

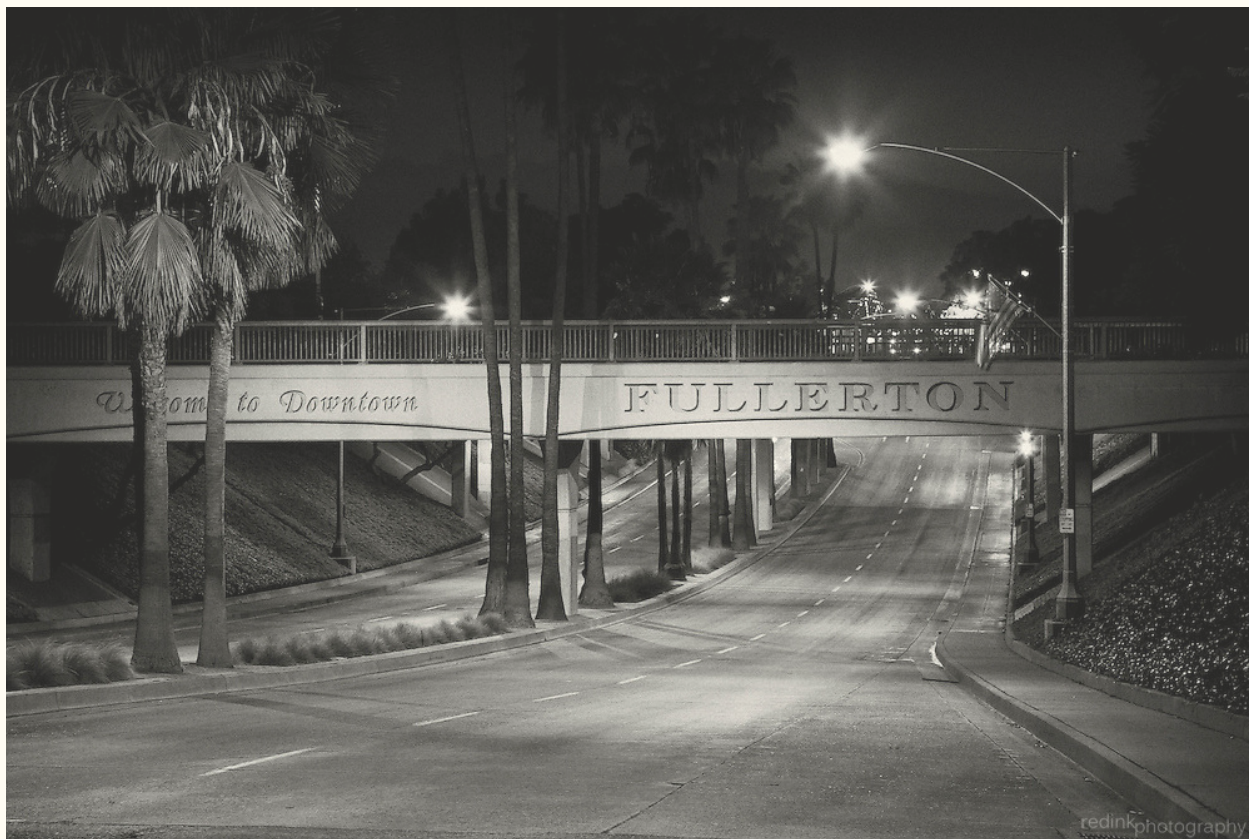


COMPREHENSIVE ANNUAL FINANCIAL REPORT

*CITY OF
FULLERTON*

California

*FISCAL YEAR ENDED
JUNE 30, 2020*



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303 W. Commonwealth Ave. Fullerton, CA 92832

CITY OF FULLERTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT

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January 13, 2021

The Honorable City Council
Fullerton, California

We are pleased to present the 2019-20 Comprehensive Annual Financial Report (CAFR) to the City Council. This report serves 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 is to provide reasonable assurance that the financial statements of the City of Fullerton for the fiscal year ended June 30, 2020 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, 2020 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 prior

to the COVID-19 crisis, Fullerton's Transportation Center served an average of 3,000 commuters on the Metrolink and Amtrak trains. Encompassing 22.4 square miles, the City has a population of 141,863, ranking it the 41st largest in the State and the 6th 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 began to be elected by district, with new representatives in Districts 3 and 5. The three final district officials were elected November 2020. 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, library services, general governmental support, and a general aviation airport.

The City's unemployment has increased to a rate of 6% due to the COVID-19 crisis which still remains below the statewide rate. Major employers prior to COVID-19 in Fullerton included California State University, Fullerton, Fullerton Community College, St. Jude Hospital, Raytheon Systems Company, and AJ Kirkwood & Associates Inc. 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 two private colleges/universities for a total enrollment of over 64,500 students. While enrollment levels continue to grow, the lack of physical presence due to the health crisis means reduced economic value for the community. In the event of on campus education returning to full levels, higher enrollment figures is anticipated to result in a long term net positive for the economy of Fullerton.

Fullerton continues to maintain a diversified tax base consisting of residential, commercial and industrial properties. The local economy has stagnated due to the COVID-19 health crisis, but the diverse business landscape of the community should help the City move forward upon the conclusion of the pandemic. While the health crisis has impacted the City's finances, it should be noted that the City's long-term financial condition continues to see existing expenditures outpace revenues even prior to the pandemic due in part to increasing operating and pension costs. The City, mindful that economic growth and business retention is critical to its future, implemented several programs to support the residents and local businesses during the health crisis. This effort in response to the pandemic accentuates the need to continuing to further develop a long-range strategic plan, implementing a higher degree of fiscal accountability for achieving financial stability, and bolstering our economic development prospects.

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 both the fund and 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

General Fund Reserve

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%) and a goal of seventeen percent (17%) of annual General Fund expenditures be set aside as contingency reserves. As of June 30, 2020, the City's General Fund fund balance, comprised of nonspendable, restricted, assigned, and unassigned balances, totaled \$18.1 million, of which 1.2% or \$217,000 is considered unassigned pending future City Council direction. Of the \$18.1 million, the assigned fund balance for contingency reserve is approximately \$9.9 million, which remains at the minimum 10% level of General Fund expenditures. The decrease in the overall fund balance over prior year is due to lack of one-time revenues in fiscal year 2019-20.

Debt Management

To ensure that City debt is issued and prudently managed to maintain a sound fiscal position, maintain the highest quality credit rating possible and assist the City in its financial flexibility to meet fiscal challenges and finance projects that promote and foster economic growth, a debt management policy was implemented in July of 2020. It is considered sound fiscal practice and prudent financial management for the City to adopt a formal debt management policy that sets parameters for issuing debt, managing the City's debt portfolio and provides guidance to City staff and decision makers to issue debt with respect to the City's overall fiscal condition.

Purchasing

The City's purchasing policy regulates a centralized purchasing system for staff to achieve the procurement of goods and services from lowest responsible bidders based on price, specifications, product evaluation, and delivery. The purchasing policy of the City is developed to comply with state and federal procurement laws, and is geared to ensure accountability and establish strong internal controls to ensure purchases are made appropriately and within budget. Purchasing policy and related procedures will undergo a review in fiscal year 2021-22 with the goals of improved efficiency, greater transparency, and ease of understanding.

Long-Term Financial Planning

To assist in the development and monitoring of the financial plan, staff maintains a five-year financial forecast which is used as a decision-making tool for City management and the City Council and is presented as part of the budget process. As costs increase and funding sources fluctuate, this financial planning model helps the City to reprioritize goals and objectives with its available financial resources (revenues). During the fiscal year 2017-18, the City introduced an expanded twenty-year financial forecast in order to better understand the impacts of near-term financial decisions on long-term finances and the City's financial viability in the years to come is better understood. Finance staff also presented a 10-year forecast to the City Council in September 2020 in the City's continuous efforts to improve its long-term financial planning. Staff continues to refine its forecasting model and is endeavoring to present a five-year, ten-year and twenty-year forecasts to improve its financial planning efforts on both the near and long-term basis. 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.

Finally, in a realization that expenditures are outpacing revenues, and that service levels are not meeting resident, management, nor Council's expectations, the City's Infrastructure and Natural Resources Advisory Committee (INRAC) met to review the City's deferred maintenance, infrastructure, and street needs and made recommendations to the City Council on potential revenue via the failed Measure S sales tax initiative. Furthermore, the City established a dedicated infrastructure fund in July to better address these ongoing challenges. Based on City Council direction, staff have begun a comprehensive assessment to develop a fiscal sustainability plan to address the City's strategic priorities to enable City Council to provide direction on how resources will be realigned. This plan will be incorporated into the fiscal year 2021-22 budget development.

115 Pension and 115 OPEB Trusts

In fiscal year 2020-21, \$487,000 was transferred into the City's IRS Section 115 Pension Trust using one-time savings from the Police Department salaries and benefits. In fiscal year 2018-19, \$50,000 was transferred into the City's IRS Section 115 OPEB Trust. The use of a 115 Trust helps the City segregate funds for essential functions. These funds, as they accumulate, can be utilized to help ease budgetary pressures from spikes in unfunded actuarial liabilities in the future. The practice of utilizing a 115 Trust is yet another step the City has taken to strive to better prepare itself financially.

Dedicated Infrastructure Fund

City Council authorized the establishment of a dedicated infrastructure fund to allocate any supplemental or additional revenue from specific tax sources to prioritize local infrastructure improvement. The infrastructure fund will enable the City to set aside funding dedicated for infrastructure to better meet the service needs of the community and support transparency. The fund was adopted as Ordinance No. 3284 and is codified in the Fullerton Municipal Code as Chapter 2.48.380.

MAJOR INITIATIVES

The City Council initiated a strategic planning process during the 2017-18 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.

In order to overcome a deficit scenario and address financial impacts of the health crisis, the City applied various cost saving methods that included vacancy savings, a temporary closure of the museum, a reduction in the Library's hours of operation, negotiated labor savings, including executive salary reductions.

The fiscal year 2020-21 general fund budget was prepared and adopted in a structurally balanced manner where ongoing revenues were equal to ongoing expenditures after applying the aforementioned cost saving methods. It will take continued effort from all internal and external stakeholders to make the difficult decisions needed regarding allocation of limited resources to meet baseline service expectations of the community. 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. The City continues to work with the various bargaining groups 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.

The City continued with its process of organizational reviews of departments, first initiated during fiscal year 2017-18 with reviews of the Public Works and Community Development Departments. Both departments have analyzed their respective changes and implemented items as was deemed reasonable. For fiscal year 2020-21, a review of the Parks and Recreation Department was also commenced and is ongoing with implementation concepts to streamline, reduce costs, and increase services to the residents in an efficient and effective manner. The Police Department successfully outsourced jailing services under the supervision of a sworn lieutenant as a type 1 correctional facility. An organizational assessment of the Administrative Services Department with Finance and Human Resources under the same department was completed in fiscal year 2020-21 and is currently under review by the Administrative Services Department to assess implementation.

Public Safety

The primary public safety goal and objective includes the recruitment and retention of public safety personnel. Police and fire department personnel are committed to providing the highest quality service possible and it is important for the City to recruit and retain these valuable assets.

Infrastructure and City Assets

Goals and objectives to improve infrastructure and City assets include completing a facilities master plan, reviewing and developing a plan for improving the City's infrastructure, including the Pavement Condition Index (PCI) through a citizen-based Infrastructure and Natural Resources Advisory Committee (INRAC), adopting water rates to upgrade the water system, and continuing to enhance downtown Fullerton (the "Downtown Game Plan") through various methods such as parking fees upon the conclusion of the pandemic.

An assessment for building maintenance and improvement needs was completed early in fiscal year 2020-21. The plan, known as the Facilities Condition Assessment project, outlined recommendations and budgetary costs to complete necessary repairs and upgrades to the existing building facilities. Funding for significant maintenance to critical infrastructure will need to be addressed by the City Council in addition to all of the other expenditure priorities.

The INRAC recommendations were presented in February of 2020, and included infrastructure prioritizations, funding methods, and downtown revitalization support. The report demonstrated the existing infrastructure challenges the City faces, as well as potential funding methods to meet baseline service levels. The lack of improvement can lead to long term liabilities and quality of life impacts to the community. The issues highlighted in the INRAC report have only been exacerbated by the COVID-19 crisis. Infrastructure expenditures will need to be addressed by the City Council in addition to all of the other expenditure priorities.

The City continues to implement the necessary water improvements to be funded through the increase of water rates in fiscal year 2018-19, but the emergence of new State regulations related to Per- and Polyfluoroalkyl Substances, PFAS, groundwater aquifer contamination has once again squeezed our financial ability to complete all of our identified needs. The City is partnering with other local producers and the Orange County Water District to address this situation.

The Community and Economic Development Department continues to implement elements of the previously approved regulations and focus on business development, to include working with developers on a downtown hotel, the Fox Block development, and focus on repositioning and

emphasizing the economic potential of the Harbor/Orangethorpe commercial area. Additionally, staff have launched several housing initiatives to include a Housing Incentive Overlay Zone and an update to the City's Housing Element to incorporate new Regional Housing Need Allocation numbers for a mix of housing types.

AWARD

The Government Finance Officers Association (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, 2019. 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 Supervisors John Ji and Sylvina Kho (retired). 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.

