919</b>	<b>\$ 10,163,633</b>	<b>\$ 14,281,439</b>	<b>\$ 4,117,806</b>



CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 PARK DWELLING  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 4,422,600	\$ 4,422,600	\$ 274,860	\$ (4,147,740)
<b>Total Revenues</b>	<b>4,422,600</b>	<b>4,422,600</b>	<b>274,860</b>	<b>(4,147,740)</b>
<b>Other Financing Sources</b>				
Transfers out	(1,260,000)	(10,674,260)	(5,936,660)	4,737,600
<b>Total Other Financing Sources (Uses):</b>	<b>(1,260,000)</b>	<b>(10,674,260)</b>	<b>(5,936,660)</b>	<b>4,737,600</b>
Net Change in Fund Balances	3,162,600	(6,251,660)	(5,661,800)	589,860
Fund Balances, Beginning of Year	10,472,806	10,472,806	10,472,806	-
<b>Fund Balances, End of Year</b>	<b>\$13,635,406</b>	<b>\$ 4,221,146</b>	<b>\$ 4,811,006</b>	<b>\$ 589,860</b>

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE  
GRANTS ADMINISTRATION  
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,348,901	\$ 5,819,105	\$ 3,694,686	\$ (2,124,419)
Miscellaneous	194,584	101,470	33,313	(68,157)
<b>Total Revenues</b>	<b>2,543,485</b>	<b>5,920,575</b>	<b>3,727,999</b>	<b>(2,192,576)</b>
<b>Expenditures:</b>				
Current:				
General government	-	17,328	13,013	4,315
Public safety	209,868	1,257,986	974,681	283,305
Community development	1,386,894	2,245,588	1,253,054	992,534
Parks and recreation	428,349	581,343	513,471	67,872
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	18,374	18,374	18,374	-
<b>Total Expenditures:</b>	<b>2,543,485</b>	<b>4,620,619</b>	<b>3,272,593</b>	<b>1,348,026</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>1,299,956</b>	<b>455,406</b>	<b>(844,550)</b>
<b>Other Financing Sources</b>				
Transfers out	-	(1,210,470)	(550,000)	660,470
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>(1,210,470)</b>	<b>(550,000)</b>	<b>660,470</b>
Net Change in Fund Balances	-	89,486	(94,594)	(184,080)
Fund Balances, Beginning of Year	(77,248)	(77,248)	(77,248)	-
<b>Fund Balances, End of Year</b>	<b>\$ (77,248)</b>	<b>\$ 12,238</b>	<b>\$ (171,842)</b>	<b>\$ (184,080)</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
HOUSING  
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 185,000	\$ 185,000	\$ 184,900	\$ (100)
<b>Total Revenues</b>	<b>185,000</b>	<b>185,000</b>	<b>184,900</b>	<b>(100)</b>
<b>Expenditures:</b>				
Current:				
Community development	177,789	777,789	167,186	610,603
<b>Total Expenditures:</b>	<b>177,789</b>	<b>777,789</b>	<b>167,186</b>	<b>610,603</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>7,211</b>	<b>(592,789)</b>	<b>17,714</b>	<b>610,503</b>
<b>Other Financing Sources</b>				
Loss on disposition of assets	-	(1,395,400)	(1,395,400)	-
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>(1,395,400)</b>	<b>(1,395,400)</b>	<b>-</b>
Net Change in Fund Balances	7,211	(1,988,189)	(1,377,686)	610,503
Fund Balances, Beginning of Year	17,921,229	17,921,229	17,921,229	-
<b>Fund Balances, End of Year</b>	<b>\$ 17,928,440</b>	<b>\$ 15,933,040</b>	<b>\$ 16,543,543</b>	<b>\$ 610,503</b>

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>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 3,583,900	\$ 3,434,664	\$ 3,436,150	\$ 4,028,019
Interest on total pension liability	18,104,876	18,544,020	19,021,926	19,457,971
Differences between expected and actual experience	-	(3,523,723)	(2,713,807)	(1,691,562)
Changes in assumptions	-	(4,406,198)	-	15,777,516
Benefit payments, including refunds of employee contributions	(12,422,994)	(12,931,194)	(13,105,760)	(13,600,494)
<b>Net change in total pension liability</b>	<b>9,265,782</b>	<b>1,117,569</b>	<b>6,638,509</b>	<b>23,971,450</b>
<b>Total pension liability - beginning</b>	<b>245,817,888</b>	<b>255,083,670</b>	<b>256,201,239</b>	<b>262,839,748</b>
<b>Total pension liability - ending (a)</b>	<b>255,083,670</b>	<b>256,201,239</b>	<b>262,839,748</b>	<b>286,811,198</b>
 <b>Plan fiduciary net position</b>				
Plan to Plan Resource Movement	-	(715)	-	-
Contributions - employer	1,748,110	2,087,882	2,831,939	3,455,877
Contributions - employee	3,340,171	2,852,024	2,961,557	3,207,458
Net investment income	31,546,084	4,617,716	994,336	21,919,922
Benefit payments	(12,422,994)	(12,931,194)	(13,105,760)	(13,600,494)
Administrative expense	-	(231,434)	(125,288)	(294,007)
<b>Net change in plan fiduciary net position</b>	<b>24,211,371</b>	<b>(3,605,721)</b>	<b>(6,443,216)</b>	<b>14,688,756</b>
<b>Plan fiduciary net position - beginning</b>	<b>184,970,916</b>	<b>209,182,287</b>	<b>205,576,566</b>	<b>199,133,350</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>209,182,287</b>	<b>205,576,566</b>	<b>199,133,350</b>	<b>213,822,106</b>
 <b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$45,901,383</b>	<b>\$50,624,673</b>	<b>\$63,706,398</b>	<b>\$72,989,092</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	82.01%	80.24%	75.76%	74.55%
 <b>Covered payroll</b>	\$23,126,621	\$24,121,530	\$24,160,809	\$25,506,709
 <b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	198.48%	209.87%	263.68%	286.16%

(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 four years are shown.

(2) Net of administrative expenses.

**Notes to Schedule:**

**Benefit Changes:** There were no changes in benefits.

**Changes of Assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

**CITY OF FULLERTON**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>MISCELLANEOUS CLASSIC:</b>				
Actuarially Determined Contribution	\$ 3,340,087	\$ 4,049,309	\$ 4,352,761	\$ 3,880,635
Contribution in Relation to the Actuarially Determined Contributions	<u>(3,340,087)</u>	<u>(4,049,309)</u>	<u>(4,352,761)</u>	<u>(3,880,635)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$21,045,388	\$21,269,930	\$21,510,892	\$19,367,857
Contributions as a Percentage of Covered Payroll	15.87%	19.04%	20.24%	20.04%

(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 four years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Market value
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 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF 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)

	2015	2016	2017	2018
<b>Total Pension Liability</b>				
Service Cost	\$ 6,428,794	\$ 6,159,575	\$ 6,139,343	\$ 7,137,610
Interest on total pension liability	29,880,228	30,783,877	31,849,067	32,652,041
Differences between expected and actual experience	-	(3,274,488)	(590,872)	(1,625,395)
Changes in assumptions	-	(7,450,669)	-	27,036,186
Benefit payments, including refunds of employee contributions	(20,933,019)	(21,964,313)	(22,872,497)	(24,235,721)
<b>Net change in total pension liability</b>	<b>15,376,003</b>	<b>4,253,982</b>	<b>14,525,041</b>	<b>40,964,721</b>
<b>Total pension liability - beginning</b>	<b>405,655,143</b>	<b>421,031,146</b>	<b>425,285,128</b>	<b>439,810,169</b>
<b>Total pension liability - ending (a)</b>	<b>421,031,146</b>	<b>425,285,128</b>	<b>439,810,169</b>	<b>480,774,890</b>
 <b>Plan fiduciary net position</b>				
Contributions - employer	6,363,818	7,227,836	8,358,879	10,074,802
Contributions - employee	3,664,440	3,711,794	3,747,337	3,864,941
Net investment income	46,137,412	6,738,820	1,497,136	32,030,653
Benefit payments	(20,933,019)	(21,964,313)	(22,872,497)	(24,235,721)
Administrative expense	-	(341,647)	(182,711)	(428,677)
<b>Net change in plan fiduciary net position</b>	<b>35,232,651</b>	<b>(4,627,510)</b>	<b>(9,451,856)</b>	<b>21,305,998</b>
<b>Plan fiduciary net position - beginning</b>	<b>269,193,188</b>	<b>304,425,839</b>	<b>299,798,329</b>	<b>290,346,473</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>304,425,839</b>	<b>299,798,329</b>	<b>290,346,473</b>	<b>311,652,471</b>
 <b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$116,605,307</b>	<b>\$125,486,799</b>	<b>\$149,463,696</b>	<b>\$169,122,419</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	72.30%	70.49%	66.02%	64.82%
 <b>Covered payroll</b>	\$ 22,708,301	\$ 23,105,917	\$ 22,949,957	\$ 23,799,967
 <b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	513.49%	543.09%	651.26%	710.60%

(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 four years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

**Benefit Changes:** There were no changes in benefits.

**Changes of Assumptions:** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

**CITY OF FULLERTON**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>SAFETY CLASSIC:</b>				
Actuarially Determined Contribution	\$ 8,728,482	\$ 9,941,060	\$11,291,024	\$ 10,729,928
Contribution in Relation to the Actuarially Determined Contributions	<u>(8,728,482)</u>	<u>(9,941,060)</u>	<u>(11,291,024)</u>	<u>(10,729,928)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$21,551,511	\$21,817,242	\$21,793,242	\$18,818,248
Contributions as a Percentage of Covered Payroll	40.50%	45.57%	51.81%	57.02%

(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 four years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Market value
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 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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CITY OF FULLERTON

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

	<u>2018</u>
<b>OPEB Liability</b>	
Service cost	\$ 1,913,643
Interest on the total OPEB liability	1,288,253
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(1,584,473)
<b>Net change in total OPEB liability</b>	<u>1,617,423</u>
Total OPEB liability - beginning	34,353,410
<b>Total OPEB liability - ending</b>	<u><u>\$ 35,970,833</u></u>
<b>Plan Fiduciary Net Position</b>	
Contribution - employer	\$ -
Net investment income	-
Benefit payments	-
Administrative expense	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>
<b>Plan fiduciary net position - beginning</b>	-
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ -</u></u>
<b>Total OPEB Liability/(Assets) - ending (a) - (b)</b>	<u><u>\$ 35,970,833</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%
<b>Covered-employee Payroll</b>	\$ 47,763,989
<b>Net OPEB liability as a percentage of Covered Payroll</b>	75.31%

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

**Notes to Schedule:** None

**Changes in assumptions:** None

CITY OF FULLERTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Special Revenue Funds</u>			
	<u>State Gas Tax</u>	<u>Drainage Capital Outlay</u>	<u>Traffic Safety</u>	<u>Asset Seizure</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 5,354,080	\$ 3,147,744	\$ -	\$ 297,562
Receivables:				
Accounts	-	-	-	-
Other accrued revenue	311,072	282,236	20,082	946
<b>Total Assets</b>	<b><u>\$ 5,665,152</u></b>	<b><u>\$ 3,429,980</u></b>	<b><u>\$ 20,082</u></b>	<b><u>\$ 298,508</u></b>
<b>Liabilities , Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 68,928	\$ 13,362	\$ -	\$ 969
Accrued liabilities	9,770	2,553	-	-
<b>Total Liabilities</b>	<b><u>78,698</u></b>	<b><u>15,915</u></b>	<b><u>-</u></b>	<b><u>969</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	20,082	297,539
Public works	5,586,454	3,414,065	-	-
Debt service	-	-	-	-
Refuse collection	-	-	-	-
<b>Total Fund Balances</b>	<b><u>5,586,454</u></b>	<b><u>3,414,065</u></b>	<b><u>20,082</u></b>	<b><u>297,539</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 5,665,152</u></b>	<b><u>\$ 3,429,980</u></b>	<b><u>\$ 20,082</u></b>	<b><u>\$ 298,508</u></b>