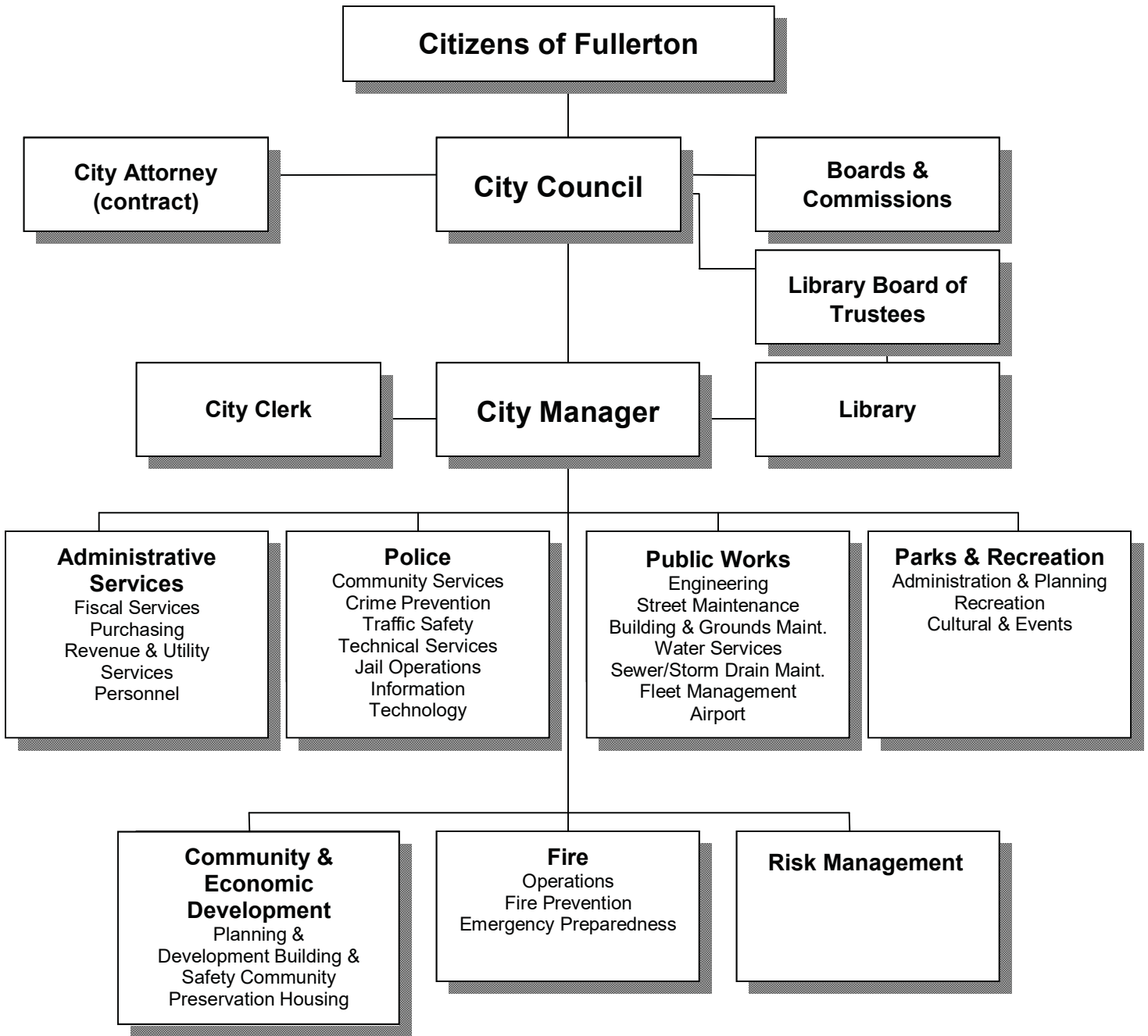
Respectfully submitted,



Kenneth A. Domer
City Manager



Ellis Chang
Director of Administrative Services



CITY OF FULLERTON CALIFORNIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020



Bruce Whitaker, Mayor - District 4

Nick Dunlap
Jesus Silva
Fred Jung
Ahmad Zahra

Mayor Pro Tem - District 2
Council Member - District 3
Council Member - District 1
Council Member - District 5

Kenneth A. Domer, City Manager

Ellis Chang
Meg McWade
Matt Foulkes
Adam Loeser
Robert Dunn
Judy Booth
Hugo Curiel

Director of Administrative Services
Director of Public Works
Director of Community and Economic Development
Fire Chief
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, 2019

Christopher P. Morrill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fullerton, California, (the City) as of and for the year ended June 30, 2020, 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, 2020, 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.

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Luyhard, LLP

Brea, California
January 13, 2021

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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, 2020. The City encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$462.7 million (net position).
- The City's net position totaled \$462.7 million at June 30, 2020, representing an increase of \$15.7 million over the previous fiscal year primarily due to increased water rates, grant revenues for infrastructure projects and COVID-19 CARES Act Federal grants. Of the total net position, \$584.3 million is the City's net investment in capital assets, while \$41.9 million is restricted for specific governmental operations, leaving a \$163.5 million negative unrestricted balance, increasing the negative unrestricted by \$9.7 million from last fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57.2 million, an increase of \$14.8 million in comparison with the prior year. The increase is primarily attributable to increased intergovernmental revenue for the Capital Projects Fund, partly as it relates to the timing of receipt of grant revenues. The General Fund reflects assigned fund balance of \$14.0 million, which compares to assigned fund balance the previous year of \$15.7 million, a restricted fund balance of \$0.7 million, a nonspendable balance of \$3.2 million and an unassigned fund balance of \$0.2 million for a combined total of \$18.1 million, representing a decrease of \$4.4 million over the previous fiscal year. Most of the reduction in restricted fund balance relates to reporting the PEG restricted revenues in a special revenue fund in the current fiscal year. Assigned fund balance also decreased for street projects as funds were expended for their intended purpose.
- Long-term debt decreased by \$2.8 million in fiscal year 2019-20 from paying down debt and not issuing any new debt.
- Capital assets increased by \$23.8 million due primarily to a transfer of capital assets from the Successor Agency to the Former Redevelopment Agency as part of the Successor Agency wind down process. The remaining increases were mostly attributable to construction in progress for various street and road infrastructure 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, deferred outflows of resources, liabilities and deferred inflow of resources, with the differences 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 Grants Administration 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.

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, vehicle 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$462.7 million at the close of the most recent fiscal year. The City's net position increased by \$15.7 million from the previous year due increases in capital assets.

Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$163,917	\$170,978	\$48,779	\$40,566	\$212,696	\$211,544
Capital assets	472,835	454,172	121,344	\$116,214	594,179	570,386
Total assets	636,752	625,150	170,123	156,780	806,875	781,930
Deferred Outflows	28,206	36,425	1,774	2,282	29,980	38,707
Long-term liabilities	302,651	297,895	27,885	24,690	330,536	322,585
Other liabilities	23,044	32,032	9,912	8,868	32,956	40,900
Total liabilities	325,695	329,927	37,797	33,558	363,492	363,485
Deferred Inflows	9,431	9,522	1,201	570	10,632	10,092
Net position:						
Net investment in capital assets	469,893	450,340	114,443	108,226	584,336	558,566
Restricted	41,568	42,006	300	300	41,868	42,306
Unrestricted	(181,629)	(170,220)	18,156	16,408	(163,473)	(153,812)
Total net position	\$329,832	\$322,126	\$132,899	\$124,934	\$462,731	\$447,060

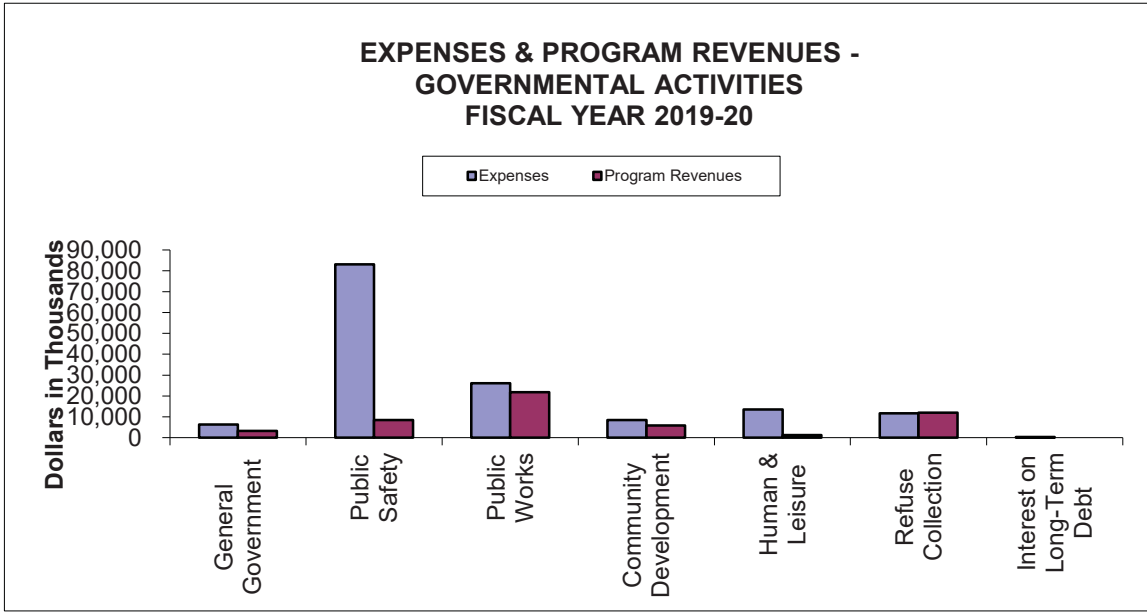
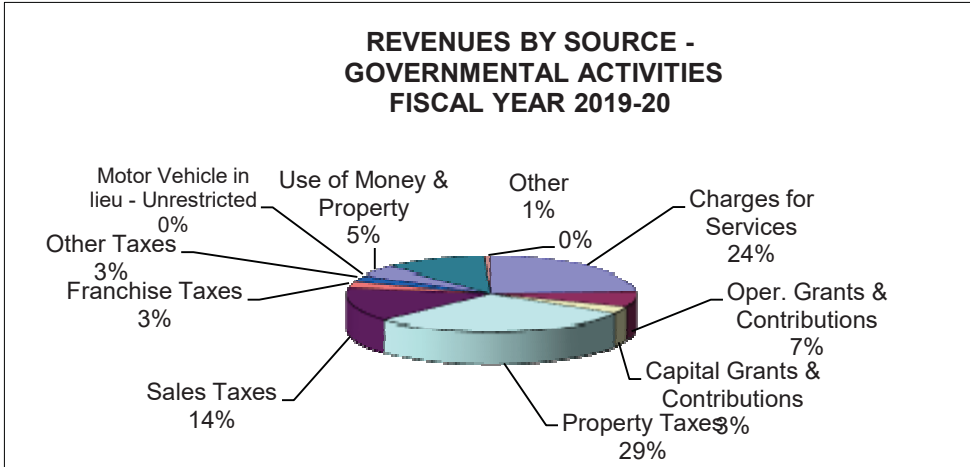
Changes in Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$37,707	\$41,916	\$48,226	\$43,387	\$85,933	\$85,303
Operating grants and contributions	10,538	9,035			10,538	9,035
Capital grants and contributions	4,796	27,752	567	185	5,363	27,937
General revenues:						
Property taxes	46,258	44,204	107	87	46,365	44,291
Sales taxes	23,095	24,438			23,095	24,438
Franchise taxes	4,358	4,493			4,358	4,493
Other taxes	4,285	5,258			4,285	5,258
Motor vehicle in lieu – unrestricted	113	69			113	69
Use of Money & Property	7,453	8,444	1,612	45	9,065	8,489
Other	965	1,200	71	67	1,036	1,267
Special Items	17,850				17,850	
Total revenues	157,418	166,810	50,583	43,771	208,001	210,581
Expenses:						
General government	6,368	5,675			6,368	5,675
Public safety	83,043	76,743			83,043	76,743
Public works	26,077	24,726			26,077	24,726
Community development	8,524	10,645			8,524	10,645
Human and leisure	13,574	13,065			13,574	13,065
Refuse collection	11,716	10,878			11,716	10,878
Interest on long-term debt	410	391			410	391
Water utility			32,315	27,806	32,315	27,806
Airport			2,493	1,831	2,493	1,831
Parking facilities			104	23	104	23
Brea Dam recreational facilities			2,679	2,945	2,679	2,945
Sewer enterprises			4,831	3,384	4,831	3,384
CNG			196	140	196	140
Total expenses	149,712	142,123	42,618	36,129	192,330	178,252
Change in net position	7,706	24,687	7,965	7,642	15,671	32,329
Net position - beginning	322,126	297,439	124,934	117,292	447,060	414,731
Net position - ending	\$329,832	\$322,126	\$132,899	\$124,934	\$462,731	\$447,060

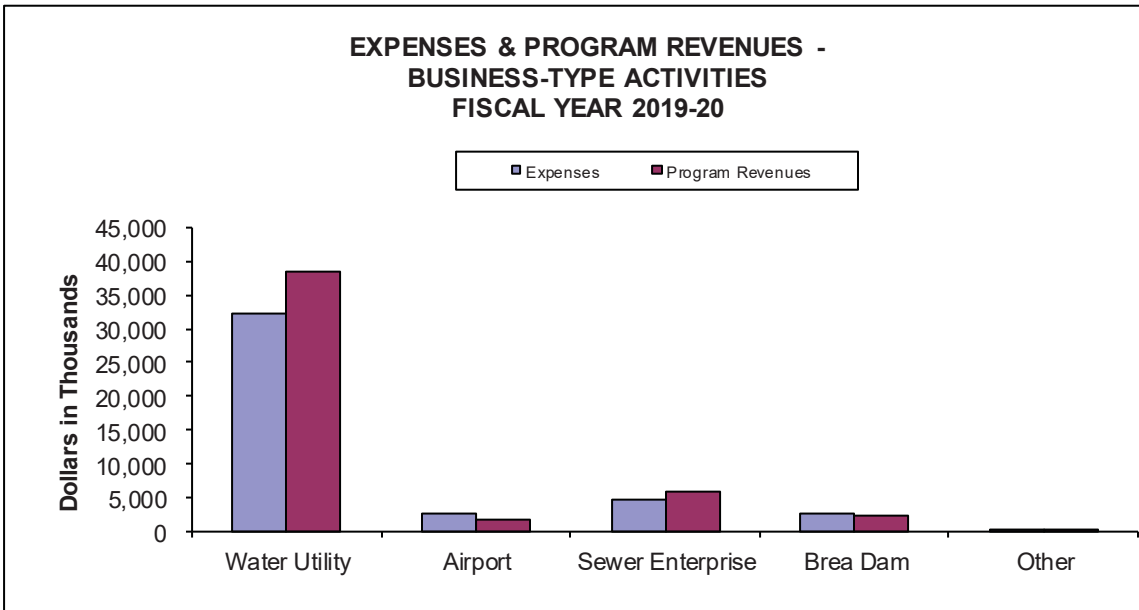
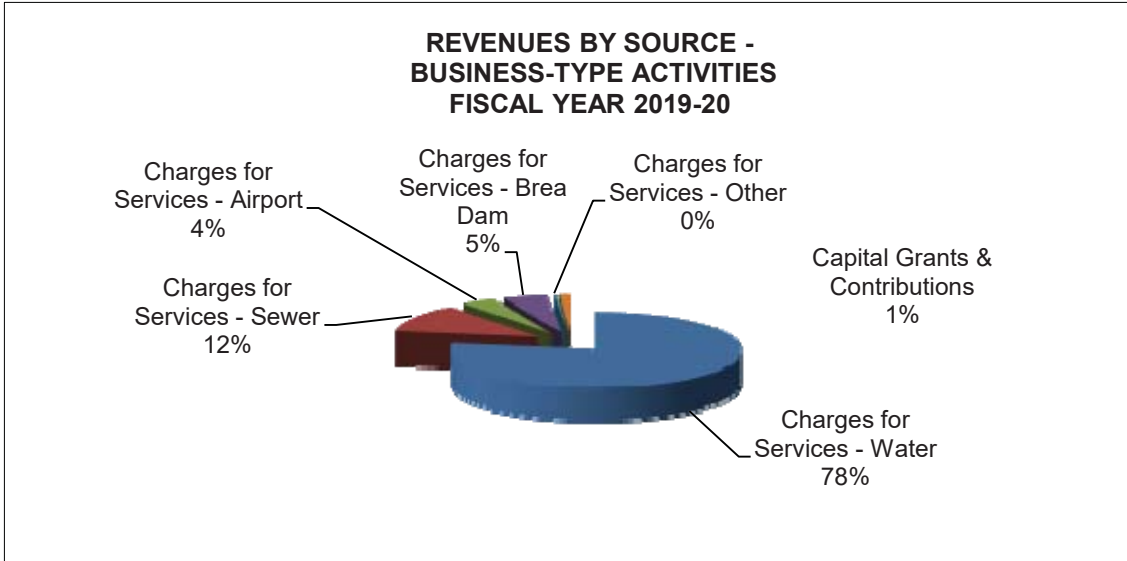
Governmental activities. The net position for governmental activities increased by \$7.7 million over the prior year.

Total revenues reflect a decrease of \$9.4 million from the prior year. Most of the decline in revenues can be attributed to the COVID-19 pandemic as sales tax, transit occupancy tax, charges for services, and rental income all decreased as many sectors of the economy were shut down.

Total expenses increased by \$7.6 million from the prior year, as pension costs, overtime, and contract services increased, as well as various unanticipated expenses related to addressing the pandemic increased.



Business-type activities. The Business-type activities reported an increase in net position of \$8.0 million. Revenues reflect an increase of \$6.8 million, and expenses show an increase of \$6.5 million. The primary factor for increased revenues relates to updated water rates that went into effect this fiscal year.



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 \$57.2 million, an increase of \$14.8 million in comparison with the prior year. Of that total, \$3.2 million is nonspendable because it represents inventory, property held for resale, and prepaid costs;

\$41.6 million represents monies legally restricted by external agencies for debt service and specific programs or projects, and \$14.0 million represents funds assigned by the City Council for a contingency reserve, street and road improvements, permit software, and Laguna Lake.

The City reports three 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 \$18.1 million. Of that amount, \$10.0 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 \$0.2 million is unassigned. Revenues totaled \$97.0 million, while expenditures totaled \$99.9 million.

The Grants Administration Fund reflected a deficit fund balance of \$(0.3) million due to uncollected receivables as of June 30, 2020. This total represents a decrease of \$0.1 million from the previous fiscal year.

The Capital Projects fund balance reported a deficit balance of \$(1.4) million, showing an increase of \$19.1 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 and timing of receipt of the funds can often overlap fiscal years.

Another twelve non-major governmental funds are combined for reporting purposes in the government-wide statements and include the Gas Tax; Drainage Capital Outlay; Traffic Safety; Park Dwelling, Asset Seizure; Refuse Collection; Air Quality Improvement; Sanitation; Measure M2, Housing, FTV Cable – PEG Access 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 \$15.5 million at the end of the year: \$11.6 million for the Water Utility Fund, \$0.1 million for the Airport Fund, \$4.9 million for the Sewer Fund, \$(1.2) million for the Brea Dam Fund, \$(0.1) million for Parking Facilities Fund, and \$0.2 million for the CNG Fund. The total increase in net position for these enterprise funds was \$7.5 million from the prior fiscal year.

Fiduciary funds. The City reports four fiduciary funds consisting of three agency funds and one trust fund. The agency funds include the Deposits 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, 2020 was \$(11.7) million.

General Fund Budgetary Highlights

The General Fund ended the fiscal year with a fund balance of \$18.1 million, reflecting a decrease of \$4.4 million from the prior year. Total revenues decreased by \$3.5 million and expenditures increased \$5.4 million over the prior year. The decrease in revenue and the increase in expenditures in comparison to the prior year is due to the fiscal impacts of the COVID-19 pandemic. Increases in pension costs also contributed to the increase in expenditures over the prior year.

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, 2020 totaled \$594.2 million (net of accumulated depreciation), an increase of \$23.8 million due to the State College and Raymond Avenue grade separation projects. Additional information on the City's capital assets can be found in Note 7 of the Notes to the Financial Statements.

Capital Assets (net of depreciation)

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$54,088	\$52,296	\$9,128	\$9,128	\$63,216	\$61,424
Buildings	68,040	69,708	5,725	5,949	73,765	75,657
Improvements other than buildings	28,189	29,304	47,276	47,195	75,465	76,499
Machinery and equipment	11,060	10,681	1,336	1,269	12,396	11,950
Leasehold improvements	164		9	11	173	11
Infrastructure	92,997	85,027	40,295	38,361	133,292	123,388
Construction in progress	218,297	207,156	17,575	14,301	235,872	221,457
Total	\$472,835	\$454,172	\$121,344	\$116,214	\$594,179	\$570,386

Long-term debt. At the end of the current fiscal year, the City has total long-term debt outstanding of \$15.2 million, a decrease of \$2.8 million as the City pays down its existing long-term debt. Additional information on the City's long-term debt can be found in Note 8 of the Notes to the Financial Statements

Long-term Debt

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds			\$6,515	\$7,030	\$6,515	\$7,030
Judgment obligation bonds	5,320	5,615			5,320	5,615
Capital leases	2,942	3,833		546	2,942	4,379
Loans		500				500
Other	(37)	(40)	502	538	465	498
Total	\$8,225	\$9,908	\$7,017	\$8,114	15,242	18,022

Economic Factors and Next Year's Budget

Since the great recession, the City continues to struggle to balance expenses with revenues while striving to maintain 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. Anticipating the fiscal impacts of the COVID-19 pandemic, the fiscal year 2020-21 General Fund budget was balanced by relying on the City maintaining a vacancy factor, negotiated labor reductions, and reductions in services specifically impacted by Federal and State orders. The City Manager continues to perform 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 117,993,809	\$ 39,010,273	\$ 157,004,082
Restricted assets - cash held with fiscal agent	76,619	299,524	376,143
Receivables:			
Accounts	18,689,599	7,179,454	25,869,053
Taxes	373,756	-	373,756
Accrued interest	246,822	79,669	326,491
Notes and loans	25,201,775	-	25,201,775
Internal balances	(2,156,475)	2,156,475	-
Inventories	233,161	51,710	284,871
Property held for resale	2,900,768	-	2,900,768
Prepaid costs	357,561	1,017	358,578
Capital assets - not being depreciated	272,385,180	26,703,170	299,088,350
Capital assets - net of accumulated depreciation	200,449,663	94,641,301	295,090,964
Total Assets	636,752,238	170,122,593	806,874,831
Deferred Outflows of Resources:			
Deferred charge on refunding	-	115,377	115,377
Pension deferrals	26,033,807	1,297,773	27,331,580
Other post-employment benefits deferrals	2,172,192	361,316	2,533,508
Total Deferred Outflows of Resources	28,205,999	1,774,466	29,980,465
Liabilities:			
Accounts payable	9,465,799	7,785,046	17,250,845
Accrued liabilities	1,926,527	178,956	2,105,483
Accrued interest payable	74,670	96,727	171,397
Deposits payable	6,463,805	1,851,407	8,315,212
Intergovernmental payable	3,574,323	-	3,574,323
Unearned revenue	1,539,323	-	1,539,323
Noncurrent liabilities - due within one year:			
Compensated absences	2,269,421	393,542	2,662,963
Claims and judgments	5,904,009	-	5,904,009
Capital leases	363,398	-	363,398
Bonds payable	305,000	375,000	680,000
Noncurrent liabilities - due in more than one year:			
Compensated absences	567,355	98,385	665,740
Claims and judgments	23,545,133	-	23,545,133
Capital leases	2,578,676	-	2,578,676
Bonds payable	4,978,174	6,641,664	11,619,838
Net pension liability	233,973,095	15,691,544	249,664,639
Net other post-employment benefits liability	28,165,906	4,685,046	32,850,952
Total Liabilities	325,694,614	37,797,317	363,491,931
Deferred Inflows of Resources:			
Pension deferrals	5,023,406	467,843	5,491,249
Other post-employment benefits deferrals	4,407,857	733,190	5,141,047
Total Deferred Inflows of Resources	9,431,263	1,201,033	10,632,296
Net Position:			
Net investment in capital assets	469,892,769	114,443,184	584,335,953
Restricted:			
Community development projects	783,284	-	783,284
Public safety	542,837	-	542,837
Parks and recreation	5,418,608	-	5,418,608
Public works	19,407,338	-	19,407,338
Capital projects	800,760	-	800,760
Debt service	205,907	299,524	505,431
Housing	12,237,782	-	12,237,782
Refuse collection	2,172,408	-	2,172,408
Unrestricted	(181,629,333)	18,156,001	(163,473,332)
Total Net Position	\$ 329,832,360	\$ 132,898,709	\$ 462,731,069

The notes to financial statements are an integral part of this statement.

CITY OF FULLERTON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 6,368,481	\$ 962,323	\$ 2,391,739	\$ -
Public safety	83,042,889	7,945,135	569,393	-
Community development	8,523,802	3,936,301	2,029,040	-
Human and leisure	13,573,673	1,355,876	2,086	-
Public works	26,076,912	11,448,570	5,545,360	4,796,309
Refuse collection	11,715,726	12,059,109	-	-
Interest on long-term debt	410,106	-	-	-
Total Governmental Activities	149,711,589	37,707,314	10,537,618	4,796,309
Business-Type Activities:				
Airport	2,492,893	1,849,420	-	-
Brea Dam Facilities Recreational	2,679,282	2,448,121	-	-
Water Utility	32,314,786	37,786,490	-	567,355
Parking Facilities	104,252	7,677	-	-
Sewer Enterprise	4,830,924	5,943,856	-	-
Compressed Natural Gas Facility	195,509	189,971	-	-
Total Business-Type Activities	42,617,646	48,225,535	-	567,355
Total Primary Government	\$ 192,329,235	\$ 85,932,849	\$ 10,537,618	\$ 5,363,664

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

Special items

Total General Revenues and Special Items

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (3,014,419)	\$ -	\$ (3,014,419)
(74,528,361)	-	(74,528,361)
(2,558,461)	-	(2,558,461)
(12,215,711)	-	(12,215,711)
(4,286,673)	-	(4,286,673)
343,383	-	343,383
(410,106)	-	(410,106)
<u>(96,670,348)</u>	<u>-</u>	<u>(96,670,348)</u>
-	(643,473)	(643,473)
-	(231,161)	(231,161)
-	6,039,059	6,039,059
-	(96,575)	(96,575)
-	1,112,932	1,112,932
-	(5,538)	(5,538)
-	6,175,244	6,175,244
<u>(96,670,348)</u>	<u>6,175,244</u>	<u>(90,495,104)</u>
46,258,146	106,514	46,364,660
23,094,520	-	23,094,520
4,358,419	-	4,358,419
4,284,515	-	4,284,515
113,039	-	113,039
7,453,084	1,612,072	9,065,156
964,767	70,689	1,035,456
17,850,240	-	17,850,240
<u>104,376,730</u>	<u>1,789,275</u>	<u>106,166,005</u>
7,706,382	7,964,519	15,670,901
322,125,978	124,934,190	447,060,168
<u>\$ 329,832,360</u>	<u>\$ 132,898,709</u>	<u>\$ 462,731,069</u>

The notes to financial statements are an integral part of this statement.