## CITY OF FULLERTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Refuse Collection	Air Quality Improvement	Sanitation	Measure M2
<b>Assets:</b>				
Pooled cash and investments	\$ 363,805	\$ 626,311	\$ 2,422,443	\$ 2,319,420
Receivables:				
Accounts	871,054	-	540,482	-
Other accrued revenue	1,181,039	48,407	747,070	406,607
<b>Total Assets</b>	<b>\$ 2,415,898</b>	<b>\$ 674,718</b>	<b>\$ 3,709,995</b>	<b>\$ 2,726,027</b>
<b>Liabilities , Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 913,146	\$ -	\$ 64,135	\$ 22,961
Accrued liabilities	131	-	88,561	-
<b>Total Liabilities</b>	<b>913,277</b>	<b>-</b>	<b>152,696</b>	<b>22,961</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	674,718	-	-
Public safety	-	-	-	-
Public works	-	-	3,557,299	2,703,066
Debt service	-	-	-	-
Refuse collection	1,502,621	-	-	-
<b>Total Fund Balances</b>	<b>1,502,621</b>	<b>674,718</b>	<b>3,557,299</b>	<b>2,703,066</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,415,898</b>	<b>\$ 674,718</b>	<b>\$ 3,709,995</b>	<b>\$ 2,726,027</b>

CITY OF FULLERTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service Reserve</u>	
<b>Assets:</b>		
Pooled cash and investments	\$ 205,907	\$ 14,737,272
Receivables:		
Accounts	-	1,411,536
Other accrued revenue	-	2,997,459
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$ 205,907</u></b>	<b><u>\$ 19,146,267</u></b>
<b>Liabilities , Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 1,083,501
Accrued liabilities	-	101,015
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>1,184,516</u></b>
<b>Fund Balances:</b>		
<b>Restricted for:</b>		
Community development projects	-	674,718
Public safety	-	317,621
Public works	-	15,260,884
Debt service	205,907	205,907
Refuse collection	-	1,502,621
	<u>                    </u>	<u>                    </u>
<b>Total Fund Balances</b>	<b><u>205,907</u></b>	<b><u>17,961,751</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 205,907</u></b>	<b><u>\$ 19,146,267</u></b>

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CITY OF FULLERTON

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

	<b>Special Revenue Funds</b>			
	<b>State Gas Tax</b>	<b>Drainage Capital Outlay</b>	<b>Traffic Safety</b>	<b>Asset Seizure</b>
<b>Revenues:</b>				
Intergovernmental	\$ 3,685,229	\$ -	\$ -	\$ 369,104
Charges for services	-	2,211,128	-	-
Investment income	21,848	-	-	(203)
Fines and forfeitures	-	-	274,707	-
Miscellaneous	161,696	-	-	-
<b>Total Revenues</b>	<b>3,868,773</b>	<b>2,211,128</b>	<b>274,707</b>	<b>368,901</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	299,560
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	2,248,566	459,657	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,248,566</b>	<b>459,657</b>	<b>-</b>	<b>299,560</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,620,207	1,751,471	274,707	69,341
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,382,891)	(1,515,834)	(291,464)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,382,891)</b>	<b>(1,515,834)</b>	<b>(291,464)</b>	<b>-</b>
Net Change in Fund Balances	237,316	235,637	(16,757)	69,341
Fund Balances, Beginning of Year as previously reported	5,349,138	3,178,428	36,839	228,198
<b>Fund Balances, End of Year</b>	<b>\$ 5,586,454</b>	<b>\$ 3,414,065</b>	<b>\$ 20,082</b>	<b>\$ 297,539</b>

## CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Refuse Collection	Air Quality Improvement	Sanitation	Measure M2
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 309,703	\$ -	\$ 2,310,337
Charges for services	10,894,364	-	5,858,891	-
Investment income	-	2,376	-	11,942
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>10,894,364</b>	<b>312,079</b>	<b>5,858,891</b>	<b>2,322,279</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	89,788	-
Public safety	-	-	91,503	-
Community development	-	48,544	-	-
Human and leisure	-	-	-	132,271
Public works	-	-	5,018,113	98,103
Refuse collection	10,737,296	-	-	-
Capital outlay	-	-	3,198	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>10,737,296</b>	<b>48,544</b>	<b>5,202,602</b>	<b>230,374</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	157,068	263,535	656,289	2,091,905
<b>Other Financing Sources (Uses):</b>				
Transfers out	(18,865)	(61,980)	(2,001,811)	(2,859,544)
<b>Total Other Financing Sources (Uses)</b>	<b>(18,865)</b>	<b>(61,980)</b>	<b>(2,001,811)</b>	<b>(2,859,544)</b>
Net Change in Fund Balances	138,203	201,555	(1,345,522)	(767,639)
Fund Balances, Beginning of Year as previously reported	1,364,418	473,163	4,902,821	3,470,705
<b>Fund Balances, End of Year</b>	<b>\$ 1,502,621</b>	<b>\$ 674,718</b>	<b>\$ 3,557,299</b>	<b>\$ 2,703,066</b>

CITY OF FULLERTON

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

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>		
Intergovernmental	\$ -	\$ 6,674,373
Charges for services	-	18,964,383
Investment income	-	35,963
Fines and forfeitures	-	274,707
Miscellaneous	-	161,696
<b>Total Revenues</b>	<u>-</u>	<u>26,111,122</u>
<b>Expenditures:</b>		
Current:		
General government	-	89,788
Public safety	-	391,063
Community development	-	48,544
Human and leisure	-	132,271
Public works	-	7,824,439
Refuse collection	-	10,737,296
Capital outlay	-	3,198
Debt service:		
Principal retirement	18,940	18,940
Interest and fiscal charges	70	70
<b>Total Expenditures</b>	<u>19,010</u>	<u>19,245,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,010)</u>	<u>6,865,513</u>
<b>Other Financing Sources (Uses):</b>		
Transfers out	-	(8,132,389)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(8,132,389)</u>
Net Change in Fund Balances	<u>(19,010)</u>	<u>(1,266,876)</u>
Fund Balances, Beginning of Year as previously reported	<u>224,917</u>	<u>19,228,627</u>
<b>Fund Balances, End of Year</b>	<u><b>\$ 205,907</b></u>	<u><b>\$ 17,961,751</b></u>



CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 3,804,406	\$ 3,804,406	\$ 3,685,229	\$ (119,177)
Use of money and property	40,000	40,000	21,848	(18,152)
Miscellaneous	162,998	162,998	161,696	(1,302)
<b>Total Revenues</b>	<b>4,007,404</b>	<b>4,007,404</b>	<b>3,868,773</b>	<b>(138,631)</b>
<b>Expenditures:</b>				
Current:				
Public works	2,202,582	2,304,742	2,248,566	56,176
<b>Total Expenditures:</b>	<b>2,202,582</b>	<b>2,304,742</b>	<b>2,248,566</b>	<b>56,176</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,804,822</b>	<b>1,702,662</b>	<b>1,620,207</b>	<b>(82,455)</b>
<b>Other Financing Sources</b>				
Transfers out	(2,686,200)	(6,469,750)	(1,382,891)	5,086,859
<b>Total Other Financing Sources (Uses):</b>	<b>(2,686,200)</b>	<b>(6,469,750)</b>	<b>(1,382,891)</b>	<b>5,086,859</b>
Net Change in Fund Balances	(881,378)	(4,767,088)	237,316	5,004,404
Fund Balances, Beginning of Year	5,349,138	5,349,138	5,349,138	-
<b>Fund Balances, End of Year</b>	<b>\$ 4,467,760</b>	<b>\$ 582,050</b>	<b>\$ 5,586,454</b>	<b>\$ 5,004,404</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 DRAINAGE CAPITAL OUTLAY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,700,000	\$ 1,700,000	\$ 2,211,128	\$ 511,128
<b>Total Revenues</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>2,211,128</b>	<b>511,128</b>
<b>Expenditures:</b>				
Current:				
Public works	487,040	487,040	459,657	27,383
<b>Total Expenditures:</b>	<b>487,040</b>	<b>487,040</b>	<b>459,657</b>	<b>27,383</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,212,960</b>	<b>1,212,960</b>	<b>1,751,471</b>	<b>538,511</b>
<b>Other Financing Sources</b>				
Transfers out	(890,000)	(3,624,013)	(1,515,834)	2,108,179
<b>Total Other Financing Sources (Uses):</b>	<b>(890,000)</b>	<b>(3,624,013)</b>	<b>(1,515,834)</b>	<b>2,108,179</b>
Net Change in Fund Balances	322,960	(2,411,053)	235,637	2,646,690
Fund Balances, Beginning of Year	3,178,428	3,178,428	3,178,428	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,501,388</b>	<b>\$ 767,375</b>	<b>\$ 3,414,065</b>	<b>\$ 2,646,690</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 274,707	\$ (25,293)
<b>Total Revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>274,707</b>	<b>(25,293)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>300,000</b>	<b>300,000</b>	<b>274,707</b>	<b>(25,293)</b>
<b>Other Financing Sources</b>				
Transfers out	(300,000)	(300,000)	(291,464)	8,536
<b>Total Other Financing Sources (Uses):</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>(291,464)</b>	<b>8,536</b>
Net Change in Fund Balances	-	-	(16,757)	(16,757)
Fund Balances, Beginning of Year	36,839	36,839	36,839	-
<b>Fund Balances, End of Year</b>	<b>\$ 36,839</b>	<b>\$ 36,839</b>	<b>\$ 20,082</b>	<b>\$ (16,757)</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 ASSET SEIZURE  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 369,104	\$ 269,104
Use of money and property	800	800	(203)	(1,003)
<b>Total Revenues</b>	<b>100,800</b>	<b>100,800</b>	<b>368,901</b>	<b>268,101</b>
<b>Expenditures:</b>				
Current:				
Public safety	109,090	339,603	299,560	40,043
<b>Total Expenditures:</b>	<b>109,090</b>	<b>339,603</b>	<b>299,560</b>	<b>40,043</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,290)</b>	<b>(238,803)</b>	<b>69,341</b>	<b>308,144</b>
Net Change in Fund Balances	(8,290)	(238,803)	69,341	308,144
Fund Balances, Beginning of Year	228,198	228,198	228,198	-
<b>Fund Balances, End of Year</b>	<b>\$ 219,908</b>	<b>\$ (10,605)</b>	<b>\$ 297,539</b>	<b>\$ 308,144</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 REFUSE COLLECTION  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 11,060,000	\$ 11,060,000	\$ 10,894,364	\$ (165,636)
<b>Total Revenues</b>	<b>11,060,000</b>	<b>11,060,000</b>	<b>10,894,364</b>	<b>(165,636)</b>
<b>Expenditures:</b>				
Current:				
Refuse collection	10,869,001	10,869,001	10,737,296	131,705
<b>Total Expenditures:</b>	<b>10,869,001</b>	<b>10,869,001</b>	<b>10,737,296</b>	<b>131,705</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>190,999</b>	<b>190,999</b>	<b>157,068</b>	<b>(33,931)</b>
<b>Other Financing Sources</b>				
Transfers out	(300,000)	(330,000)	(18,865)	311,135
<b>Total Other Financing Sources (Uses):</b>	<b>(300,000)</b>	<b>(330,000)</b>	<b>(18,865)</b>	<b>311,135</b>
Net Change in Fund Balances	(109,001)	(139,001)	138,203	277,204
Fund Balances, Beginning of Year	1,364,418	1,364,418	1,364,418	-
<b>Fund Balances, End of Year</b>	<b>\$ 1,255,417</b>	<b>\$ 1,225,417</b>	<b>\$ 1,502,621</b>	<b>\$ 277,204</b>

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT  
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 181,000	\$ 643,876	\$ 309,703	\$ (334,173)
Use of money and property	3,600	3,600	2,376	(1,224)
<b>Total Revenues</b>	<b>184,600</b>	<b>647,476</b>	<b>312,079</b>	<b>(335,397)</b>
<b>Expenditures:</b>				
Current:				
Community development	65,050	84,013	48,544	35,469
<b>Total Expenditures:</b>	<b>65,050</b>	<b>84,013</b>	<b>48,544</b>	<b>35,469</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>119,550</b>	<b>563,463</b>	<b>263,535</b>	<b>(299,928)</b>
<b>Other Financing Sources</b>				
Transfers out	(302,700)	(1,092,789)	(61,980)	1,030,809
<b>Total Other Financing Sources (Uses):</b>	<b>(302,700)</b>	<b>(1,092,789)</b>	<b>(61,980)</b>	<b>1,030,809</b>
Net Change in Fund Balances	(183,150)	(529,326)	201,555	730,881
Fund Balances, Beginning of Year	473,163	473,163	473,163	-
<b>Fund Balances, End of Year</b>	<b>\$ 290,013</b>	<b>\$ (56,163)</b>	<b>\$ 674,718</b>	<b>\$ 730,881</b>

## CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 SANITATION  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 4,500,000	\$ 4,500,000	\$ 5,858,891	\$ 1,358,891
<b>Total Revenues</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>5,858,891</b>	<b>1,358,891</b>
<b>Expenditures:</b>				
Current:				
General government	89,319	98,307	89,788	8,519
Public safety	84,525	91,503	91,503	-
Public works	5,328,809	5,331,247	5,018,113	313,134
Capital outlay	18,320	18,320	3,198	15,122
<b>Total Expenditures:</b>	<b>5,520,973</b>	<b>5,539,377</b>	<b>5,202,602</b>	<b>336,775</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,020,973)</b>	<b>(1,039,377)</b>	<b>656,289</b>	<b>1,695,666</b>
<b>Other Financing Sources</b>				
Transfers out	(581,667)	(2,473,484)	(2,001,811)	471,673
<b>Total Other Financing Sources (Uses):</b>	<b>(581,667)</b>	<b>(2,473,484)</b>	<b>(2,001,811)</b>	<b>471,673</b>
Net Change in Fund Balances	(1,602,640)	(3,512,861)	(1,345,522)	2,167,339
Fund Balances, Beginning of Year	4,902,821	4,902,821	4,902,821	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,300,181</b>	<b>\$ 1,389,960</b>	<b>\$ 3,557,299</b>	<b>\$ 2,167,339</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M2  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 2,333,556	\$ 2,333,556	\$ 2,310,337	\$ (23,219)
Use of money and property	32,000	32,000	11,942	(20,058)
<b>Total Revenues</b>	<b>2,365,556</b>	<b>2,365,556</b>	<b>2,322,279</b>	<b>(43,277)</b>
<b>Expenditures:</b>				
Current:				
Parks and recreation	132,350	132,350	132,271	79
Public works	145,000	145,000	98,103	46,897
<b>Total Expenditures:</b>	<b>277,350</b>	<b>277,350</b>	<b>230,374</b>	<b>46,976</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,088,206</b>	<b>2,088,206</b>	<b>2,091,905</b>	<b>3,699</b>
<b>Other Financing Sources</b>				
Transfers out	(1,807,600)	(5,031,112)	(2,859,544)	2,171,568
<b>Total Other Financing Sources (Uses):</b>	<b>(1,807,600)</b>	<b>(5,031,112)</b>	<b>(2,859,544)</b>	<b>2,171,568</b>
Net Change in Fund Balances	280,606	(2,942,906)	(767,639)	2,175,267
Fund Balances, Beginning of Year	3,470,705	3,470,705	3,470,705	-
<b>Fund Balances, End of Year</b>	<b>\$ 3,751,311</b>	<b>\$ 527,799</b>	<b>\$ 2,703,066</b>	<b>\$ 2,175,267</b>



CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 3,490,270	\$ 81,888,079	\$ 31,119,932	\$(50,768,147)
Charges for services	88,000	356,964	37,070	(319,894)
Use of money and property	-	-	461,596	461,596
Miscellaneous	1,266,000	1,266,000	306,875	(959,125)
<b>Total Revenues</b>	<b>4,844,270</b>	<b>83,511,043</b>	<b>31,925,473</b>	<b>(51,585,570)</b>
<b>Expenditures:</b>				
Current:				
Public works	-	868,700	868,700	-
Capital outlay	13,318,650	118,257,493	38,378,914	79,878,579
<b>Total Expenditures:</b>	<b>13,318,650</b>	<b>119,126,193</b>	<b>39,247,614</b>	<b>79,878,579</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,474,380)</b>	<b>(35,615,150)</b>	<b>(7,322,141)</b>	<b>28,293,009</b>
<b>Other Financing Sources</b>				
Transfers in	8,624,380	34,896,450	14,704,800	(20,191,650)
Transfers out	(150,000)	(174,090)	(174,090)	-
<b>Total Other Financing Sources (Uses):</b>	<b>8,474,380</b>	<b>34,722,360</b>	<b>14,530,710</b>	<b>(20,191,650)</b>
Net Change in Fund Balances	-	(892,790)	7,208,569	8,101,359
Fund Balances, Beginning of Year	(10,441,476)	(10,441,476)	(10,441,476)	-
Fund Balances, End of Year	<b>\$(10,441,476)</b>	<b>\$(11,334,266)</b>	<b>\$(3,232,907)</b>	<b>\$ 8,101,359</b>

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE RESERVE  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 18,940	\$ 18,940	\$ 18,940	\$ -
Interest and fiscal charges	72	72	70	2
<b>Total Expenditures:</b>	<b>19,012</b>	<b>19,012</b>	<b>19,010</b>	<b>2</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,012)</b>	<b>(19,012)</b>	<b>(19,010)</b>	<b>(2)</b>
Net Change in Fund Balances	(19,012)	(19,012)	(19,010)	2
Fund Balances, Beginning of Year	224,917	224,917	224,917	-
<b>Fund Balances, End of Year</b>	<b>\$ 205,905</b>	<b>\$ 205,905</b>	<b>\$ 205,907</b>	<b>\$ 2</b>

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
<b>Assets and Deferred Outflows:</b>				
<b>Assets:</b>				
Current:				
Cash and investments	\$ -	\$ -	\$ 168,600	\$ 168,600
Receivables:				
Accounts receivable	15,573	-	1,024	16,597
Inventory	37,731	-	-	37,731
Other accrued revenue receivable	122,722	4,483	-	127,205
Restricted:				
Cash with fiscal agent	299,230	-	-	299,230
<b>Total Current Position</b>	<b>475,256</b>	<b>4,483</b>	<b>169,624</b>	<b>649,363</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	2,917,459	541,789	-	3,459,248
<b>Total Noncurrent Position</b>	<b>2,917,459</b>	<b>541,789</b>	<b>-</b>	<b>3,459,248</b>
<b>Total Assets</b>	<b>3,392,715</b>	<b>546,272</b>	<b>169,624</b>	<b>4,108,611</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	93,538	11,627	11,321	116,486
<b>Total Deferred Outflows of Resources</b>	<b>93,538</b>	<b>11,627</b>	<b>11,321</b>	<b>116,486</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 3,486,253</b>	<b>\$ 557,899</b>	<b>\$ 180,945</b>	<b>\$ 4,225,097</b>
<b>Liabilities, Deferred Inflows, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 192,854	\$ 755	\$ 13,491	\$ 207,100
Accrued liabilities	7,502	506	56	8,064
Accrued interest	24,583	-	-	24,583
Due to other funds	78,483	6,954	-	85,437
Accrued compensated absences	4,648	-	-	4,648
Bonds, notes, and capital leases	120,000	-	-	120,000
<b>Total Current Liabilities</b>	<b>428,070</b>	<b>8,215</b>	<b>13,547</b>	<b>449,832</b>
Noncurrent:				
Accrued compensated absences	1,162	-	-	1,162
Net pension liability	302,338	38,177	74,131	414,646
Bonds, notes, and capital leases	1,833,962	-	-	1,833,962
<b>Total Noncurrent Liabilities</b>	<b>2,137,462</b>	<b>38,177</b>	<b>74,131</b>	<b>2,249,770</b>
<b>Total Liabilities</b>	<b>2,565,532</b>	<b>46,392</b>	<b>87,678</b>	<b>2,699,602</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	10,580	1,315	1,280	13,175
<b>Total Deferred Inflows of Resources</b>	<b>10,580</b>	<b>1,315</b>	<b>1,280</b>	<b>13,175</b>
<b>Net Position:</b>				
Net investment in capital assets	964,458	541,789	-	1,506,247
Restricted for debt service	298,269	-	-	298,269
Unrestricted	(352,586)	(31,597)	91,987	(292,196)
<b>Total Net Position</b>	<b>910,141</b>	<b>510,192</b>	<b>91,987</b>	<b>1,512,320</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Pension</b>	<b>\$ 3,486,253</b>	<b>\$ 557,899</b>	<b>\$ 180,945</b>	<b>\$ 4,225,097</b>

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
<b>Operating Revenues:</b>				
Sales and service charges	\$ 2,862,898	\$ 16,059	\$ 421,184	\$ 3,300,141
<b>Total Operating Revenues</b>	<b>2,862,898</b>	<b>16,059</b>	<b>421,184</b>	<b>3,300,141</b>
<b>Operating Expenses:</b>				
Maintenance, operations, and administration	2,678,296	46,571	283,220	3,008,087
Depreciation expense	89,393	-	-	89,393
<b>Total Operating Expenses</b>	<b>2,767,689</b>	<b>46,571</b>	<b>283,220</b>	<b>3,097,480</b>
Operating Income (Loss)	95,209	(30,512)	137,964	202,661
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	887	-	-	887
Interest expense	(93,036)	-	-	(93,036)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(92,149)</b>	<b>-</b>	<b>-</b>	<b>(92,149)</b>
Changes in Net Position	3,060	(30,512)	137,964	110,512
<b>Net Position:</b>				
Beginning of Year	907,081	540,704	(45,977)	1,401,808
<b>End of Fiscal Year</b>	<b>\$ 910,141</b>	<b>\$ 510,192</b>	<b>\$ 91,987</b>	<b>\$ 1,512,320</b>

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 2,860,149	\$ 17,033	\$ 425,035	\$ 3,302,217
Cash paid to suppliers	-	(199)	(22,815)	(23,014)
Cash paid to employees for services	(2,603,777)	(38,646)	(256,024)	(2,898,447)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>256,372</b>	<b>(21,812)</b>	<b>146,196</b>	<b>380,756</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Repayment made to/received from other funds	(28,354)	6,954	-	(21,400)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(28,354)</b>	<b>6,954</b>	<b>-</b>	<b>(21,400)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal paid on capital debt	(115,000)	-	-	(115,000)
Interest paid on capital debt	(91,773)	-	-	(91,773)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(206,773)</b>	<b>-</b>	<b>-</b>	<b>(206,773)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	887	-	-	887
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>887</b>	<b>-</b>	<b>-</b>	<b>887</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>22,132</b>	<b>(14,858)</b>	<b>146,196</b>	<b>153,470</b>
Cash and Cash Equivalents at Beginning of Year	277,098	14,858	22,404	314,360
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 299,230</b>	<b>\$ -</b>	<b>\$ 168,600</b>	<b>\$ 467,830</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 95,209	\$ (30,512)	\$ 137,964	\$ 202,661
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	89,393	-	-	89,393
(Increase) decrease in accounts receivable	42,060	-	1,351	43,411
(Increase) decrease in other accrued revenue receivable	(120,260)	974	2,500	(116,786)
Increase (decrease) in accounts payable	75,451	(199)	(22,815)	52,437
Increase (decrease) in accrued liabilities	329	40	(2,452)	(2,083)
Increase (decrease) in compensated absences	1,112	-	-	1,112
Increase (decrease) in net pension liability	73,078	7,885	29,648	110,611
<b>Total Adjustments</b>	<b>161,163</b>	<b>8,700</b>	<b>8,232</b>	<b>178,095</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 256,372</b>	<b>\$ (21,812)</b>	<b>\$ 146,196</b>	<b>\$ 380,756</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of bond premiums/(discounts)	\$ (2,483)	\$ -	\$ -	\$ (2,483)