CITY OF FULLERTON

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

		Special Revenue Fund	Capital Projects Fund		
	General	Grants Administration	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 17,369,326	\$ 338,933	\$ 6,645,555	\$ 27,230,890	\$ 51,584,704
Restricted assets - cash held with fiscal agents	-	76,619	-	-	76,619
Receivables:					
Accounts	6,900,002	358,762	6,756,293	4,674,542	18,689,599
Taxes	373,756	-	-	-	373,756
Accrued interest	77,867	-	-	40,474	118,341
Notes and loans	-	13,422,500	-	11,779,275	25,201,775
Due from other funds	524,494	-	-	-	524,494
Inventories	6,646	-	-	-	6,646
Property held for resale	2,900,768	-	-	-	2,900,768
Prepaid costs	306,135	-	-	-	306,135
Total Assets	\$ 28,458,994	\$ 14,196,814	\$ 13,401,848	\$ 43,725,181	\$ 99,782,837
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):					
Liabilities:					
Accounts payable	\$ 2,134,273	\$ 445,311	\$ 3,907,981	\$ 2,044,185	\$ 8,531,750
Accrued liabilities	1,722,025	9,421	27,296	97,995	1,856,737
Deposits payable	6,461,705	-	-	2,100	6,463,805
Due to other funds	-	-	-	612,658	612,658
Due to other governments	-	76,619	3,497,704	-	3,574,323
Unearned revenues	79,483	232,936	1,185,859	35,928	1,534,206
Total Liabilities	10,397,486	764,287	8,618,840	2,792,866	22,573,479
Deferred Inflows of Resources:					
Unavailable revenues	-	13,759,603	6,173,663	35,577	19,968,843
Total Deferred Inflows of Resources	-	13,759,603	6,173,663	35,577	19,968,843
Fund Balances (Deficit):					
Nonspendable	3,213,549	-	-	-	3,213,549
Restricted	672,186	-	-	40,896,738	41,568,924
Assigned	13,958,385	-	-	-	13,958,385
Unassigned	217,388	(327,076)	(1,390,655)	-	(1,500,343)
Total Fund Balances (Deficit)	18,061,508	(327,076)	(1,390,655)	40,896,738	57,240,515
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 28,458,994	\$ 14,196,814	\$ 13,401,848	\$ 43,725,181	\$ 99,782,837

CITY OF FULLERTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Net Position (page 15) are different because:

Total Fund Balances - Governmental Funds (page 18)	\$ 57,240,515
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The details of this \$465,395,374 are as follows:	
Capital assets - not being depreciated	\$ 272,385,180
Capital assets - being depreciated	461,575,475
Less: accumulated depreciation	<u>(268,565,281)</u>
Net adjustment to increase <i>Fund Balance - Total Governmental Funds</i> to arrive at <i>Net Position - Governmental Activities</i>	465,395,374
Other long-term assets are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds.	19,968,843
Internal service funds are used by management to charge the costs of liability insurance, vehicle replacement, workers' compensation, group insurance, equipment maintenance, information technology, building maintenance, and facility capital repair to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The details of this \$26,516,523 difference are as follows:	
Net Position of the Internal Service Funds	29,197,492
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(2,198,426)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(482,543)</u>
Net adjustment to increase <i>Fund Balance - Total Governmental Funds</i> to arrive at <i>Net Position - Governmental Activities</i>	26,516,523
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are only reported in the Statement of Net Position as the changes in these amounts only affect the government-wide statements for governmental activities. The details of this \$18,542,081 difference are as follows:	
Deferred outflows of resources for pensions	25,432,003
Deferred inflows of resources for pensions	(4,806,458)
Deferred outflows of resources for other post-employment benefits	2,024,313
Deferred inflows of resources for other post-employment benefits	<u>(4,107,777)</u>
Net adjustment to increase <i>Fund Balance - Total Governmental Funds</i> to arrive at <i>Net Position - Governmental Activities</i>	18,542,081
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this (\$257,830,976) difference are as follows:	
Net pension liability	(226,696,599)
Compensated absences	(2,836,776)
Capital leases	(1,921,042)
Claims and judgments	(128,142)
Net other post-employment benefits liability	<u>(26,248,417)</u>
Net adjustment to decrease <i>Fund Balance - Total Governmental Funds</i> to arrive at <i>Net Position - Governmental Activities</i>	<u>(257,830,976)</u>
Net Position of Governmental Activities	<u>\$ 329,832,360</u>

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	General	Grants Administration	Capital Projects		
Revenues:					
Taxes	\$ 73,637,181	\$ -	\$ -	\$ 213,244	\$ 73,850,425
Franchise taxes	4,145,175	-	-	-	4,145,175
Licenses and permits	2,146,566	-	-	-	2,146,566
Intergovernmental	740,465	4,656,581	23,869,903	8,447,584	37,714,533
Charges for services	10,046,661	-	62,155	20,395,862	30,504,678
Investment earnings	4,042,744	-	516	1,141,364	5,184,624
Fines and forfeitures	1,045,346	-	-	193,500	1,238,846
Miscellaneous	1,201,766	57,662	37,585	167,117	1,464,130
Total Revenues	97,005,904	4,714,243	23,970,159	30,558,671	156,248,977
Expenditures:					
Current:					
General government	5,296,375	326,732	-	247,228	5,870,335
Public safety	71,519,867	1,080,989	-	320,158	72,921,014
Community development	5,741,451	852,527	-	1,345,875	7,939,853
Human and leisure	10,041,598	390,036	127,478	108,888	10,668,000
Public works	6,929,101	98,170	888,115	9,010,910	16,926,296
Refuse collection	-	-	-	11,899,142	11,899,142
Capital outlay	94,448	-	15,087,990	300,825	15,483,263
Debt service:					
Principal retirement	245,262	500,000	-	-	745,262
Interest and fiscal charges	60,873	4,700	-	-	65,573
Total Expenditures	99,928,975	3,253,154	16,103,583	23,233,026	142,518,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,923,071)	1,461,089	7,866,576	7,325,645	13,730,239
Other Financing Sources (Uses):					
Transfers in	1,416,514	357,817	11,244,014	692,992	13,711,337
Transfers out	(5,813,877)	(1,957,280)	-	(7,741,822)	(15,512,979)
Total Other Financing Sources (Uses)	(4,397,363)	(1,599,463)	11,244,014	(7,048,830)	(1,801,642)
Special items	2,900,768	-	-	-	2,900,768
Net Change in Fund Balances	(4,419,666)	(138,374)	19,110,590	276,815	14,829,365
Fund Balances (Deficit) - Beginning	22,481,174	(188,702)	(20,501,245)	40,619,923	42,411,150
Fund Balances (Deficit) - Ending	\$ 18,061,508	\$ (327,076)	\$ (1,390,655)	\$ 40,896,738	\$ 57,240,515

CITY OF FULLERTON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Activities (pages 16-17) are different because:

Net Change in Fund Balances - Total Governmental Funds (page 20)	\$ 14,829,365
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. The details of this \$3,233,486 difference are as follows:</p>	
Capital outlay	\$ 13,878,339
Depreciation expense	<u>(10,644,853)</u>
Net adjustment to increase <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Position of Governmental Activities</i>	3,233,486
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	(18,949,706)
Transfer of capital assets from the Successor Agency to the Former Redevelopment Agency increases net position in the Statement of Activities, but does not appear in the governmental funds because they are not financial resources.	14,949,472
<p>The issuance of long-term liabilities (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the liability is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term liabilities and related items. The details of this \$745,262 difference are as follows:</p>	
Principal repayments:	
Capital leases	245,262
Notes payable	<u>500,000</u>
Net adjustment to decrease <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Position of Governmental Activities</i>	745,262
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of this (\$12,246,325) difference are as follows:</p>	
Compensated absences	(154,031)
Pensions	(17,280,566)
Other post-employment benefits	5,149,241
Claims and judgments	<u>39,031</u>
Net adjustment to decrease <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Position of Governmental Activities</i>	(12,246,325)
<p>The internal service funds are used by management to charge the costs of liability insurance, vehicle replacement, worker's compensation, group insurance, equipment maintenance, information technology, building maintenance, and facility capital repair to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The details of this \$5,144,828 difference are as follows:</p>	
Change in net position of internal service funds	5,627,371
Less: income from charges to business-type activities	<u>(482,543)</u>
Net adjustment to increase <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Position of Governmental Activities</i>	<u>5,144,828</u>
Change in Net Position of Governmental Activities	<u>\$ 7,706,382</u>

CITY OF FULLERTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	Totals	Internal Service Funds
Assets:						
Current Assets:						
Cash and investments	\$ 1,770,099	\$ 27,928,837	\$ 9,068,765	\$ 242,572	\$ 39,010,273	\$ 66,409,105
Restricted assets - cash held with fiscal agent	-	-	-	299,524	299,524	-
Accounts receivable	126,037	5,949,898	1,097,840	5,679	7,179,454	-
Accrued interest receivable	3,635	56,955	18,581	498	79,669	128,481
Due from other funds	-	-	-	-	-	612,658
Inventory	-	-	-	51,710	51,710	226,515
Prepaid items	-	1,017	-	-	1,017	51,426
Total Current Assets	1,899,771	33,936,707	10,185,186	599,983	46,621,647	67,428,185
Noncurrent Assets:						
Capital assets - net of accumulated depreciation	15,054,708	55,829,394	47,178,958	3,281,411	121,344,471	7,439,469
Total Noncurrent Assets	15,054,708	55,829,394	47,178,958	3,281,411	121,344,471	7,439,469
Total Assets	16,954,479	89,766,101	57,364,144	3,881,394	167,966,118	74,867,654
Deferred Outflows of Resources:						
Deferred charge on refunding	-	115,377	-	-	115,377	-
Pension deferrals	109,858	874,037	285,511	28,367	1,297,773	601,804
Other post-employment benefits deferrals	29,228	243,180	81,769	7,139	361,316	147,879
Total Deferred Outflows of Resources	139,086	1,232,594	367,280	35,506	1,774,466	749,683
Liabilities:						
Current Liabilities:						
Accounts payable	22,263	6,592,580	686,636	483,567	7,785,046	934,049
Accrued liabilities	13,929	125,020	35,375	4,632	178,956	69,790
Compensated absences	29,590	279,185	80,603	4,164	393,542	-
Claims and judgments	-	-	-	-	-	5,864,978
Deposits payable	61,605	1,789,802	-	-	1,851,407	-
Accrued interest payable	-	74,741	-	21,986	96,727	74,670
Due to other funds	-	-	-	524,494	524,494	-
Capital leases - current	-	-	-	-	-	111,244
Bonds payable - current	-	250,000	-	125,000	375,000	305,000
Unearned revenues	-	-	-	-	-	5,117
Total Current Liabilities	127,387	9,111,328	802,614	1,163,843	11,205,172	7,364,848
Noncurrent Liabilities:						
Compensated absences	7,397	69,796	20,151	1,041	98,385	-
Claims and judgments	-	-	-	-	-	23,456,022
Capital leases	-	-	-	-	-	909,788
Bonds payable	-	5,052,736	-	1,588,928	6,641,664	4,978,174
Net pension liability	1,328,307	10,568,072	3,452,140	343,025	15,691,544	7,276,496
Net other post-employment benefits liability	378,980	3,153,209	1,060,278	92,579	4,685,046	1,917,489
Total Noncurrent Liabilities	1,714,684	18,843,813	4,532,569	2,025,573	27,116,639	38,537,969
Total Liabilities	1,842,071	27,955,141	5,335,183	3,189,416	38,321,811	45,902,817
Deferred Inflows of Resources:						
Pension deferrals	39,603	315,087	102,925	10,228	467,843	216,948
Other post-employment benefits deferrals	59,309	493,465	165,929	14,487	733,190	300,080
Total Deferred Inflows of Resources	98,912	808,552	268,854	24,715	1,201,033	517,028
Net Position:						
Net investment in capital assets	15,054,708	50,642,035	47,178,958	1,567,483	114,443,184	7,049,416
Restricted for debt service	-	-	-	299,524	299,524	-
Unrestricted	97,874	11,592,967	4,948,429	(1,164,238)	15,475,032	22,148,076
Total Net Position	\$ 15,152,582	\$ 62,235,002	\$ 52,127,387	\$ 702,769	130,217,740	\$ 29,197,492
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					2,680,969	
Net Position of Business-Type Activities (page 15)					\$ 132,898,709	

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	Totals	Internal Service Funds
Operating Revenues:						
Sales and service charges	\$ 1,849,420	\$ 37,786,490	\$ 5,943,856	\$ 2,645,769	\$ 48,225,535	\$ -
Interfund service charges	-	-	-	-	-	28,650,866
Miscellaneous	5,584	65,103	-	-	70,687	2,777,409
Total Operating Revenues	1,855,004	37,851,593	5,943,856	2,645,769	48,296,222	31,428,275
Operating Expenses:						
Maintenance, operations, and administration	2,023,500	13,895,986	4,178,365	2,839,958	22,937,809	23,082,424
Cost of water	-	17,047,284	-	-	17,047,284	-
Claims expense	-	-	-	-	-	5,297,555
Depreciation expense	482,177	1,500,568	707,693	88,442	2,778,880	1,146,494
Total Operating Expenses	2,505,677	32,443,838	4,886,058	2,928,400	42,763,973	29,526,473
Operating Income (Loss)	(650,673)	5,407,755	1,057,798	(282,631)	5,532,249	1,901,802
Nonoperating Revenues (Expenses):						
Taxes	106,514	-	-	-	106,514	-
Investment earnings	81,781	1,149,243	386,668	(5,620)	1,612,072	2,268,460
Interest expense	(15,490)	(237,039)	-	(83,687)	(336,216)	(344,533)
Total Nonoperating Revenues (Expenses)	172,805	912,204	386,668	(89,307)	1,382,370	1,923,927
Income (Loss) Before Transfers and contributions	(477,868)	6,319,959	1,444,466	(371,938)	6,914,619	3,825,729
Capital contributions	-	567,357	-	-	567,357	-
Transfers in	-	-	-	-	-	2,565,200
Transfers out	-	-	-	-	-	(763,558)
Changes in Net Position	(477,868)	6,887,316	1,444,466	(371,938)	7,481,976	5,627,371
Net Position - Beginning	15,630,450	55,347,686	50,682,921	1,074,707		23,570,121
Net Position - Ending	\$ 15,152,582	\$ 62,235,002	\$ 52,127,387	\$ 702,769		\$ 29,197,492
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					482,543	
Changes in Net Position of Business-Type Activities (page 17)					\$ 7,964,519	