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
<b>Assets and Deferred Outflows:</b>				
<b>Assets:</b>				
Current:				
Cash and investments	\$ 19,221,230	\$ 4,656,002	\$ 19,035,167	\$ 1,136,060
Receivables:				
Accounts receivable	-	-	-	11,647
Prepaid items	4,000	-	-	-
Inventory	-	-	-	-
Other accrued revenue receivable	66,711	16,159	79,024	-
Restricted:				
Cash with fiscal agent	17	-	-	-
<b>Total Current Assets</b>	<b>19,291,958</b>	<b>4,672,161</b>	<b>19,114,191</b>	<b>1,147,707</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	-	5,965,383	-	-
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>5,965,383</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>19,291,958</b>	<b>10,637,544</b>	<b>19,114,191</b>	<b>1,147,707</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	112,954	-	109,714	137,348
Deferred OPEB related items	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>112,954</b>	<b>-</b>	<b>109,714</b>	<b>137,348</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 19,404,912</b>	<b>\$ 10,637,544</b>	<b>\$ 19,223,905</b>	<b>\$ 1,285,055</b>
<b>Liabilities, Deferred Inflows, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 18,018	\$ 25,333	\$ 1,303	\$ 29,284
Accrued liabilities	3,861	-	3,244	4,416
Accrued interest	74,147	8,506	-	-
Claims payable	698,336	-	921,128	-
Bonds, notes, and capital leases	285,000	181,687	-	-
<b>Total Current Liabilities</b>	<b>1,079,362</b>	<b>215,526</b>	<b>925,675</b>	<b>33,700</b>
Noncurrent:				
Net pension liability	383,731	-	433,365	577,734
Net OPEB liability	-	-	-	-
Claims payable	8,959,664	-	16,371,872	-
Bonds, notes, and capital leases	5,572,508	451,379	-	-
<b>Total Noncurrent Liabilities</b>	<b>14,915,903</b>	<b>451,379</b>	<b>16,805,237</b>	<b>577,734</b>
<b>Total Liabilities</b>	<b>15,995,265</b>	<b>666,905</b>	<b>17,730,912</b>	<b>611,434</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	12,776	-	12,410	15,535
<b>Total Deferred Inflows of Resources</b>	<b>12,776</b>	<b>-</b>	<b>12,410</b>	<b>15,535</b>
<b>Net Position:</b>				
Net investment in capital assets	-	5,332,317	-	-
Unrestricted	3,396,871	4,638,322	1,480,583	658,086
<b>Total Net Position</b>	<b>3,396,871</b>	<b>9,970,639</b>	<b>1,480,583</b>	<b>658,086</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 19,404,912</b>	<b>\$ 10,637,544</b>	<b>\$ 19,223,905</b>	<b>\$ 1,285,055</b>

## CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
<b>Assets and Deferred Outflows:</b>				
<b>Assets:</b>				
Current:				
Cash and investments	\$ 5,074,816	\$ 920,271	\$ 466,237	\$ 2,337,419
Receivables:				
Accounts receivable	-	-	200	-
Prepaid items	4,900	-	-	-
Inventory	175,939	-	-	-
Other accrued revenue receivable	-	-	-	6,411
Restricted:				
Cash with fiscal agent	-	-	-	-
<b>Total Current Assets</b>	<b>5,255,655</b>	<b>920,271</b>	<b>466,437</b>	<b>2,343,830</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	89,295	1,528,163	84,191	141,827
<b>Total Noncurrent Assets</b>	<b>89,295</b>	<b>1,528,163</b>	<b>84,191</b>	<b>141,827</b>
<b>Total Assets</b>	<b>5,344,950</b>	<b>2,448,434</b>	<b>550,628</b>	<b>2,485,657</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	551,746	261,993	414,052	-
Deferred OPEB related items	865	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>552,611</b>	<b>261,993</b>	<b>414,052</b>	<b>-</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 5,897,561</b>	<b>\$ 2,710,427</b>	<b>\$ 964,680</b>	<b>\$ 2,485,657</b>
<b>Liabilities, Deferred Inflows, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 110,582	\$ 50,010	\$ 126,112	\$ -
Accrued liabilities	21,879	7,208	15,001	-
Accrued interest	-	-	-	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	185,157	293,966	-	-
<b>Total Current Liabilities</b>	<b>317,618</b>	<b>351,184</b>	<b>141,113</b>	<b>-</b>
Noncurrent:				
Net pension liability	2,012,238	1,506,385	1,738,375	-
Net OPEB liability	622,295	-	-	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	1,214,843	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>3,849,376</b>	<b>1,506,385</b>	<b>1,738,375</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,166,994</b>	<b>1,857,569</b>	<b>1,879,488</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	62,407	29,634	46,833	-
<b>Total Deferred Inflows of Resources</b>	<b>62,407</b>	<b>29,634</b>	<b>46,833</b>	<b>-</b>
<b>Net Position:</b>				
Net investment in capital assets	89,295	1,234,197	84,191	141,827
Unrestricted	1,578,865	(410,973)	(1,045,832)	2,343,830
<b>Total Net Position</b>	<b>1,668,160</b>	<b>823,224</b>	<b>(961,641)</b>	<b>2,485,657</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,897,561</b>	<b>\$ 2,710,427</b>	<b>\$ 964,680</b>	<b>\$ 2,485,657</b>

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	<u>Totals</u>
<b>Assets and Deferred Outflows:</b>	
<b>Assets:</b>	
Current:	
Cash and investments	\$ 52,847,202
Receivables:	
Accounts receivable	11,847
Prepaid items	8,900
Inventory	175,939
Other accrued revenue receivable	168,305
Restricted:	
Cash with fiscal agent	17
<b>Total Current Assets</b>	<b>53,212,210</b>
Noncurrent:	
Capital assets - net of accumulated depreciation	7,808,859
<b>Total Noncurrent Assets</b>	<b>7,808,859</b>
<b>Total Assets</b>	<b>61,021,069</b>
<b>Deferred Outflows of Resources:</b>	
Deferred pension related items	1,587,807
Deferred OPEB related items	865
<b>Total Deferred Outflows of Resources</b>	<b>1,588,672</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 62,609,741</b>
<b>Liabilities, Deferred Inflows, and Net Position:</b>	
<b>Liabilities:</b>	
Current:	
Accounts payable	\$ 360,642
Accrued liabilities	55,609
Accrued interest	82,653
Claims payable	1,619,464
Bonds, notes, and capital leases	945,810
<b>Total Current Liabilities</b>	<b>3,064,178</b>
Noncurrent:	
Net pension liability	6,651,828
Net OPEB liability	622,295
Claims payable	25,331,536
Bonds, notes, and capital leases	7,238,730
<b>Total Noncurrent Liabilities</b>	<b>39,844,389</b>
<b>Total Liabilities</b>	<b>42,908,567</b>
<b>Deferred Inflows of Resources:</b>	
Deferred pension related items	179,595
<b>Total Deferred Inflows of Resources</b>	<b>179,595</b>
<b>Net Position:</b>	
Net investment in capital assets	6,881,827
Unrestricted	12,639,752
<b>Total Net Position</b>	<b>19,521,579</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 62,609,741</b>



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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, 2018

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Equipment Replacement	Workers' Comp	Group Insurance
<b>Operating Revenues:</b>				
Charges for services	\$ 6,056,330	\$ 1,426,866	\$ 3,774,382	\$ 8,646,140
Miscellaneous	1,200	41,198	131,803	869
<b>Total Operating Revenues</b>	<b>6,057,530</b>	<b>1,468,064</b>	<b>3,906,185</b>	<b>8,647,009</b>
<b>Operating Expenses:</b>				
Maintenance, operations and administration	1,706,755	26,059	931,638	8,672,985
Claims expense	2,153,887	-	948,613	-
Depreciation expense	-	891,603	-	-
<b>Total Operating Expenses</b>	<b>3,860,642</b>	<b>917,662</b>	<b>1,880,251</b>	<b>8,672,985</b>
Operating Income (Loss)	2,196,888	550,402	2,025,934	(25,976)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	72,803	21,218	87,341	-
Interest expense	(309,855)	(20,826)	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(237,052)</b>	<b>392</b>	<b>87,341</b>	<b>-</b>
Income (Loss) Before Transfers	1,959,836	550,794	2,113,275	(25,976)
Transfers out	-	-	-	-
Changes in Net Position	1,959,836	550,794	2,113,275	(25,976)
<b>Net Position:</b>				
Beginning of Year, as originally reported	1,437,035	9,419,845	(632,692)	684,062
Restatements	-	-	-	-
Beginning of Fiscal Year, as restated	1,437,035	9,419,845	(632,692)	684,062
<b>End of Fiscal Year</b>	<b>\$ 3,396,871</b>	<b>\$ 9,970,639</b>	<b>\$ 1,480,583</b>	<b>\$ 658,086</b>

## CITY OF FULLERTON

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

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
<b>Operating Revenues:</b>				
Charges for services	\$ 3,177,630	\$ 2,987,168	\$ 2,412,160	\$ 541,790
Miscellaneous	8,069	-	-	-
<b>Total Operating Revenues</b>	<b>3,185,699</b>	<b>2,987,168</b>	<b>2,412,160</b>	<b>541,790</b>
<b>Operating Expenses:</b>				
Maintenance, operations and administration	3,112,333	2,213,155	2,476,575	8,571
Claims expense	-	-	-	-
Depreciation expense	18,282	267,075	7,706	15,461
<b>Total Operating Expenses</b>	<b>3,130,615</b>	<b>2,480,230</b>	<b>2,484,281</b>	<b>24,032</b>
Operating Income (Loss)	55,084	506,938	(72,121)	517,758
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	-	-	-	13,071
Interest expense	-	(9,211)	-	-
Gain (loss) on disposal of capital assets	-	(2,284)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>(11,495)</b>	<b>-</b>	<b>13,071</b>
Income (Loss) Before Transfers	55,084	495,443	(72,121)	530,829
Transfers out	-	(12,345)	-	(554,870)
Changes in Net Position	55,084	483,098	(72,121)	(24,041)
<b>Net Position:</b>				
Beginning of Year, as originally reported	2,207,390	340,126	(889,520)	2,509,698
Restatements	(594,314)	-	-	-
Beginning of Fiscal Year, as restated	1,613,076	340,126	(889,520)	2,509,698
<b>End of Fiscal Year</b>	<b>\$ 1,668,160</b>	<b>\$ 823,224</b>	<b>\$ (961,641)</b>	<b>\$ 2,485,657</b>

CITY OF FULLERTON

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

	<u>Totals</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 29,022,466
Miscellaneous	183,139
<b>Total Operating Revenues</b>	<u><b>29,205,605</b></u>
<b>Operating Expenses:</b>	
Maintenance, operations and administration	19,148,071
Claims expense	3,102,500
Depreciation expense	1,200,127
<b>Total Operating Expenses</b>	<u><b>23,450,698</b></u>
Operating Income (Loss)	<u>5,754,907</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest revenue	194,433
Interest expense	(339,892)
Gain (loss) on disposal of capital assets	(2,284)
<b>Total Nonoperating Revenues (Expenses)</b>	<u><b>(147,743)</b></u>
Income (Loss) Before Transfers	5,607,164
Transfers out	<u>(567,215)</u>
Changes in Net Position	<u>5,039,949</u>
<b>Net Position:</b>	
Beginning of Year, as originally reported	15,075,944
Restatements	<u>(594,314)</u>
Beginning of Fiscal Year, as restated	<u>14,481,630</u>
<b>End of Fiscal Year</b>	<u><b>\$ 19,521,579</b></u>

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## CITY OF FULLERTON

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

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Liability Insurance</b>	<b>Equipment Replacement</b>	<b>Workers' Comp</b>	<b>Group Insurance</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from interfund services provided	\$ 6,012,280	\$ 1,457,471	\$ 3,850,620	\$ 8,635,362
Cash paid to suppliers	(1,430,539)	(29,774)	(678,335)	(8,337,134)
Cash paid to employee services	(187,237)	-	(174,528)	(274,581)
Cash paid to insurance claims	(584,887)	-	(1,464,613)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,809,617</b>	<b>1,427,697</b>	<b>1,533,144</b>	<b>23,647</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	-	-	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital lease proceeds	-	-	-	-
Acquisition and construction of capital assets	-	(725,744)	-	-
Principal paid on capital debt	(280,000)	(176,775)	-	-
Interest paid on capital debt	(308,813)	(22,600)	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(588,813)</b>	<b>(925,119)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest earned on investments	72,803	21,218	87,341	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>72,803</b>	<b>21,218</b>	<b>87,341</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,293,607</b>	<b>523,796</b>	<b>1,620,485</b>	<b>23,647</b>
Cash and Cash Equivalents at Beginning of Year	15,927,640	4,132,206	17,414,682	1,112,413
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 19,221,247</b>	<b>\$ 4,656,002</b>	<b>\$ 19,035,167</b>	<b>\$ 1,136,060</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 2,196,888	\$ 550,402	\$ 2,025,934	\$ (25,976)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	891,603	-	-
(Increase) decrease in accounts receivable	-	-	-	(11,647)
(Increase) decrease in other accrued revenue receivable	(45,250)	(10,593)	(55,565)	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	(500)	-	-	-
Increase (decrease) in accounts payable	8,626	(3,715)	(1,987)	(7,486)
Increase (decrease) in accrued liabilities	77	-	(1,107)	334
Increase (decrease) in claims and judgments	1,569,000	-	(516,000)	-
Increase (decrease) in net OPEB liability	-	-	-	-
Increase (decrease) in net pension liability	80,776	-	81,869	68,422
<b>Total Adjustments</b>	<b>1,612,729</b>	<b>877,295</b>	<b>(492,790)</b>	<b>49,623</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,809,617</b>	<b>\$ 1,427,697</b>	<b>\$ 1,533,144</b>	<b>\$ 23,647</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of bond premiums/discounts	\$ (2,833)	\$ -	\$ -	\$ -
Gain/(Loss) on capital assets	-	-	-	-

## CITY OF FULLERTON

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

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
<b>Cash Flows from Operating Activities:</b>				
Cash received from interfund services provided	\$ 3,185,699	\$ 2,987,168	\$ 2,412,160	\$ 538,560
Cash paid to suppliers	(1,757,611)	(1,602,228)	(1,438,211)	(31,052)
Cash paid to employee services	(939,776)	(398,146)	(786,368)	-
Cash paid to insurance claims	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>488,312</b>	<b>986,794</b>	<b>187,581</b>	<b>507,508</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	-	(12,345)	-	(554,870)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(12,345)</b>	<b>-</b>	<b>(554,870)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital lease proceeds	1,400,000	-	-	-
Acquisition and construction of capital assets	-	(52,846)	-	-
Principal paid on capital debt	-	(612,714)	-	-
Interest paid on capital debt	-	(9,211)	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>1,400,000</b>	<b>(674,771)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest earned on investments	-	-	-	13,071
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,071</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,888,312</b>	<b>299,678</b>	<b>187,581</b>	<b>(34,291)</b>
Cash and Cash Equivalents at Beginning of Year	3,186,504	620,593	278,656	2,371,710
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 5,074,816</b>	<b>\$ 920,271</b>	<b>\$ 466,237</b>	<b>\$ 2,337,419</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 55,084	\$ 506,938	\$ (72,121)	\$ 517,758
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	18,282	267,075	7,706	15,461
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in other accrued revenue receivable	3,023	-	-	(3,230)
(Increase) decrease in inventory	33,069	-	-	-
(Increase) decrease in prepaid expense	(4,900)	-	-	-
Increase (decrease) in accounts payable	15,568	15,265	9,816	(22,481)
Increase (decrease) in accrued liabilities	1,498	(1,750)	550	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in net OPEB liability	621,430	-	-	-
Increase (decrease) in net pension liability	(254,742)	199,266	241,630	-
<b>Total Adjustments</b>	<b>433,228</b>	<b>479,856</b>	<b>259,702</b>	<b>(10,250)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 488,312</b>	<b>\$ 986,794</b>	<b>\$ 187,581</b>	<b>\$ 507,508</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of bond premiums/discounts	\$ -	\$ -	\$ -	\$ -
Gain/(Loss) on capital assets	-	(2,284)	-	-

CITY OF FULLERTON

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

	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from interfund services provided	\$ 29,079,320
Cash paid to suppliers	(15,304,884)
Cash paid to employee services	(2,760,636)
Cash paid to insurance claims	(2,049,500)
	<hr/>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>8,964,300</b>
	<hr/>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash transfers out	(567,215)
	<hr/>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(567,215)</b>
	<hr/>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital lease proceeds	1,400,000
Acquisition and construction of capital assets	(778,590)
Principal paid on capital debt	(1,069,489)
Interest paid on capital debt	(340,624)
	<hr/>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(788,703)</b>
	<hr/>
<b>Cash Flows from Investing Activities:</b>	
Interest earned on investments	194,433
	<hr/>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>194,433</b>
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>7,802,815</b>
Cash and Cash Equivalents at Beginning of Year	45,044,404
	<hr/>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 52,847,219</b>
	<hr/> <hr/>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ 5,754,907
	<hr/>
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>	
Depreciation	1,200,127
(Increase) decrease in accounts receivable	(11,647)
(Increase) decrease in other accrued revenue receivable	(111,615)
(Increase) decrease in inventory	33,069
(Increase) decrease in prepaid expense	(5,400)
Increase (decrease) in accounts payable	13,606
Increase (decrease) in accrued liabilities	(398)
Increase (decrease) in claims and judgments	1,053,000
Increase (decrease) in net OPEB liability	621,430
Increase (decrease) in net pension liability	417,221
	<hr/>
<b>Total Adjustments</b>	<b>3,209,393</b>
	<hr/>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 8,964,300</b>
	<hr/> <hr/>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>	
Amortization of bond premiums/discounts	\$ (2,833)
Gain/(Loss) on capital assets	(2,284)



CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2018

	<u>Deposits Contributions</u>	<u>Community Facilities Districts</u>	<u>Assessment Districts</u>	<u>OPEB-PARS</u>	<u>Totals</u>
<b>Assets:</b>					
Pooled cash and investments	\$ 966,097	\$ 698,545	\$ 372,001	\$ -	\$ 2,036,643
Restricted assets:					
Cash and investments with fiscal agents	57,116	-	-	53,686	110,802
<b>Total Assets</b>	<b><u>\$ 1,023,213</u></b>	<b><u>\$ 698,545</u></b>	<b><u>\$ 372,001</u></b>	<b><u>\$ 53,686</u></b>	<b><u>\$ 2,147,445</u></b>
<b>Liabilities:</b>					
Accounts payable	\$ 11,836	\$ -	\$ -	\$ -	\$ 11,836
Deposits payable	1,011,377	698,545	372,001	-	2,081,923
Due to external parties/other agencies	-	-	-	53,686	53,686
<b>Total Liabilities</b>	<b><u>\$ 1,023,213</u></b>	<b><u>\$ 698,545</u></b>	<b><u>\$ 372,001</u></b>	<b><u>\$ 53,686</u></b>	<b><u>\$ 2,147,445</u></b>

CITY OF FULLERTON

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b><u>Deposits Contributions</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 943,866	\$ 873,156	\$ 850,925	\$ 966,097
Restricted assets:				
Cash and investments with fiscal agents	28,550	42,240	13,674	57,116
<b>Total Assets</b>	<b><u>\$ 972,416</u></b>	<b><u>\$ 915,396</u></b>	<b><u>\$ 864,599</u></b>	<b><u>\$ 1,023,213</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 203,979	\$ 409,857	\$ 602,000	\$ 11,836
Deposits payable	768,437	902,102	659,162	1,011,377
<b>Total Liabilities</b>	<b><u>\$ 972,416</u></b>	<b><u>\$ 1,311,959</u></b>	<b><u>\$ 1,261,162</u></b>	<b><u>\$ 1,023,213</u></b>
<b><u>Community Facilities Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 27,767	\$ 1,796,928	\$ 1,126,150	\$ 698,545
<b>Total Assets</b>	<b><u>\$ 27,767</u></b>	<b><u>\$ 1,796,928</u></b>	<b><u>\$ 1,126,150</u></b>	<b><u>\$ 698,545</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,126,134	\$ 1,126,134	\$ -
Deposits payable	27,767	1,796,927	1,126,149	698,545
<b>Total Liabilities</b>	<b><u>\$ 27,767</u></b>	<b><u>\$ 2,923,061</u></b>	<b><u>\$ 2,252,283</u></b>	<b><u>\$ 698,545</u></b>
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 367,013	\$ 4,988	\$ -	\$ 372,001
<b>Total Assets</b>	<b><u>\$ 367,013</u></b>	<b><u>\$ 4,988</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 372,001</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 367,013	\$ 4,988	\$ -	\$ 372,001
<b>Total Liabilities</b>	<b><u>\$ 367,013</u></b>	<b><u>\$ 4,988</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 372,001</u></b>
<b><u>OPEB-PARS</u></b>				
<b>Assets:</b>				
Restricted assets:				
Cash and investments with fiscal agents	\$ -	\$ 53,686	\$ -	\$ 53,686
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 53,686</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53,686</u></b>
<b>Liabilities:</b>				
Due to external parties/other agencies	\$ -	\$ 53,686	\$ -	\$ 53,686
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 53,686</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53,686</u></b>

CITY OF FULLERTON

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,338,646	\$ 2,675,072	\$ 1,977,075	\$ 2,036,643
Restricted assets:				
Cash and investments with fiscal agents	28,550	95,926	13,674	110,802
<b>Total Assets</b>	<b><u>\$ 1,367,196</u></b>	<b><u>\$ 2,770,998</u></b>	<b><u>\$ 1,990,749</u></b>	<b><u>\$ 2,147,445</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 203,979	\$ 409,857	\$ 602,000	\$ 11,836
Deposits payable	1,163,217	2,704,017	1,785,311	2,081,923
Due to external parties/other agencies	-	53,686	-	53,686
<b>Total Liabilities</b>	<b><u>\$ 1,367,196</u></b>	<b><u>\$ 3,167,560</u></b>	<b><u>\$ 2,387,311</u></b>	<b><u>\$ 2,147,445</u></b>