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	Totals	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers	\$ 1,869,827	\$ 36,716,765	\$ 5,906,577	\$ 2,648,503	\$ 47,141,672	\$ -
Receipts from interfund charges	-	-	-	-	-	28,687,965
Other receipts	-	65,103	-	1,925	67,028	200,564
Payments to suppliers and service providers	(1,113,308)	(23,292,596)	(2,522,925)	(2,561,512)	(29,490,341)	(18,600,207)
Payments to employees for salaries and benefits	(246,508)	(3,199,000)	(583,465)	(45,516)	(4,074,489)	(2,057,221)
Payments of insurance claims	-	-	-	-	-	(2,328,258)
Net Cash Provided by Operating Activities	510,011	10,290,272	2,800,187	43,400	13,643,870	5,902,843
Cash Flows from Noncapital Financing Activities:						
Transfers to other funds	-	-	-	-	-	(763,558)
Transfers from other funds	-	-	-	-	-	2,565,200
Cash received on short-term interfund borrowings	-	-	-	215,681	215,681	-
Cash paid on short-term interfund borrowings	-	-	-	-	-	(612,658)
Taxes received	106,514	-	-	-	106,514	-
Net Cash Provided by (Used for) Noncapital Financing Activities	106,514	-	-	215,681	322,195	1,188,984
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(187,858)	(4,401,676)	(2,752,563)	-	(7,342,097)	(1,626,342)
Principal paid on capital debt	(546,456)	(390,000)	-	(125,000)	(1,061,456)	(940,189)
Interest paid on capital debt	(22,678)	(269,828)	-	(82,529)	(375,035)	(369,480)
Net Cash (Used for) Capital and Related Financing Activities	(756,992)	(5,061,504)	(2,752,563)	(207,529)	(8,778,588)	(2,936,011)
Cash Flows from Investing Activities:						
Interest on investments	78,146	1,092,288	368,087	(6,118)	1,532,403	2,339,361
Net Cash Provided by (Used for) Investing Activities	78,146	1,092,288	368,087	(6,118)	1,532,403	2,339,361
Net Increase (Decrease) in Cash and Cash Equivalents	(62,321)	6,321,056	415,711	45,434	6,719,880	6,495,177
Cash and Cash Equivalents, July 1	1,832,420	21,607,781	8,653,054	496,662	32,589,917	59,913,928
Cash and Cash Equivalents, June 30	\$ 1,770,099	\$ 27,928,837	\$ 9,068,765	\$ 542,096	\$ 39,309,797	\$ 66,409,105
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position (page 22):						
Cash and investments	\$ 1,770,099	\$ 27,928,837	\$ 9,068,765	\$ 242,572	\$ 39,010,273	\$ 66,409,105
Restricted assets - cash held with fiscal agent	-	-	-	299,524	299,524	-
Cash and Cash Equivalents, June 30	\$ 1,770,099	\$ 27,928,837	\$ 9,068,765	\$ 542,096	\$ 39,309,797	\$ 66,409,105

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	\$ (650,673)	\$ 5,407,755	\$ 1,057,798	\$ (282,631)	\$ 5,532,249	\$ 1,901,802
Adjustments to Reconcile Operating Income (Loss) to						
Net Cash Provided by (Used for) Operating Activities:						
Depreciation	482,177	1,500,568	707,693	88,442	2,778,880	1,146,494
(Increase) decrease in accounts receivable	13,623	(1,114,395)	(37,279)	2,734	(1,135,317)	37,099
(Increase) in inventory	-	-	-	(9,584)	(9,584)	(42,953)
(Increase) in prepaid items	-	(1,017)	-	-	(1,017)	(47,426)
Increase in deposits payable	1,200	44,670	-	-	45,870	-
Increase (decrease) in accounts payable	4,609	1,004,782	(213,830)	177,508	973,069	577,075
Increase (decrease) in accrued liabilities	1,385	32,072	5,435	(3,173)	35,719	5,971
Increase in unearned revenue	-	-	-	-	-	5,117
Increase in claims and judgments	-	-	-	-	-	354,000
Increase (decrease) in compensated absences	(1,497)	49,010	41,035	(1,933)	86,615	-
Increase (decrease) in pension items	250,126	1,101,572	151,281	(27,890)	1,475,089	459,808
Increase in other post-employment benefits items	409,061	2,265,255	1,088,054	99,927	3,862,297	1,505,856
Total Adjustments	1,160,684	4,882,517	1,742,389	326,031	8,111,621	4,001,041
Net Cash Provided by Operating Activities	\$ 510,011	\$ 10,290,272	\$ 2,800,187	\$ 43,400	\$ 13,643,870	\$ 5,902,843
Schedule of Non-Cash Capital and Related Financing Activities and Investing Activities:						
Capital and Related Financing Activities:						
Capital contributions	\$ -	\$ 567,357	\$ -	\$ -	\$ 567,357	\$ -
Amortization of bond premiums/(discounts)	-	38,615	-	(2,483)	36,132	(2,833)
Amortization of deferred charge on refunding	-	(8,391)	-	-	(8,391)	-
Total Capital and Related Financing Activities	\$ -	\$ 597,581	\$ -	\$ (2,483)	\$ 595,098	\$ (2,833)
Investing Activities:						
Unrealized gain (loss) on investments	\$ 26,671	\$ 417,861	\$ 136,322	\$ (687)	\$ 580,167	\$ 532,600

CITY OF FULLERTON

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	Pension (and Other Employee Benefit) Trust Fund	Private- Purpose Trust Fund	
	Retiree Health Insurance Program	Successor Agency of the Former RDA	Agency Funds
Assets:			
Cash and cash equivalents	\$ -	\$ 1,700,440	\$ 2,011,457
Restricted assets - cash and cash equivalents	-	6,228,625	104,571
Investments:			
Mutual funds	-	3,587,483	-
Local Agency Investment Fund	-	8,947,537	-
Equity securities	56,360	-	-
Accrued interest receivable	-	21,747	-
Notes and loans receivable	-	35,877,559	-
Total Assets	56,360	56,363,391	\$ 2,116,028
Deferred Outflows of Resources:			
Deferred changes on refunding	-	508,331	
Pension deferrals	-	35,614	
Other post-employment benefits deferrals	-	7,268	
Total Deferred Outflows of Resources	-	551,213	
Liabilities:			
Accounts payable	-	9,491	\$ 56,889
Accrued liabilities	-	3,608	-
Accrued interest	-	1,383,837	-
Deposits payable	-	23,667	2,059,139
Bonds payable - due within one year	-	7,425,000	-
Bonds payable - due in more than one year	-	59,175,325	-
Net pension liability	-	430,605	-
Net other post-employment benefits liability	-	94,244	-
Total Liabilities	-	68,545,777	\$ 2,116,028
Deferred Inflows of Resources:			
Pension deferrals	-	12,838	
Other post-employment benefits deferrals	-	14,749	
Total Deferred Inflows or Resources	-	27,587	
Net Position:			
Restricted for post-employment benefits other than pensions	56,360	-	
Held in trust for other purposes	-	(11,658,760)	
Total Net Position	\$ 56,360	\$ (11,658,760)	

The notes to financial statements are an integral part of this statement.

CITY OF FULLERTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Pension (and Other Employee Benefit) Trust Fund	Private- Purpose Trust Fund
	Retiree Health Insurance Program	Successor Agency of the Former RDA
Additions:		
Investment Earnings:		
Net increase (decrease) in fair value of investments	\$ (94)	\$ 136,223
Interest, dividends, and other	-	831,425
Total Investment Earnings	(94)	967,648
Property taxes	-	11,834,201
Total Additions	(94)	12,801,849
Deductions:		
Administrative expenses	300	228,180
Contractual services	-	484,468
Interest expense	-	3,720,375
Total Deductions	300	4,433,023
Special Item	-	(17,850,242)
Changes in Net Position	(394)	(9,481,416)
Net Position - Beginning	56,754	(2,177,344)
Net Position - Ending	\$ 56,360	\$ (11,658,760)

The notes to financial statements are an integral part of this statement.

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

The City of Fullerton (the City) 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 (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's 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 City of Fullerton Public Financing Authority (the PFA) was created on June 2, 1998, through a joint exercise of powers agreement between the City 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 (the 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 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 PFA 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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

- 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.
- The Pension (and Other Employee Benefit) Trust Fund accounts for the assets held in trust to pay for future benefits related to the City's post-employment healthcare plan.
- 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 72, Fair Value Measurement and Application, 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."

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 using the purchases method.

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.

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

Assets	Years
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

Note 1: Summary of Significant Accounting Policies (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and the Governmental Funds' Balance Sheet will sometimes report separate sections for deferred outflows of resources and for deferred inflows of resources.

The separate financial statement element of deferred outflows of resources represents a consumption of net position/fund balance that applies to a future period(s) which will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has items that qualify for reporting in this category: the deferred charge on refunding of long-term liabilities and components of the calculations for the net pension and other post-employment benefits liabilities.

The separate financial statement element of deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category: unavailable revenue and components of the calculations for the net pension and OPEB liabilities. Unavailable revenue exists only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds' balance sheet. The governmental funds typically report unavailable revenues for grant receipts which have been earned, but which are not received within the City's defined availability period; these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The recognition period differs depending on the source of the gain or loss.

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, 2020, will be liquidated from expendable available financial resources at June 30, 2020.

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 for 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

Note 1: Summary of Significant Accounting Policies (Continued)

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. The remaining portion was recorded as a long-term liability.

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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

10. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net 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	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 an 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.

Pursuant to the City's fund balance policy, the City Council's goal is to achieve a minimum of 10% of the annual General Fund appropriation, as assigned fund balance in the General Fund. This is intended to be used to provide for temporary financing of unanticipated extraordinary needs of an emergency nature, such as economic uncertainties or a local disaster.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 2: Deficit Fund Equity

At June 30, 2020, the Building Maintenance Fund, an internal service fund, has a deficit net position of \$1,492,864. The reason for the deficit in this case is due to the allocations of a portion of the City's net pension liability and net OPEB liability to this fund. Because these liabilities are subject to a large degree of estimation, they are subject to significant changes year over year depending on actuarial methods and assumptions in determining those liabilities.

At June 30, 2020, the Grants Administration Fund, a major special revenue fund, has a deficit fund balance of \$327,076. The reason for the deficit in this case is due to the timing of grant receipts and reimbursements. The deficit is expected to be eliminated through future grant revenues.

At June 30, 2020, the Capital Projects Fund, a major capital projects fund, has a deficit fund balance of \$1,390,655. The reason for the deficit in this case is due to timing of revenues receipted from various funding sources for the capital projects, including grants awards and Measure M funding. The deficit is expected to be eliminated through future revenues received from these sources.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments at June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 157,004,082
Restricted cash and investments	376,143
Fiduciary Funds:	
Cash and investments	16,303,277
Restricted cash and investments	<u>6,333,196</u>
Total cash and investments	<u>\$ 180,016,698</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Cash and investments as of June 30, 2020, consist of the following:

Demand accounts and cash	
on hand Investments	\$ 6,477,252
Investments	167,310,821
Escrow Accounts	<u>6,228,625</u>
Total cash and investments	<u>\$ 180,016,698</u>

At June 30, 2020, the carrying amount of the City's deposits was \$6,428,281 and the bank balance was \$6,677,491. The \$249,210 difference represents outstanding checks and other reconciling items.

a. 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.

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%
Collateralized Certificates of Deposit	5 years	25%	10%
Repurchase Agreements	1 year	25%	20%
Medium-Term Notes	5 years	30%	5%
Orange County Investment Pool	None	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)	None	Lesser of \$50M or 60%	None

b. Investments Authorized by Debt Agreements

The above investments do not address investments of debt proceeds held by a 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3: Cash and Investments (Continued)**c. 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, 2020 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	\$ 64,247,090	\$ -	\$ -	\$ 64,247,090
Certificates of Deposit	751,813	1,514,585	1,794,013	4,060,411
U.S. Government Treasury Notes	509,670	51,604,792	6,410,145	58,524,607
Corporate Notes	1,831,038	7,794,306	-	9,625,344
Municipal Issues	-	765,650	-	765,650
Federal agency securities				
FHLMC	-	5,315,833	534,035	5,849,868
FNMA	-	17,934,431	1,931,354	19,865,785
Money Market Mutual Funds	224,918	-	-	224,918
Total Cash Investments	<u>67,564,529</u>	<u>84,929,597</u>	<u>10,669,547</u>	<u>163,163,673</u>
Investments with Fiscal Agents:				
PARS OPEB Trust Fund	56,360	-	-	56,360
U.S. Government Treasury Notes	1,450,754	122,926	-	1,573,680
Corporate Notes	-	104,490	-	104,490
Federal agency securities				
FHLB	151,574	-	-	151,574
FNMA	302,098	129,630	-	431,728
FFCB	-	103,451	-	103,451
Money Market Mutual Funds	1,725,865	-	-	1,725,865
Total Investments with Fiscal Agent	<u>3,686,651</u>	<u>460,497</u>	<u>-</u>	<u>4,147,148</u>
Total Investments	<u>\$ 71,251,180</u>	<u>\$ 85,390,094</u>	<u>\$ 10,669,547</u>	<u>\$ 167,310,821</u>

d. 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).

e. 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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3: Cash and Investments (Continued)

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, 2020	Minimum Legal Rating	AAA-A	A-1-A-1+	A-2	Not Required to be Rated
Local Agency Investment Fund	\$ 64,247,090	N/A	\$ -	\$ -	\$ -	\$ 64,247,090
Certificates of Deposit	4,060,411	N/A	-	1,778,448	-	2,281,963
U.S. Government Treasury Notes	58,524,607	N/A	58,524,607	-	-	-
Corporate Notes	9,625,344	A	9,625,344	-	-	-
Municipal Issues	765,650	N/A	765,650	-	-	-
Federal agency securities	25,715,653	N/A	25,715,653	-	-	-
Money Market Mutual Funds	224,918	AAAm	224,918	-	-	-
Investments with Fiscal Agents:						
PARS OPEB Trust Fund	56,360	N/A	-	-	-	56,360
U.S. Government Treasury Notes	1,573,680	N/A	1,573,680	-	-	-
Corporate Notes	104,490	A	104,490	-	-	-
Federal agency securities	686,753	N/A	686,753	-	-	-
Money Market Mutual Funds	1,725,865	AAAm	1,725,865	-	-	-
Total	\$ 167,310,821		\$ 98,946,960	\$ 1,778,448	\$ -	\$ 66,585,413

f. 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 consist solely of investments in Federal National Mortgage Association, a federal agency security, in the amount of \$19,865,785 or 11.9 percent of total investments.

g. 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.

Note 3: Cash and Investments (Continued)

As of June 30, 2020, none of the City's deposits or investments were exposed to custodial credit risk. As of June 30, 2020, \$4,147,542 in investments are purchased and held by the bond trustee.

h. 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. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

i. 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.

j. Restricted cash and investments

The restricted cash and investments account include 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.

k. 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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Totals	Investments not Measured at Fair Value	Level		
			1	2	Uncategorized
Local Agency Investment Fund	\$ 64,247,090	\$ -	\$ -	\$ -	\$ 64,247,090
Certificates of Deposit	4,060,411	-	-	4,060,411	-
U.S. Treasury Bonds	58,524,607	-	-	58,524,607	-
Corporate Notes	9,625,344	-	-	9,625,344	-
Municipal Issues	765,650	-	-	765,650	-
Federal agency securities	25,715,653	-	-	25,715,653	-
Money Market Mutual Funds	224,918	-	224,918	-	-
Investments with Fiscal Agents:					
PARS OPEB Trust Fund	56,360	56,360	-	-	-
U.S. Treasury Bonds	1,573,680	-	-	1,573,680	-
Corporate Notes	104,490	-	-	104,490	-
Federal agency securities	686,753	-	-	686,753	-
Money Market Mutual Funds	1,725,865	-	1,725,865	-	-
Total Investments	\$ 167,310,821	\$ 56,360	\$ 1,950,783	\$ 101,056,588	\$ 64,247,090

Note 4: Accounts Receivable

Receivables as of year-end for the government's individual major funds and aggregate nonmajor, internal service, and fiduciary funds, including applicable allowances for uncollectible accounts, are as follows:

Component	Governmental Funds					Total
	General	Grants Administration	Capital Projects	Other Governmental Funds		
Accounts	\$ 462,949	\$ 16,192	\$ 2,300,362	\$ 33,542	\$	\$ 2,813,045
Unbilled accounts	5,891,756	342,570	4,455,931	2,857,350		13,547,607
Water, sanitation, and trash	455,925	-	-	1,783,650		2,239,575
Parks and recreation	69,258	-	-	-		69,258
Bank return items	20,114	-	-	-		20,114
Total	\$ 6,900,002	\$ 358,762	\$ 6,756,293	\$ 4,674,542	\$	\$ 18,689,599

Component	Proprietary Funds				Total
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds	
Accounts	\$ 126,037	\$ 12,316	\$ 10,951	\$ 2,415	\$ 151,719
Unbilled accounts	-	4,152,335	603,007	3,264	4,758,606
Water, sanitation, and trash	-	1,785,247	483,882	-	2,269,129
Total	\$ 126,037	\$ 5,949,898	\$ 1,097,840	\$ 5,679	\$ 7,179,454

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, 2020, is \$10,758,135.

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, 2020, is \$1,021,140.

The Housing Fund notes and loans receivable total \$11,779,275.

Grants Administration Fund

c. Housing and Community Development Loan Program (CDBG Loans)

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. Pacific Premier 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, 2020, is \$1,157,430.

d. Civic Center Barrio Housing (HOME Fund – Notes Receivable)

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 \$648,105, totaling \$1,493,049 at June 30, 2020.

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 \$250,268, totaling \$694,549 at June 30, 2020.

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 \$308,065 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 \$174,629 totaling \$482,693 at June 30, 2020.

e. Fullerton Interfaith Housing (HOME Fund – Notes Receivable)

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 \$517,526, totaling \$682,526 at June 30, 2020.

f. Neighborhood Services (HOME Fund – Notes Receivable)

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 \$399,905, totaling \$964,905 at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 5: Notes and Loans Receivable (Continued)

g. Richman Court, LP (HOME Fund – Notes Receivable)

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 \$283,282, totaling \$2,302,842 at June 30, 2020.

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 \$1,777,165 with accrued interest of \$579,404, totaling \$2,356,569 at June 30, 2020.

h. Neighborhood Housing Services (HOME Fund – Notes Receivable)

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 \$797,504 with accrued interest of \$528,384, totaling \$1,325,888 at June 30, 2020.

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 \$60,594, totaling \$207,257 at June 30, 2020.

i. Orange County Community Housing Corporation (HOME Fund – Notes Receivable)

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 following various Affordable Housing requirements. The outstanding principal balance is \$185,136 at June 30, 2020.

j. 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, 2020, is \$1,011,063.

k. 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, 2020, is \$352,519.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 5: Notes and Loans Receivable (Continued)

I. 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, 2020, was \$206,074.

The Grants Administration Fund notes and loans receivable total \$13,422,500.

Note 6: Interfund Transactions

The composition of interfund balances as of June 30, 2020, is as follows:

a. Due to and Due from Funds

Due to/from Other funds		
Receivable Fund	Payable Fund	Amount
General	Other Enterprise Funds	\$ 524,494
Internal Service Funds	Other Governmental Funds	612,658
	Total	<u>\$ 1,137,152</u>

The above amounts due from the General Fund to the Other Enterprise Funds resulted from temporary reclassifications made at June 30, 2020, to cover cash shortfalls.

The City Manager authorized an interfund loan from the internal service fund to the other governmental funds in the amount of \$612,658 to fund the contribution to North SPA for construction costs. The loan will be repaid once SB2 funds become available and received from the State of California.

b. Transfers to and From Other Funds

Transfers In	Transfers Out				Total
	General	Grants Administration	Other Governmental Funds	Internal Service Funds	
General	\$ -	\$ 1,216,547	\$ 199,967	\$ -	\$ 1,416,514
Grants Administration	357,817	-	-	-	357,817
Capital Projects	2,197,868	740,733	7,541,855	763,588	11,244,044
Other Governmental Funds	692,992	-	-	-	692,992
Internal Service Funds	2,565,200	-	-	-	2,565,200
	<u>\$ 5,813,877</u>	<u>\$ 1,957,280</u>	<u>\$ 7,741,822</u>	<u>\$ 763,588</u>	<u>\$ 16,276,567</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. Additionally, during fiscal year 2019-20, the Grants Administration Fund transferred funds received from the Federal CARES Act to subsidize public safety costs incurred by the General Fund in relation to the COVID-19 pandemic.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 7: Capital Assets

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

	Beginning Balance	Transfers of CIP	Transfers from Successor Agency	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 52,296,252	\$ 807,440	\$ 757,575	\$ 226,441	\$ -	\$ 54,087,708
Construction in progress	207,156,074	(6,426,636)	4,715,904	12,852,130	-	218,297,472
Total capital assets, not being depreciated	259,452,326	(5,619,196)	5,473,479	13,078,571	-	272,385,180
Capital assets, being depreciated:						
Buildings	91,357,889	-	261,204	-	-	91,619,093
Improvements other than buildings	58,145,631	-	3,914,896	-	-	62,060,527
Machinery and equipment	38,604,510	132,681	566,946	2,411,678	(367,305)	41,348,510
Leasehold improvements	1,290,945	-	546,500	-	-	1,837,445
Infrastructure	273,554,212	5,486,515	8,406,796	14,432	(1,721,645)	285,740,310
Total capital assets, being depreciated	462,953,187	5,619,196	13,696,342	2,426,110	(2,088,950)	482,605,885
Less accumulated depreciation for:						
Buildings	(21,649,754)	-	(118,084)	(1,811,405)	-	(23,579,243)
Improvements other than buildings	(28,841,932)	-	(2,351,181)	(2,678,484)	-	(33,871,597)
Machinery and equipment	(27,923,808)	-	(566,945)	(2,164,910)	367,305	(30,288,358)
Leasehold improvements	(1,290,945)	-	(355,225)	(27,325)	-	(1,673,495)
Infrastructure	(188,527,037)	-	(828,914)	(5,109,223)	1,721,645	(192,743,529)
Total accumulated depreciation	(268,233,476)	-	(4,220,349)	(11,791,347)	2,088,950	(282,156,222)
Total capital assets being depreciated, net	194,719,711	5,619,196	9,475,993	(9,365,237)	-	200,449,663
Governmental activities capital assets, net	\$ 454,172,037	\$ -	\$ 14,949,472	\$ 3,713,334	\$ -	\$ 472,834,843

Governmental activities depreciation expense for capital assets for the year ended June 30, 2020, is as follows:

General government	\$ 196,993
Public safety	889,953
Public works	7,086,457
Community development	134,944
Human and leisure	2,336,506
Equipment replacement	835,686
Equipment maintenance	16,822
Information technology	270,818
Building maintenance	7,706
Facility capital repair	15,462
Total depreciation expense - governmental activities	<u>\$ 11,791,347</u>

The transfer from the Successor Agency is reported as special item in the Statement of Activities. Refer to Note 20 for more information.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 7: 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	14,300,740	(3,800,155)	7,074,162	-	17,574,747
Total capital assets, not being depreciated	23,429,163	(3,800,155)	7,074,162	-	26,703,170
Capital assets, being depreciated:					
Buildings	8,594,685	-	-	-	8,594,685
Improvements other than buildings	82,358,752	1,390,600	302,080	-	84,051,432
Machinery and equipment	13,830,393	-	295,876	-	14,126,269
Leasehold improvements	468,140	-	-	-	468,140
Infrastructure	43,095,879	2,409,555	237,336	-	45,742,770
Total capital assets, being depreciated	148,347,849	3,800,155	835,292	-	152,983,296
Less accumulated depreciation for:					
Buildings	(2,646,486)	-	(222,759)	-	(2,869,245)
Improvements other than buildings	(35,164,371)	-	(1,611,442)	-	(36,775,813)
Machinery and equipment	(12,560,580)	-	(229,885)	-	(12,790,465)
Leasehold improvements	(456,740)	-	(2,280)	-	(459,020)
Infrastructure	(4,734,938)	-	(712,514)	-	(5,447,452)
Total accumulated depreciation	(55,563,115)	-	(2,778,880)	-	(58,341,995)
Total capital assets being depreciated, net	92,784,734	3,800,155	(1,943,588)	-	94,641,301
Business-type activities capital assets, net	\$ 116,213,897	\$ -	\$ 5,130,574	\$ -	\$ 121,344,471

Business-type activities depreciation expense for capital assets for the year ended June 30, 2020, is as follows:

Airport	\$ 482,177
Water Utility	1,500,568
Sewer Enterprise	707,693
Brea Dam Facilities Recreational	88,442
Total depreciation expense - business-type activities	<u>\$ 2,778,880</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: 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, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Public Offerings:					
Taxable Obligation Bonds	\$ 5,615,000	\$ -	\$ (295,000)	\$ 5,320,000	\$ 305,000
Direct Borrowings:					
Capital leases:					
Governmental Funds	2,166,304	-	(245,262)	1,921,042	252,154
Internal Service Funds	1,666,221	-	(645,189)	1,021,032	111,244
HUD Section 108 loans	500,000	-	(500,000)	-	-
Total	9,947,525	-	(1,685,451)	8,262,074	\$ 668,398
Unamortized Bond Discount	(39,659)	-	(2,833)	(36,826)	
	<u>\$ 9,907,866</u>	<u>\$ -</u>	<u>\$ (1,688,284)</u>	<u>\$ 8,225,248</u>	

Taxable Obligation Bonds

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

On August 23, 2013, the City 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, 2020, the outstanding balance was \$5,320,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 305,000	\$ 282,948	\$ 587,948
2022	315,000	271,815	586,815
2023	330,000	259,125	589,125
2024	340,000	245,190	585,190
2025	360,000	227,850	587,850
2026-2030	2,095,000	840,765	2,935,765
2031-2033	1,575,000	192,600	1,767,600
Total	<u>\$ 5,320,000</u>	<u>\$ 2,320,293</u>	<u>\$ 7,640,293</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

The outstanding bonds contain a provision that if any event of default should occur and is continuing, the Trustee at the written direction of the Owners of a majority in aggregate principal amount of the bonds then outstanding the Trustee shall, (a) declare the principal of the bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the bonds to the contrary notwithstanding, and (b) exercise any other remedies available in law or at equity.

On December 6, 2018, Standard & Poor's upgraded the rating on the bonds from "AA-" to "AA".