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends.....	132
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 .....	142
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity .....	145
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.....	154
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 .....	156
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				
	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental activities					
Net investment in capital assets	\$ 192,325	\$ 204,585	\$ 209,514	\$ 294,379	\$ 302,884
Restricted	94,412	83,982	143,490	31,905	31,113
Unrestricted	36,148	6,819	(40,874)	24,408	22,343
Total governmental activities net position	<u>\$ 322,885</u>	<u>\$ 295,386</u>	<u>\$ 312,130</u>	<u>\$ 350,692</u>	<u>\$ 356,340</u>
Business-type activities					
Net investment in capital assets	\$ 62,005	\$ 66,360	\$ 70,145	\$ 72,728	\$ 77,139
Restricted				1,125	885
Unrestricted	13,156	14,318	18,458	20,486	20,826
Total business-type activities net position	<u>\$ 75,161</u>	<u>\$ 80,678</u>	<u>\$ 88,603</u>	<u>\$ 94,339</u>	<u>\$ 98,850</u>
Primary government					
Net investment in capital assets	\$ 254,330	\$ 270,944	\$ 279,659	\$ 367,107	\$ 380,023
Restricted	94,412	83,982	143,490	33,030	31,998
Unrestricted	49,304	21,138	(22,416)	44,894	43,169
Total primary government net position	<u>\$ 398,046</u>	<u>\$ 376,064</u>	<u>\$ 400,733</u>	<u>\$ 445,031</u>	<u>\$ 455,190</u>

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

Fiscal Year				
2013-14	2014-15	2015-16	2016-17	2017-18
\$ 306,424	\$ 343,504	\$ 384,032	\$ 406,560	\$ 428,099
30,585	28,620	26,427	27,704	39,316
33,585	(128,432)	(122,478)	(123,501)	(169,976)
<u>\$ 370,594</u>	<u>\$ 243,692</u>	<u>\$ 287,981</u>	<u>\$ 310,763</u>	<u>\$ 297,439</u>
\$ 80,109	\$ 87,838	\$ 93,508	\$ 97,142	\$ 102,771
556	308	279	276	298
24,948	10,579	11,119	14,490	14,223
<u>\$ 105,613</u>	<u>\$ 98,725</u>	<u>\$ 104,906</u>	<u>\$ 111,908</u>	<u>\$ 117,292</u>
\$ 386,533	\$ 431,342	\$ 477,540	\$ 503,701	\$ 530,870
31,141	28,928	26,706	27,980	39,614
58,533	(117,853)	(111,358)	(109,010)	(155,753)
<u>\$ 476,207</u>	<u>\$ 342,417</u>	<u>\$ 392,887</u>	<u>\$ 422,671</u>	<u>\$ 414,731</u>

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,756	\$ 20,233	\$ 4,584	\$ 13,682	\$ 11,135
Public safety	56,805	53,312	51,050	52,838	52,627
Public works	24,832	25,606	17,738	15,470	20,571
Community development	9,394	27,929	18,796	7,989	7,975
Human and leisure	9,852	8,838	7,869	9,098	9,729
Refuse collection	9,656	9,095	9,593	9,941	9,964
Interest on long-term debt	5,898	5,825	5,878	4,274	259
Total governmental activities net expenses	<u>122,193</u>	<u>150,838</u>	<u>115,508</u>	<u>113,292</u>	<u>112,260</u>
Business-type activities:					
Water utility	24,966	25,082	25,281	25,349	24,892
Airport	1,500	1,399	1,242	1,510	1,396
Parking facilities	17	24	26	19	25
Brea Dam recreational facilities	920	1,008	1,962	3,540	2,983
Compressed Natural Gas facility					65
Sewer enterprise	3,186	2,358	2,713	2,467	3,886
Total business-type activities net expenses	<u>30,589</u>	<u>29,871</u>	<u>31,224</u>	<u>32,885</u>	<u>33,247</u>
Total primary government expenses	<u>\$ 152,782</u>	<u>\$ 180,709</u>	<u>\$ 146,732</u>	<u>\$ 146,177</u>	<u>\$ 145,507</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 5,495	\$ 1,692	\$ 917	\$ 771	\$ 429
Public safety	7,584	6,775	5,465	5,320	4,823
Public works	6,958	6,685	6,513	6,824	7,259
Community development	1,551	1,446	6,317	3,012	3,681
Human and leisure	1,567	1,852	1,323	4,867	1,468
Refuse collection	9,695	9,381	9,911	10,432	10,170
Operating grants and contributions	5,985	8,799	7,683	9,675	8,033
Capital grants and contributions	24,211	7,522	16,300	24,087	16,206
Total governmental activities program revenues	<u>63,046</u>	<u>44,152</u>	<u>54,429</u>	<u>64,988</u>	<u>52,069</u>



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

Fiscal Year				
2013-14	2014-15	2015-16	2016-17	2017-18
\$ 3,607	\$ 4,983	\$ 1,799	\$ 1,594	\$ 6,862
54,469	55,089	57,569	65,249	75,773
17,039	18,598	23,129	26,944	28,183
8,074	8,583	5,539	6,687	8,761
10,661	11,110	11,741	11,670	12,670
10,011	10,077	10,181	10,384	10,394
533	554	431	378	358
<u>104,394</u>	<u>108,994</u>	<u>110,389</u>	<u>122,906</u>	<u>143,001</u>
27,929	26,929	24,991	27,268	30,290
1,517	1,445	1,492	1,526	1,667
51	29	28	28	45
2,899	2,745	2,764	2,857	2,770
412	522	458	396	274
2,384	3,375	3,076	3,495	3,735
<u>35,192</u>	<u>35,045</u>	<u>32,809</u>	<u>35,570</u>	<u>38,781</u>
<u>\$ 139,586</u>	<u>\$ 144,039</u>	<u>\$ 143,198</u>	<u>\$ 158,476</u>	<u>\$ 181,782</u>
\$ 547	\$ 1,553	\$ 820	\$ 778	\$ 1,305
5,140	5,066	5,035	5,071	5,179
7,723	7,691	7,300	8,195	9,717
4,529	4,085	3,810	4,548	4,515
3,288	8,400	1,547	4,399	1,809
10,255	10,449	10,569	10,788	10,894
8,990	8,820	8,473	13,748	8,897
<u>35,283</u>	<u>39,543</u>	<u>29,053</u>	<u>22,761</u>	<u>23,180</u>
<u>75,755</u>	<u>85,607</u>	<u>66,607</u>	<u>70,288</u>	<u>65,496</u>

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Business-type activities:					
Charges for services:					
Water utility	25,130	25,859	26,174	26,685	25,524
Airport	1,643	1,605	1,723	1,695	1,660
Parking facilities	35	37	32	28	25
Brea Dam recreational facilities	846	842	1,801	2,812	2,996
Compressed Natural Gas facility					95
Sewer enterprise	7,245	6,594	6,348	6,508	6,770
Operating grants and contributions					
Capital grants and contributions	3,003	551	153	555	520
Total business-type activities program revenues	<u>37,902</u>	<u>35,488</u>	<u>36,231</u>	<u>38,283</u>	<u>37,590</u>
Primary government program revenues	<u>\$ 100,948</u>	<u>\$ 79,640</u>	<u>\$ 90,660</u>	<u>\$ 103,271</u>	<u>\$ 89,659</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (59,147)	\$ (106,686)	\$ (61,079)	\$ (48,304)	\$ (60,192)
Business-type activities	7,313	5,618	5,007	5,398	4,344
Total primary government net expense	<u>\$ (51,834)</u>	<u>\$ (101,068)</u>	<u>\$ (56,072)</u>	<u>\$ (42,906)</u>	<u>\$ (55,848)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 50,530	\$ 50,642	\$ 49,167	\$ 41,413	\$ 37,226
Sales taxes	17,156	15,269	17,176	18,876	19,704
Franchise fees	6,268	5,864	6,010	5,754	3,929
Unrestricted motor vehicle in-lieu taxes	482	418	633	69	130
Unrestricted investment earnings	1,481	318			
Use of money and property			2,965	2,360	1,676
Miscellaneous	8,284	6,575	3,341	3,747	4,189
Transfers	98	101	(2,358)	(14)	(34)
Extraordinary item				14,802	(980)
Gain on sale of capital asset					
Total governmental activities	<u>84,299</u>	<u>79,187</u>	<u>76,934</u>	<u>87,007</u>	<u>65,840</u>
Business-type activities:					
Property taxes				118	63
Use of money and property			26	24	43
Miscellaneous			533	182	213
Transfers	(98)	(101)	2,358	14	34
Total business-type activities	<u>(98)</u>	<u>(101)</u>	<u>2,917</u>	<u>338</u>	<u>353</u>
Total primary government	<u>\$ 84,201</u>	<u>\$ 79,086</u>	<u>\$ 79,851</u>	<u>\$ 87,345</u>	<u>\$ 66,193</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 25,152	\$ (27,499)	\$ 15,855	\$ 38,702	\$ 5,648
Business-type activities	7,216	5,517	7,924	5,736	4,697
Total primary government	<u>\$ 32,368</u>	<u>\$ (21,982)</u>	<u>\$ 23,779</u>	<u>\$ 44,438</u>	<u>\$ 10,345</u>

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

Fiscal Year				
2013-14	2014-15	2015-16	2016-17	2017-18
29,454	28,715	27,041	30,021	33,095
1,643	1,650	1,885	1,823	1,775
		17	24	16
3,017	3,083	2,918	2,725	2,863
510	385	552	313	421
6,799	6,418	5,844	5,948	6,390
79	457	420	1,417	189
<u>41,502</u>	<u>40,708</u>	<u>38,677</u>	<u>42,271</u>	<u>44,749</u>
<u>\$ 117,257</u>	<u>\$ 126,315</u>	<u>\$ 105,284</u>	<u>\$ 112,559</u>	<u>\$ 110,245</u>
\$ (28,638)	\$ (23,387)	\$ (43,783)	\$ (52,618)	\$ (77,505)
6,309	5,663	5,869	6,701	5,968
<u>\$ (22,329)</u>	<u>\$ (17,724)</u>	<u>\$ (37,914)</u>	<u>\$ (45,917)</u>	<u>\$ (71,537)</u>
\$ 32,950	\$ 35,723	\$ 37,840	\$ 39,738	\$ 42,146
20,582	20,643	23,000	21,456	21,834
3,971	4,392	4,383	4,181	4,336
	57	57	64	75
3,636	3,858	4,615	3,976	4,594
4,283	4,699	4,823	6,024	5,558
(36)	(36)	(36)	(36)	(290)
(22,359)		13,667		
				3,150
<u>43,027</u>	<u>69,336</u>	<u>88,349</u>	<u>75,403</u>	<u>81,403</u>
93	105	104	110	98
80	39	41	38	40
244	366	132	117	166
36	36	36	36	290
<u>453</u>	<u>546</u>	<u>313</u>	<u>301</u>	<u>594</u>
<u>\$ 43,480</u>	<u>\$ 69,882</u>	<u>\$ 88,662</u>	<u>\$ 75,704</u>	<u>\$ 81,997</u>
\$ 14,388	\$ 45,948	\$ 44,566	\$ 22,782	\$ 3,898
6,763	6,210	6,182	7,002	6,562
<u>\$ 21,151</u>	<u>\$ 52,158</u>	<u>\$ 50,748</u>	<u>\$ 29,784</u>	<u>\$ 10,460</u>

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
General Fund					
Reserved	\$ 1,030	\$ 300	\$ -	\$ -	\$ -
Unreserved	35,586	8,913			
Nonspendable			138	43	20
Committed					7,422
Assigned					
Unassigned			10,862	9,551	8,164
Total general fund	<u>\$ 36,616</u>	<u>\$ 9,213</u>	<u>\$ 11,000</u>	<u>\$ 9,594</u>	<u>\$ 15,606</u>
All Other Governmental Funds					
Reserved	\$ 39,939	\$ 38,960	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	23,028	27,830			
Capital projects funds	87,326	67,480			
Debt service funds	14,963	7,881			
Nonspendable					
Special revenue funds			18,341	11,703	18,047
Capital projects funds			8,736	4	
Other governmental funds			12		
Restricted					
Special revenue funds			37,327	6,464	54
Capital projects funds			56,111		
Debt service funds			11,034		
Other governmental funds			11,940	11,443	10,960
Committed					
Special revenue funds					
Other governmental funds			12,754	12,831	11,320
Assigned					
Capital projects funds			1,753		
Unassigned					
Special revenue funds			(213)	(170)	(197)
Capital projects funds				(4,400)	(1,350)
Total all other governmental funds	<u>\$ 165,256</u>	<u>\$ 142,151</u>	<u>\$ 157,795</u>	<u>\$ 37,875</u>	<u>\$ 38,834</u>

Beginning in 2011, the City started reporting fund balance in conformity with GASB Statement 54, which changed how fund balance is classified.

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

Fiscal Year				
2013-14	2014-15	2015-16	2016-17	2017-18
\$ -	\$ -	\$ -	\$ -	\$ -
11	13	11	68	290
7,679	7,967	8,743	9,139	8,992
7,888	9,231	6,139	1,522	4,999
<u>\$ 15,578</u>	<u>\$ 17,211</u>	<u>\$ 14,893</u>	<u>\$ 10,729</u>	<u>\$ 14,281</u>
\$ -	\$ -	\$ -	\$ -	\$ -
17,821				
147	17,943	17,769	17,921	21,355
10,361	10,677	8,658	9,783	17,962
13,849	12,209	10,681	10,473	
	9,520	10,227	9,445	
(237)	(97)	(39)	(77)	(172)
(18,281)	(1,528)	(4,187)	(10,441)	(3,233)
<u>\$ 23,660</u>	<u>\$ 48,724</u>	<u>\$ 43,109</u>	<u>\$ 37,104</u>	<u>\$ 35,912</u>

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

	Fiscal Years				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenues</b>					
Taxes	\$ 71,603	\$ 69,646	\$ 69,564	\$ 63,772	\$ 60,696
Franchise fees	3,879	5,864	6,010	5,754	3,929
Licenses and permits	1,452	1,393	1,607	1,608	1,434
Fines and forfeitures	3,475	2,901	2,665	2,156	1,686
Investment income	6,728	1,952	2,751	2,189	1,711
Intergovernmental	25,330	14,651	19,826	21,232	22,386
Charges for services	21,959	21,450	22,618	26,226	23,447
Payments in lieu of taxes	2,389				
Other	10,121	6,027	622	1,693	2,066
Total revenues	<u>146,936</u>	<u>123,884</u>	<u>125,663</u>	<u>124,630</u>	<u>117,355</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	4,505	4,138	3,590	3,959	6,572
Public safety	55,795	52,272	50,152	52,023	51,546
Public works	13,466	12,293	16,684	11,638	11,929
Community development	7,192	19,525	10,222	5,499	4,315
Human and leisure	9,057	8,318	7,493	7,951	8,545
Refuse collection	9,657	9,095	9,594	9,940	9,964
<b>Debt service</b>					
Principal retired	5,551	6,803	6,992	4,766	813
Interest and fiscal charges	6,230	5,803	6,071	3,494	255
ERAF/SERAF payments		6,671			
Developer reimbursements	21				
Pass through payment to taxing agencies	2,449	1,344	1,199		
Capital outlay	31,930	26,751	24,117	42,143	18,805
Total expenditures	<u>145,853</u>	<u>153,013</u>	<u>136,114</u>	<u>141,413</u>	<u>112,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,083</u>	<u>(29,129)</u>	<u>(10,451)</u>	<u>(16,783)</u>	<u>4,611</u>
<b>Other Financing Sources (Uses)</b>					
Contributions from the Successor Agency					195
Bonds issued			30,577		
Bond premium			49		
Loss on disposition of assets					
Proceeds from sale of capital asset			6	4	6
SERAF payment			(1,373)		
Transfers in	32,693	31,804	18,006	14,233	11,415
Transfers out	(32,595)	(53,184)	(19,588)	(13,876)	(8,276)
<b>Capital Leases</b>					
Total other financing sources (uses)	<u>98</u>	<u>(21,380)</u>	<u>27,677</u>	<u>361</u>	<u>3,340</u>
Net change in fund balances	1,181	(50,509)	17,226	(120,959)	6,971
Fund balances - July 1	200,691	201,872	151,364	168,795	47,469
Restatements			205	(367)	
Fund balances - June 30	<u>\$ 201,872</u>	<u>\$ 151,363</u>	<u>\$ 168,795</u>	<u>\$ 47,469</u>	<u>\$ 54,440</u>
Debt service as a percentage of noncapital expenditures	12.41%	15.62%	12.75%	8.28%	1.10%

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

		Fiscal Years							
		2013-14	2014-15	2015-16	2016-17	2017-18			
\$	57,394	\$	60,558	\$	65,275	\$	66,134	\$	68,810
	3,971		4,392		4,383		4,181		4,335
	1,766		2,283		1,877		2,037		2,284
	1,586		1,751		1,628		1,513		1,674
	3,430		3,595		4,156		3,897		4,399
	24,948		68,498		34,616		31,140		42,575
	27,237		31,870		24,449		28,913		26,383
	1,448		1,284		948		1,820		1,624
	<u>121,780</u>		<u>174,231</u>		<u>137,332</u>		<u>139,635</u>		<u>152,084</u>
	4,577		5,396		5,197		5,230		4,466
	53,909		55,877		61,631		64,986		65,519
	12,935		13,209		14,337		17,927		15,428
	4,661		4,982		5,746		6,717		6,763
	9,205		9,400		10,047		9,876		9,980
	10,011		10,078		10,183		10,385		10,737
	753		764		712		722		519
	217		180		103		29		18
	39,276		47,912		37,338		37,012		38,426
	<u>135,544</u>		<u>147,798</u>		<u>145,294</u>		<u>152,884</u>		<u>151,856</u>
	<u>(13,764)</u>		<u>26,433</u>		<u>(7,962)</u>		<u>(13,249)</u>		<u>228</u>
									(1,395)
	7		12		53				3,150
	6,845		6,292		8,992		9,460		15,170
	(8,155)		(6,040)		(8,739)		(8,853)		(14,793)
							2,473		
	<u>(1,303)</u>		<u>264</u>		<u>306</u>		<u>3,080</u>		<u>2,132</u>
	(15,067)		26,697		(7,656)		(10,169)		2,361
	54,440		39,238		65,935		58,002		47,832
	(135)				(277)				
\$	<u>39,238</u>	\$	<u>65,935</u>	\$	<u>58,002</u>	\$	<u>47,833</u>	\$	<u>50,193</u>
	1.00%		0.92%		0.75%		0.64%		0.47%

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
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
2015-16	13,055,598	1,778,875	1,474,548	6,443	-	16,315,464	1.0649
2016-17	13,709,472	1,841,370	1,453,964	6,539	-	17,011,345	1.0798
2017-18	14,398,621	1,927,864	1,603,068	6,666	-	17,936,219	1.0816

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

Source: Orange County Assessor



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

Taxpayer	2017-18			2008-09		
	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	\$ 172,402,228	1	0.91 %	\$ -		
FHF I Amerige Pointe LLC	115,000,000	2	0.61			
Advanced Group	113,795,203	3	0.60			
University House Fullerton LLC	93,220,477	4	0.49			
Orangefair Marketplace	90,490,838	5	0.48			
Corecare III	87,312,398	6	0.46			
Rreef America Reit II Corporation	86,308,796	7	0.46			
PSIP WR Fullerton LLC	64,317,120	8	0.34			
SFERS Real Estate Corporation	61,369,368	9	0.32			
BRE-FMCA LLC	58,376,421	10	0.31			
Kimberly-Clark Worldwide				147,747,395	1	1.00 %
Beckman Instruments Inc				82,724,172	2	0.56
Rreef America Reit II Corporation				75,319,059	3	0.51
CPT Parkside LP				70,302,296	4	0.48
Corecare III				66,706,889	5	0.45
SFERS Real Estate Corporation				56,518,347	6	0.38
Hughes Aircraft/Raytheon				56,502,164	7	0.38
Amerige Heights Apartments LLC				55,225,900	8	0.37
Alcoa Global Fasteners Inc				52,545,948	9	0.36
Fullerton Metro Center LLC				48,438,786	10	0.33
	<u>\$ 942,592,849</u>		<u>4.98%</u>	<u>\$ 712,030,956</u>		<u>4.83%</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
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	162,109	21,574,625	99.15
2016	22,974,457	22,718,019	98.88	159,395	22,877,414	99.58
2017	23,839,526	23,583,249	98.92	141,968	23,725,217	99.52
2018	24,908,566	24,706,931	99.19	N/A	24,706,931	99.19

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			
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	0.55%	163
2014-15	6,725	453	2,500	8,940		2,523	21,141	0.49%	150
2015-16	6,455	2,733	2,000	8,485		2,059	21,732	0.51%	154
2016-17	6,135	4,208	1,500	8,766		1,575	22,184	0.51%	157
2017-18	5,858	4,799	1,000	8,236		1,071	20,964	NYA	145

(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 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
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
2015-16	1.0000	0.03447	0.09175	0.02292	0.01628	0.02546	0.03043	0.05665	0.00350
2016-17	1.0000	0.05091	0.08720	0.02298	0.03570	0.02719	0.02885	0.05475	0.00350
2017-18	1.0000	0.05237	0.06713	0.02325	0.03455	0.03058	0.02927	0.05529	0.00350

Total Direct Tax Rate

Fiscal Year	City Direct Rate	Fullerton Schools	N. OC Community College	Total Direct Tax Rate
2008-09	1.0000	0.03831	0.01493	1.0532
2009-10	1.0000	0.04085	0.01662	1.0575
2010-11	1.0000	0.04280	0.01758	1.0604
2011-12	1.0000	0.03710	0.01742	1.0545
2012-13	1.0000	0.04239	0.01902	1.0614
2013-14	1.0000	0.03971	0.01704	1.0568
2014-15	1.0000	0.03721	0.01704	1.0543
2015-16	1.0000	0.03447	0.03043	1.0649
2016-17	1.0000	0.05091	0.02885	1.0798
2017-18	1.0000	0.05237	0.02927	1.0816

Source: Orange County Assessor Tax Rate Table

City of Fullerton  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2018

(in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Orange County and Fullerton School Districts	\$ 163,859	<sup>1</sup> .91%	\$ 1,491
Subtotal, overlapping debt			<u>\$ 1,491</u>
City of Fullerton direct debt			<u>11,657</u>
Total direct and overlapping debt			<u><u>\$ 13,148</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.

<sup>1</sup> 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				
	2009	2010	2011 (1)	2012 (1)	2013 (1)
Debt limit	\$ 2,204,570	\$ 2,093,591	\$ 2,063,064	\$ 2,088,770	\$ 2,112,315
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 2,204,570</u>	<u>\$ 2,093,591</u>	<u>\$ 2,063,064</u>	<u>\$ 2,088,770</u>	<u>\$ 2,112,315</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 2017-18**

Assessed value	\$ 17,936,219
Add back: exempt real property	<u>-</u>
Total Assessed Value	\$ 17,936,219
Debt limit (15% of total assessed value)	\$ 2,690,433
Debt applicable to limit:	<u>0</u>
Legal debt margin	<u>\$ 2,690,433</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				
2014 (1)	2015 (1)	2016 (1)	2017 (1)	2018 (1)
\$ 2,184,298	\$ 2,311,356	\$ 2,447,320	\$ 2,551,702	\$ 2,690,433
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 2,184,298</u>	<u>\$ 2,311,356</u>	<u>\$ 2,447,320</u>	<u>\$ 2,551,702</u>	<u>\$ 2,690,433</u>
0%	0%	0%	0%	0%

City of Fullerton  
Revenue Bond Coverage

2014 Water Revenue Refunding Bonds  
Last Four Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015	\$ 3,913,333	\$ 185,000	\$ 273,786	\$ 458,786	8.53
2016	4,125,954	350,000	273,662	623,662	6.62
2017	4,826,465	360,000	263,012	623,012	7.75
2018	3,670,038	370,000	252,063	622,063	5.90

(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	
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	0	0	0	N/A
2014	N/A	0	0	0	N/A
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	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	
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
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	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.