Capital Leases

As of June 30, 2020, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Total
2021	\$ 474,414
2022	426,988
2023	647,985
2024	527,132
2025	527,132
2026-2027	612,269
Total minimum lease payments	3,215,920
Less: amounts representing interest	(273,846)
Present value of minimum lease payments	<u>\$ 2,942,074</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 8,779,652
Less: accumulated depreciation	(6,667,675)
Total	<u>\$ 2,111,977</u>

In December 2013, the City entered into a lease agreement with Oshkosh Capital for the acquisition of two fire pumpers at a cost of \$949,810. The lease meets the capitalization policy and the assets have been recorded as assets of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 2.7%. The term of the lease is nine years. Payments are due annually under the terms of the lease agreement with the first payment due on December 19, 2014. At June 30, 2020, the outstanding balance was \$343,164.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: 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, 2019. At June 30, 2020, the outstanding balance was \$1,921,042.

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, 2020, the outstanding balance was \$677,868.

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, 2020, the loan was paid in full.

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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-Type Activities:</u>					
Public Offerings:					
Revenue Bonds	\$ 7,030,000	\$ -	\$ (515,000)	\$ 6,515,000	\$ 375,000
Direct Borrowings:					
Capital Lease	546,456	-	(546,456)	-	-
Total	7,576,456	-	(1,061,456)	6,515,000	\$ 375,000
Unamortized bond premium	566,351	-	(38,615)	527,736	
Unamortized bond discount	(28,555)	-	2,483	(26,072)	
Total Long-Term Debt	\$ 8,114,252	\$ -	\$ (1,097,588)	\$ 7,016,664	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: Long-Term Debt (Continued)**Revenue Bonds**

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

On December 22, 2010, the City 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 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, 2020, the outstanding balance was \$1,740,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 125,000	\$ 134,850	\$ 259,850
2022	135,000	125,163	260,163
2023	140,000	114,700	254,700
2024	145,000	103,850	248,850
2025	150,000	92,613	242,613
2026-2030	850,000	278,613	1,128,613
2031	195,000	15,113	210,113
Total	<u>\$ 1,740,000</u>	<u>\$ 864,902</u>	<u>\$ 2,604,902</u>

The outstanding bonds contain a provision that if any event of default should occur, the PFA has the right to terminate the Lease or, with or without such termination, re-enter, take possession of and re-let the leased property. When the Authority does not elect to terminate the Lease, the City remains liable to pay all lease payments as they come due and liable for damages resulting from such default.

2014 Water Revenue Refunding Bonds (Debt Serviced by the Water Utility Fund)

On February 26, 2014, the City 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, 2020, the outstanding balance was \$4,775,000.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

The certificates of participation debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 250,000	\$ 222,313	\$ 472,313
2022	265,000	212,013	477,013
2023	270,000	201,313	471,313
2024	285,000	190,213	475,213
2025	295,000	177,506	472,506
2026-2030	1,705,000	647,375	2,352,375
2031-2034	1,705,000	175,875	1,880,875
Total	<u>\$ 4,775,000</u>	<u>\$ 1,826,608</u>	<u>\$ 6,601,608</u>

The outstanding bonds contain a provision that if any event of default should occur and is continuing, the Trustee may, and at the written direction of the owners of a majority in aggregate principal amount of the bonds then outstanding the Trustee shall, (a) declare the principal of the bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the bond owners in law or at equity to enforce the rights of the bond owners under the Indenture.

Capital Leases

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, 2020, the lease has been paid in full.

Note 9: Intergovernmental Payables

On March 11, 2019, the City entered into a Cooperative Agreement with the Orange County Transportation Authority on a loan for construction on the State College Boulevard Railroad Grade Separation Project in the amount of \$12,700,000. The interest rate on the loan is 0.00274% daily. The term of the loan requires the City to repay the loan as funds are received from Federal grant funds. As of June 30, 2020, the loan was outstanding and the City had not obtained Federal grant funding in the full amount at the year end to repay the entire loan; however, the City expects to repay the loan before June 30, 2021. At June 30, 2020, the outstanding balance was \$3,497,704.

The remaining balance of intergovernmental payables is reported in the Grants Administration Fund of \$76,619 represents various payables to other agencies for subrecipient funding requests, pending disbursement from the City.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10: Compensated Absences

As described in Note 1, 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. The liability will be paid in future years by the General Fund and Proprietary Funds for the Governmental Activities and Business-Type Activities, respectfully. The following is a summary of changes in compensated absences for the year ended June 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities	\$ 2,682,745	\$ 2,466,329	\$ 2,312,298	\$ 2,836,776	\$ 2,269,421
Business-Type Activities	405,312	336,179	249,564	491,927	393,542
Total	<u>\$ 3,088,057</u>	<u>\$ 2,802,508</u>	<u>\$ 2,561,862</u>	<u>\$ 3,328,703</u>	<u>\$ 2,662,963</u>

Note 11: 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, 2020, non-committal debt amounts issued and outstanding are as follows:

Non-committal Debt Issues:	Amount of Issue	Outstanding June 30, 2020
CFD No. 1 2012 Special Tax Refunding Bonds	\$ 19,040,000	\$ 14,950,000
CFD No. 2 2014 Special Tax Bonds	7,570,000	7,385,000
Total Non-committal Debt Issues:	<u>\$ 26,610,000</u>	<u>\$ 22,335,000</u>

Note 12: 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, 2020, the lease payment to the General Fund totaled \$1,237,563. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12: Operating Lease (Continued)

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Base Rent Payment	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400	\$ 1,662,540
Rent Increase*	151,140	151,140	151,140	151,140	166,254
Total Annual Rent Payment	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,828,794</u>

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

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

All qualified permanent and probationary employees are eligible to participate in the City'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, 2020, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013*</u>	<u>On or after January 1, 2013</u>
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	6.808%	6.000%
Required employer contribution rates	27.044%	27.044%

* Closed to new entrants

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 13: City Employees' Retirement Plans (Continued)

	Safety Plan	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date	3% @ 50	3% @ 57
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age	2.0% - 3.0%	2.0% - 2.7%
Monthly benefits, as a % of eligible compensation	9.366%	11.750%
Required employee contribution rates	62.311%	62.311%
Required employer contribution rates		

* Closed to new entrants

Employees Covered

At June 30, 2020, 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	408	211
Transferred members	241	47
Terminated members	171	36
Retired members and beneficiaries	585	399
Total	1,405	693

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, 2020, the contributions that were recognized as a reduction to the net pension liability were \$4,809,655 and \$12,127,485 for the Miscellaneous and Safety Plans, respectively.

Note 13: City Employees' Retirement Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2018 actuarial valuations were rolled forward to June 30, 2019 and were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

** The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, 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 under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13: City Employees' Retirement Plans (Continued)

In determining the long-term expected rate of return, staff considered 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 below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 13: City Employees' Retirement Plans (Continued)

Changes in the Net Pension Liability

The following table includes changes in net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
Miscellaneous Plan:			
Balance at: 6/30/2019 (Valuation Date of 6/30/18)	\$ 294,022,442	\$ 222,723,636	\$ 71,298,806
Changes recognized for the Measurement Period:			
Service Cost	3,774,798	-	3,774,798
Interest on the Total Pension Liability	20,552,464	-	20,552,464
Difference between Expected and Actual Experience	(669,374)	-	(669,374)
Net Plan to Plan Resource Movement	-	(650)	650
Contribution from the Employer	-	4,809,655	(4,809,655)
Contributions from Employees	-	2,852,167	(2,852,167)
Net Investment Income	-	14,470,021	(14,470,021)
Benefit Payments including Refunds of Employee Contributions	(15,586,850)	(15,586,850)	-
Administrative Expense	-	(158,940)	158,940
Other Miscellaneous Income/(Expense)	-	518	(518)
Net changes during 2018-19	8,071,038	6,385,921	1,685,117
Balance at: 6/30/2020 (Measurement Date of 6/30/19)	\$ 302,093,480	\$ 229,109,557	\$ 72,983,923
Safety Plan:			
Balance at: 6/30/2019 (Valuation Date of 6/30/18), as restated	\$ 496,155,356	\$ 324,616,420	\$ 171,538,936
Changes recognized for the Measurement Period:			
Service Cost	6,713,029	-	6,713,029
Interest on the Total Pension Liability	34,715,015	-	34,715,015
Difference between Expected and Actual Experience	406,378	-	406,378
Net Plan to Plan Resource Movement	-	650	(650)
Contribution from the Employer	-	12,127,485	(12,127,485)
Contributions from Employees	-	3,161,725	(3,161,725)
Net Investment Income	-	21,203,073	(21,203,073)
Benefit Payments including Refunds of Employee Contributions	(28,787,130)	(28,787,130)	-
Administrative expense	-	(231,653)	231,653
Other Miscellaneous Income/(Expense)	-	757	(757)
Net changes during 2018-19	13,047,292	7,474,907	5,572,385
Balance at: 6/30/2020 (Measurement Date of 6/30/19)	\$ 509,202,648	\$ 332,091,327	\$ 177,111,321
Total Plans:	\$ 811,296,128	\$ 561,200,884	\$ 250,095,244

The net pension liabilities for the City's pension plans have been liquidated by funding from Governmental Funds and Proprietary Funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020
Note 13: City Employees' Retirement Plans (Continued)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.15%, 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	\$ 111,102,951	\$ 244,568,942	\$ 355,671,893
Current Discount Rate	7.15%	7.15%	
Net Pension Liability	\$ 72,983,923	\$ 177,111,321	\$ 250,095,244
1% Increase	8.15%	8.15%	
Net Pension Liability	\$ 41,383,498	\$ 121,795,573	\$ 163,179,071

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, 2020, the City recognized pension expense of \$12,164,526 and \$26,756,042 for the Miscellaneous and Safety Plans, respectively. At June 30, 2020, 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	\$ 6,036,168	\$ -	\$ 14,081,945	\$ -	\$ 20,118,113	\$ -
Difference between expected and actual experience	-	(613,637)	1,557,253	(342,187)	1,557,253	(955,824)
Change in Assumptions	-	(292,325)	5,691,828	(939,337)	5,691,828	(1,231,662)
Net difference between projected and actual earnings on pension plan investments	-	(1,270,051)	-	(2,046,550)	-	(3,316,601)
Total	\$ 6,036,168	\$ (2,176,013)	\$ 21,331,026	\$ (3,328,074)	\$ 27,367,194	\$ (5,504,087)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020
Note 13: City Employees' Retirement Plans (Continued)

The \$6,036,168 and \$14,081,945 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, 2021. 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
2021	\$ 116,096	\$ 6,847,847	\$ 6,963,943
2022	(2,123,116)	(2,691,750)	(4,814,866)
2023	(391,008)	(530,154)	(921,162)
2024	222,015	295,064	517,079
	<u>\$ (2,176,013)</u>	<u>\$ 3,921,007</u>	<u>\$ 1,744,994</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, 2020, the City's payroll covered by the plan was \$110,880. The City made employer contributions of \$55,440 (3.75% of current covered payroll), and employees contributed \$55,440 (3.75% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 14: Post-Employment Healthcare Plan**Plan Description**

The City administers a single employer defined benefit healthcare plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 10 years of service (5 years for Executive, Management and Confidential employees) 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 Cigna HMO and PPO health plans. Fire and Fire Management retirees and their spouses are covered in the health plans available through California PERS.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 14: Post-Employment Healthcare Plan (Continued)

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 June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active	521
Inactive employees or beneficiaries currently receiving benefits	187
Total	<u>708</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, 2019, the City recognized contributions, including the implicit subsidy, in the amount of \$1,390,063 as a reduction to the net OPEB liability.

Net OPEB Liability

The City's net OPEB liability was based on an actuarial valuation as of June 30, 2018. This is the date as of which the actuarial valuation was performed. The City's measurement date was as of June 30, 2019 and to develop the net OPEB liability at the beginning of the measurement period on June 30, 2018, the results of the June 30, 2018 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	3.13%
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 puposes of allocating Service Costs under the Entry Age Normal cost method.
Mortality Rate (1)	Scale BB projected to 2028
Healthcare Cost-trade Rate	Adjusted in future years ranging from 4.25% to 6.50%

(1) Rates based on statistics taken from the CalPERS Experience Study Report adopted in 2014 and include a margin for mortality improvement

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 14: Post-Employment Healthcare Plan (Continued)**Discount Rate**

The discount rate used to measure the net OPEB liability was 3.13 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 Net OPEB Liability

The changes in the net 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)
Balance at June 30, 2019 (valuation date 06/30/2018)	\$ 30,112,338	\$ 53,686	\$ 30,058,652
Changes recognized over the measurement period:			
Service Cost	1,287,092	-	1,287,092
Interest	1,103,389	-	1,103,389
Changes of assumptions	1,889,194	-	1,889,194
Contributions - employer	-	1,390,063	(1,390,063)
Net investment income	-	3,203	(3,203)
Benefit Payments	(1,390,063)	(1,390,063)	-
Administrative expense	-	(135)	135
Net Changes	2,889,612	3,068	2,886,544
Balance at June 30, 2018 (measurement date 06/30/2019)	\$ 33,001,950	\$ 56,754	\$ 32,945,196

The net OPEB liability for the City's plan have been liquidated by funding from Governmental Funds and Proprietary Funds.

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

The following presents the net 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, 2019:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB Liability	\$ 36,406,484	\$ 32,945,196	\$ 29,982,135

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

The following presents the net 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, 2019:

	1% Decrease (3.25%)	Current Healthcare Cost Trend Rates (4.25%)	1% Increase (5.25%)
Net OPEB Liability	\$ 29,131,691	\$ 32,945,196	\$ 37,613,701

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 14: Post-Employment Healthcare Plan (Continued)**Net OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2020, the City recognized net OPEB expense of \$7,324,164. As of fiscal year, ended June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to net OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contribution subsequent to measurement date	\$ 910,146	\$ -
Difference between expected and actual experience	-	(5,154,690)
Difference between expected and actual return on assets	230	(1,106)
Change in Assumptions	1,630,400	-
Total	<u>\$ 2,540,776</u>	<u>\$ (5,155,796)</u>

The \$910,146 was reported as deferred outflows of resources related to contributions made subsequent to the measurement date for the net OPEB liability but before the end of the City's reporting period and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Deferred (Inflows) of Resources</u>
2021	\$ (678,734)
2022	(678,734)
2023	(678,734)
2024	(678,368)
2025	(678,421)
Thereafter	(132,175)
	<u>\$ (3,525,166)</u>

Note 15: Risk Management**a. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 15: Risk Management (Continued)

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, 2020, is \$29,321,000 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, 2020.