\*2003 COP fully retired in FY 14/15

Note- Gross Revenue comes from the CAFR financial statements not the GL



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	
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	0	0	0	N/A
2013	N/A	0	0	0	N/A
2014	N/A	0	0	0	N/A
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	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.

\* The 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	
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)	0	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
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	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.

\* 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	
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	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A

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

\* 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			
		Principal	Interest	Total	Coverage
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
2016	-	3,245,000	3,371,173	6,616,173	0.00
2017	-	3,210,000	3,209,063	6,419,063	0.00
2018	-	3,285,000	3,046,688	6,331,688	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			
		Principal	Interest	Total	Coverage
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
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A

- (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.  
\* The bonds were retired in FY 14/15

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

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			
		Principal	Interest	Total	Coverage
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
2016	-	150,000	9,540	159,540	0.00
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A

- (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.  
\*The bonds were retired in FY 15/16

City of Fullerton  
Revenue Bond Coverage

2010 Tax Allocation Housing Revenue Bonds (2)  
Last Eight 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
2016	-	1,485,000	1,310,707	2,795,707	0.00
2017	-	1,545,000	1,245,324	2,790,324	0.00
2018	-	1,615,000	1,170,453	2,785,453	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 Eight 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)	0	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
2016	-	105,000	172,226	277,226	0.00
2017	-	110,000	165,400	275,400	0.00
2018	-	115,000	158,250	273,250	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)  
Eight 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	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	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.

\* 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)
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	4,166,515	29,733	7.1%
2015	141,042	4,290,957	30,428	5.6%
2016	141,042	4,228,814	29,731	4.7%
2017	141,042	4,311,756	29,898	4.3%
2018	144,214	NYA	NYA	3.2%

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 Nine Years Ago

Employer	2018			2009		
	Employees	Rank	% of Total City Employment*	Employees	Rank	% of Total City Employment
California State University, Fullerton	3,450	1	4.86%	3,667	1	5.06%
St. Jude Medical Center	2,153	2	3.03%	2,725	2	3.76%
Raytheon Systems Co.	1,320	3	1.86%	1,200	5	1.66%
Arconic Fastening Systems	750	4	1.06%			
City of Fullerton	714	5	1.01%	810	9	1.12%
St. Jude Heritage Health	604	6	0.85%			
Kimberly-Clark	440	7	0.62%			
Vista Paint Corporation	440	8	0.62%			
Morningside of Fullerton	403	9	0.57%			
Dental Wellness Center	400	10	0.56%			
Fullerton School District				1,390	3	1.92%
Fullerton Joint Union High School Dist.				1,107	6	1.53%
Beckman Coulter Inc.				1,300	4	1.80%
Fullerton College				1,060	7	1.46%
Alcoa Fastening Systems				975	8	1.35%
Albertson's Regional Corporate				800	10	1.10%
<b>Total</b>	<b>10,674</b>		<b>15.03%</b>	<b>15,034</b>		<b>20.76%</b>

\*Based upon U.S. Census Bureau's American Community Survey's estimate of 71,000 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	2008-09 Total Positions	2009-10 Total Positions	2010-11 Total Positions	2011-12 Total Positions	2012-13 Total Positions
City Council	6.0	6.0	6.0	6.0	6.0
City Manager	9.0	9.0	6.8	8.0	7.0
City Clerk*					
Administrative Svcs.	41.3	41.3	38.7	39.0	37.3
Human Resources	10.1	10.7	9.2	9.7	8.7
Fire	95.5	95.0	92.0	92.0	90.0
Police	235.0	234.0	213.0	213.0	214.0
Community Dev.	38.0	37.0	31.0	31.0	27.0
Engineering	41.0	41.0	34.0	35.0	35.0
Maintenance Svcs.	175.5	177.5	157.0	159.0	160.0
Public Works					
Parks & Recreation	30.5	29.0	25.0	26.0	21.0
Library	30.4	30.4	25.4	25.4	25.4
Redevelopment**	7.0	7.0	7.0	0.0	0.0
<i>Subtotal</i>	719.3	717.9	645.1	644.1	631.4
Part-Time Hours	188,794	199,748	166,922	193,766	192,762
Full-Time Equivalents	90.8	96.0	80.3	93.2	92.7
<b>TOTAL POSITIONS</b>	<b>810.1</b>	<b>813.9</b>	<b>725.4</b>	<b>737.3</b>	<b>724.1</b>

\*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 as of FY 13/14

(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

2013-14 Total Positions	2014-15 Total Positions	2015-16 Total Positions	2016-17 Total Positions	2017-18 Total Positions
6.0	6.0	6.0	6.0	6.0
6.5	6.5	7.0	7.0	6.5
32.3	33.0	33.0	33.0	33.0
8.9	8.9	8.9	8.9	8.9
90.0	92.0	92.0	92.0	92.0
210.0	211.0	212.0	212.0	217.0
27.0	29.0	28.0	28.0	28.0
200.0	199.5	200.0	200.0	198.0
21.0	22.0	22.0	22.0	21.0
23.8	23.8	23.8	23.8	23.8
0.0	0.0	0.0	0.0	0.0
625.5	631.7	632.7	632.7	634.2
177,294	177,389	165,840	165,920	165,255
85.2	85.3	79.7	79.8	79.4
<u>710.7</u>	<u>717.0</u>	<u>712.4</u>	<u>712.5</u>	<u>713.6</u>

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Fullerton Elementary School District	13,450	13,556	13,700	13,621	13,830
Fullerton Joint Union High School District	15,807	14,170	14,260	14,178	14,046
Fullerton College	22,014	22,014	22,014	18,890	18,890
California State University - Fullerton	37,765	32,611	36,156	37,677	38,325
Western State University College of Law**	379	419	485	525	528
Southern California College of Optometry	385 *	397	399	400	400
Hope International University	1,809 *	1,980	1,739	1,824	1,694
Total enrollment in Fullerton's schools and universities	91,609	85,147	88,753	87,115	87,713

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

\*\*Western State University College of Law move to Irvine during fiscal year 2015-16

(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>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
13,801	13,730	13,544	13,700	13,700
13,969	13,910	13,773	13,664	13,649
18,890	35,335	35,335	23,000	23,000
38,128	38,948	40,235	40,439	39,343
459	376	0	0	0
391	391	400	544	500
<u>2,011</u>	<u>1,420</u>	<u>1,438</u>	<u>2,349</u>	<u>1,752</u>
87,649	104,110	104,725	93,696	91,944

City of Fullerton  
Operating Indicators by Function  
Last Ten Fiscal Years

Function:	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Police</b>					
Calls dispatched	48,596	53,339	43,581	44,755	46,762
Crime reports	18,302	16,924	15,359	15,321	16,233
Moving citations	18,078	26,233	24,668	9,788	5,440
Parking citations	63,050	51,465	48,077	39,917	28,658
<b>Fire</b>					
Unit responses	13,796	13,781	14,516	12,043	16,108
Medical calls	8,283	8,222	9,403	6,595	6,993
Annual fire inspections	3,480	3,954	4,650	4,336	5,578
<b>Water</b>					
Number of customer accounts	31,500	31,546	31,547	31,600	31,577
Average daily consumption (millions of gallons)	28.0	23.0	22.2	22.8	23.8
Water samples taken	5,100	4,563	4,650	4,143	4,300
<b>Sewers</b>					
Feet of sewer mains root cut/ chemically treated	220,563	266,265	245,261	276,144	408,144
Miles of sewer mains root cut/ hydro jetted					
Number of chemically or mechanically treated sewer laterals	2,251	1,764	2,031	1,737	1,722
<b>Traffic and General Engineering</b>					
Traffic signals maintained	147	147	148	150	151
Infrastructure improvement projects administered	71	83	70	65	86
Private development plans reviewed	1,059	585	857	767	933
<b>Maintenance</b>					
Square ft. graffiti removal	677,010	665,735	538,606	392,022	370,166
Street sweeping miles	36,324	36,352	35,582	36,837	36,030
Trees pruned per year	14,955	14,105	13,000	13,000	13,000
<b>Culture and Recreation</b>					
Park event attendance	12,100	12,100	12,100	12,100	28,000
Independ/ Park /Comm. Ctr. participants	60,000	60,000	60,000	60,000	130,500
Fullerton Museum Center attendance	28,000	28,000	28,000	21,145	15,000

Sources: City of Fullerton Budget Division and various City departments

\*Note - As of 7/1/17 sewer mains are root cut/hydro jetted rather than root cut/chemically treated

City of Fullerton  
Operating Indicators by Function  
Last Ten Fiscal Years

2013-14	2014-15	2015-16	2016-17	2017-18
47,292	48,637	50,628	52,527	52,332
16,645	16,925	17,635	18,059	16,346
5,350	5,212	7,573	3,878	4,078
35,371	35,551	37,613	36,658	27,993
11,646	17,500	18,813	18,250	17,992
9,494	8,201	8,725	8,298	8,088
4,700	4,205	4,437	3,806	3,717
31,544	31,795	31,307	31,427	31,923
25.4	22.9	20.9	20.6	23.2
2,554	4,439	4,597	4,657	4,604
249,744	209,009	215,312	236,257	*
				362.6
2,600	2,166	1,711	2,167	2,438
151	150	151	151	153
96	60	80	77	68
1,038	2,695	2,500	2,564	2,988
403,016	344,120	316,667	348,336	327,223
38,399	40,504	36,044	36,864	34,870
13,542	13,500	14,975	14,005	8,436
29,500	39,500	42,000	45,000	49,500
152,000	152,000	170,000	240,000	250,000
23,987	23,987	29,265	21,734	21,435

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

Function:	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Public Safety</b>					
Police stations	1	1	1	1	1
Number of patrol units	31	36	36	26	26
Fire stations	6	6	6	6	6
Number of ladder trucks	1	2	2	2	2
Number of fire engines	6	9	10	10	11
<b>Highways and streets</b>					
Miles of streets	285	276	291	290	290
Traffic Signals	147	147	148	150	150
Streetlights	7,263	7,263	7,263	7,263	7,263
<b>Water</b>					
Number of water wells	11	11	11	11	11
Number of reservoirs	15	15	15	15	15
Miles of lines & mains	430	429	420	422	420
<b>Sewer</b>					
Miles of sanitary sewers	325.00	312.00	321.00	325.00	324.00
Miles of storm drains	70.68	71.21	71.21	71.20	71.20
<b>Culture and Recreation</b>					
Number of recreation and cultural facilities	67	67	67	67	67
Number of acres for above	741	683	683	683	683
Number of libraries	2	2	2	2	2
Number of library books	351,580	351,580	241,058	241,058	241,058

Sources: City of Fullerton Budget Division and various City departments

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

<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
1	1	1	1	1
30	31	34	31	33
6	6	6	6	6
2	2	2	2	2
11	11	11	11	11
290	290	285	285	285
151	150	151	151	153
7,275	7,275	6,900	6,900	6,700
11	11	11	10	10
15	15	15	15	15
423	423	423	423	423
320.00	322.40	323.30	320.00	325.00
71.20	71.20	71.20	71.20	71.70
67	67	67	67	67
683	683	683	683	683
2	2	2	2	2
241,058	210,597	210,597	210,597	179,914