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, 2018	\$ 9,658,000	\$ 17,293,000	\$ 26,951,000
Incurred claims (including IBNRs)	885,744	5,024,195	5,909,939
Claim payments	<u>(689,744)</u>	<u>(3,204,195)</u>	<u>(3,893,939)</u>
Unpaid claims, June 30, 2019	9,854,000	19,113,000	28,967,000
Incurred claims (including IBNRs)	5,651,555	-	5,651,555
Claim payments	<u>(3,210,555)</u>	<u>(2,087,000)</u>	<u>(5,297,555)</u>
Unpaid claims, June 30, 2020	<u>\$ 12,295,000</u>	<u>\$ 17,026,000</u>	<u>\$ 29,321,000</u>

The liability will be paid in future years from the Liability Insurance Fund and the Workers' Compensation Fund.

b. Claim Payable - Public Liability (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 agreement 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, 2020, the outstanding balance was \$128,142. Settlement debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 41,439	\$ 6,561	\$ 48,000
2022	43,994	4,006	48,000
2023	<u>42,709</u>	<u>1,291</u>	<u>44,000</u>
Total	<u>\$ 128,142</u>	<u>\$ 11,858</u>	<u>\$ 140,000</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 16: Commitments and Contingencies

As of June 30, 2020, 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, 2020:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2020</u>	<u>Remaining Commitments</u>	<u>Governmental Funds</u>	<u>Water Fund</u>
Loma Alta Area Infrastructure	\$ 3,254,623	\$ 1,358,530	\$ 1,896,093	\$ 1,210,879	\$ 685,214

Note 17: Fund Balance Classifications

The fund balances of the City's governmental funds as of June 30, 2020 are presented below:

<u>Classification</u>	<u>General</u>	<u>Grants Administration</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventories	\$ 6,646	\$ -	\$ -	\$ -	\$ 6,646
Property held for resale	2,900,768	-	-	-	2,900,768
Prepaid costs	306,135	-	-	-	306,135
Subtotal - Nonspendable	3,213,549	-	-	-	3,213,549
Restricted:					
Street improvement projects	-	-	-	3,646,285	3,646,285
Park projects	-	-	-	4,746,422	4,746,422
Traffic safety program	-	-	-	8,984	8,984
Police narcotics	-	-	-	533,853	533,853
Housing	-	-	-	12,237,782	12,237,782
AQMD activities	-	-	-	783,284	783,284
Debt service	-	-	-	205,907	205,907
Storm drain system projects	-	-	-	4,689,759	4,689,759
Refuse collection	-	-	-	5,079,223	5,079,223
Street maintenance	-	-	-	8,164,479	8,164,479
PEG	-	-	-	800,760	800,760
Library	672,186	-	-	-	672,186
Subtotal - Restricted	672,186	-	-	40,896,738	41,568,924
Assigned:					
Contingency reserve	9,992,898	-	-	-	9,992,898
Street projects	3,526,288	-	-	-	3,526,288
Building permits	174,409	-	-	-	174,409
Laguna Lake	264,790	-	-	-	264,790
Subtotal - Assigned	13,958,385	-	-	-	13,958,385
Unassigned					
	217,388	(327,076)	(1,390,655)	-	(1,500,343)
Total - Fund Balances	\$ 18,061,508	\$ (327,076)	\$ (1,390,655)	\$ 40,896,738	\$ 57,240,515

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 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	\$ 10,647,977
Restricted cash and investments	6,228,625
Cash and investments with fiscal agent	3,587,483
	<u>\$ 20,464,085</u>

b. Loans Receivable

Rehabilitation Loan:

On October 19, 2004, the former Redevelopment Agency entered into a developer disposition agreement with the Fullerton Historic Theatre Foundation to renovate the FOX Theatre and adjacent condominium units. The agreement was later amended on September 19, 2006. The original amount loaned of \$2,665,722 was increased in prior fiscal years by \$3,078,278 totaling \$5,744,000. Based on the 2nd Amendment dated August 3, 2009 the maximum loan amount could not exceed \$6,000,000. A repayment account 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.

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

Payments to the Successor Agency from the repayment account shall commence on the sufficient fund date. The outstanding balance at June 30, 2020, is \$5,672,463.

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, 2020, the outstanding balances are \$1,041,528.

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, 2020, is \$866,484.

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 noninterest bearing loan. The balance due at June 30, 2020, is \$188,761.

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, 2020, is \$23,750.

Fullerton Interfaith Housing Services (dba Pathways of Hope):

On May 20, 2013, the Successor Agency agreed to loan \$630,000 from the \$28.9M 2010 Tax Allocation Housing Bonds for assistance in the development of eight (8) very-low-income units located at 504 West Amerige Avenue and 117 North Richman Avenue. According to the Promissory Note the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City 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 \$120,498, totaling \$750,498 at June 30, 2020.

TRG Fullerton Affordable LLC:

On December 19, 2013, the Successor Agency agreed to loan \$8,972,000 for the acquisition of real property located at 345 East Commonwealth Avenue and the construction of affordable apartment units. According to the Promissory Note the Term of the loan shall terminate on the fifty-eighth (58th) anniversary of the first date on which at least 75% of the units restricted for rental to and occupancy by eligible tenants have been leased to and are occupied by eligible tenants. Interest and principal payments are payable annually on April 1 of each year during the Term at a simple interest rate of 3% annually.

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

The outstanding principal balance is \$8,972,000 with accrued interest of \$1,548,756, totaling \$10,520,757 at June 30, 2020.

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 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 \$732,723, totaling \$7,932,723 at June 30, 2020.

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 of 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 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 \$350,535 totaling \$4,753,099 at June 30, 2020.

Fullerton Supportive Housing, LP:

On November 28, 2016, the Successor Agency agreed to loan \$3,000,000 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 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 \$3,000,001 with accrued interest of \$255,495, totaling \$3,255,496 at June 30, 2020.

Habitat for Humanity:

In June 2018, the Successor Agency agreed to loan \$872,000 for the acquisition of real property located at 418 & 424 Valencia Dr. and 437, 443, 455 & 467 West Ave and the construction of affordable apartment units. According to the Promissory Note no interest shall accrue unless the borrower is required to repay all or any portion of the note, in which case interest shall accrue at a rate of 6% compounded annually. The site must be used for affordable housing for 60 years. The loan is repayable only in the event of a default by borrower. The outstanding principal balance is \$872,000 with accrued interest of \$0, totaling \$872,000 at June 30, 2020.

Total Loans Receivable is \$35,877,559.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

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, 2020, is as follows:

	Beginning Balance	Transfers to the City	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 757,575	\$ (757,575)	\$ -	\$ -	\$ -
Construction-in-progress	4,715,904	(4,715,904)	-	-	-
Total capital assets not being depreciated	5,473,479	(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	566,946	(566,946)	-	-	-
Leasehold Improvements	546,500	(546,500)	-	-	-
Infrastructure	8,406,796	(8,406,796)	-	-	-
Total capital assets being depreciated	13,696,342	(13,696,342)	-	-	-
Less accumulated depreciation					
Buildings	(118,084)	118,084	-	-	-
Improvements other than Buildings	(2,351,181)	2,351,181	-	-	-
Machinery and equipment	(566,945)	566,945	-	-	-
Leasehold Improvements	(355,225)	355,225	-	-	-
Infrastructure	(828,914)	828,914	-	-	-
Total accumulated depreciation	(4,220,349)	4,220,349	-	-	-
Total capital assets being depreciated, net	9,475,993	(9,475,993)	-	-	-
Successor Agency capital assets, net	\$ 14,949,472	\$ (14,949,472)	\$ -	\$ -	\$ -

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Fiduciary Activities:</u>					
Public Offerings:					
Tax Allocation Bonds	\$ 71,970,000	\$ -	\$ (7,155,000)	\$ 64,815,000	\$ 7,425,000
Total	71,970,000	-	(7,155,000)	64,815,000	\$ 7,425,000
Unamortized bond premium	2,154,921	-	(318,371)	1,836,550	
Unamortized bond discount	(59,532)	-	8,307	(51,225)	
Total Long-Term Debt	\$ 74,065,389	\$ -	\$ (7,465,064)	\$ 66,600,325	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 \$81,715,091 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 \$11,834,201 and the debt service obligation on the bonds was \$11,199,448.

Tax Allocation Bonds

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

On December 1, 2005, the PFA 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, 2020, the outstanding balance was \$43,040,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
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	5,290,000	1,755,430	7,045,430
2025	5,550,000	1,484,360	7,034,360
2026-2028	17,780,000	2,373,705	20,153,705
Total	<u>\$ 43,040,000</u>	<u>\$ 12,375,507</u>	<u>\$ 55,415,507</u>

The outstanding bonds contain a provision that if any event of default occurs, then, and in each and every such case during the continuance of such event of default, with the prior written consent of the Bond Insurer the Trustee may, and at the written direction of the Bond Insurer or (with the prior written consent of the Bond Insurer) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding, the Trustee will, upon notice in writing to the Authority and the Agency, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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. 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, 2020, the outstanding balance was \$15,390,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,880,000	\$ 891,051	\$ 2,771,051
2022	1,985,000	780,947	2,765,947
2023	2,100,000	663,169	2,763,169
2024	2,225,000	533,078	2,758,078
2025	2,360,000	390,598	2,750,598
2026-2027	4,840,000	312,491	5,152,491
Total	<u>\$ 15,390,000</u>	<u>\$ 3,571,334</u>	<u>\$ 18,961,334</u>

The outstanding bonds contain a provision that if any event of default occurs and during the continuance of any event of default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding the Trustee shall, (a) upon notice in writing to the Agency, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, of (b) enforce any rights of the Trustee under or with respect to the Indenture.

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 PFA, 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, 2020, the outstanding balance was \$6,385,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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
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	1,125,000	138,625	1,263,625
2025	2,210,000	80,875	2,290,875
Total	<u>\$ 6,385,000</u>	<u>\$ 953,250</u>	<u>\$ 7,338,250</u>

The outstanding bonds contain a provision that if an event of default occurs and is continuing, with the prior written consent of the Bond Insurer the Trustee may, and at the written direction of the Bond Insurer or (with the prior written consent of the Bond Insurer) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under the Indenture.

e. Insurance

The Successor Agency is covered under the City'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 16.

f. Subsequent Event

On September 1, 2020, the Successor Agency issued the Tax Allocation Refunding Bonds, Series 2020A and 2020B (Federally Taxable). The proceeds of the bonds are to be used to prepay or redeem the 2005 and 2010 Tax Allocation Bonds described above. The bonds are secured by pledged property tax revenues received from the Redevelopment Property Tax Trust Fund. The principal amount of the 2020A Series is \$33,965,000 and the principal amount of the 2020B Series is \$10,730,000 for a total debt issuance in the amount of \$44,965,000. The principal and interest payments on the bonds are due on March 1 and September 1 of each year, with the first interest payment on March 1, 2021 and first principal payment on September 1, 2021. Principal is due in amounts ranging from \$1,805,000 to \$6,525,000. Interest rates range from 0.591% to 4%. In the event of default, the bonds may be declared due and payable. There are no clauses for acceleration or termination events.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 19: Special Item

During the year, the Successor Agency transferred its remaining capital assets and property held for resale to the City as part of the dissolution process. This transaction resulted in a special item in the amount of (\$17,850,242) being presented in the Statement of Fiduciary Net Position in the private purpose trust fund, and a corresponding special item in the amount of \$17,850,242 being reported in the government-wide Statement of Activities for governmental activities. The City's General Fund reported a special item in the amount of \$2,900,768. This is due to capital assets not being current financial resources and not being reported in the General Fund. The details of the assets are described below:

Capital Assets, Net of Depreciation:	\$14,949,472
Property Held for Resale:	\$ 2,900,768

For further information on this transaction, refer back to the capital assets information at Notes 7 and 18.

Note 20: Subsequent Event

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The funding is to be received in six monthly installments of \$294,934, with the first installment received by the City in July 2020. The total amount of CARES Act funding to be received by the City is \$1,769,604. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

Note 1: Budgetary Comparison Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is 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
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 78,178,770	\$ 77,998,770	\$ 77,782,356	\$ (216,414)
Licenses and permits	2,150,467	2,150,467	2,146,566	(3,901)
Intergovernmental	456,000	503,384	740,465	237,081
Charges for services	10,597,495	10,625,995	10,046,661	(579,334)
Use of money and property	4,439,277	4,690,623	4,042,744	(647,879)
Fines and forfeitures	1,180,200	1,430,200	1,045,346	(384,854)
Miscellaneous	639,725	1,009,725	1,201,766	192,041
Total Revenues	97,641,934	98,409,164	97,005,904	(1,403,260)
Expenditures:				
Current:				
General government				
Council	712,958	742,711	739,784	2,927
City Manager	880,279	1,673,849	928,605	745,244
City Clerk	466,070	689,725	650,726	38,999
Administrative Services Finance	1,928,437	1,987,457	1,982,618	4,839
Human Resources	775,765	784,078	610,107	173,971
General Government	(1,915,146)	(1,915,146)	384,535	(2,299,681)
Public safety				
Fire	23,845,362	24,407,450	24,401,849	5,601
Police	47,349,116	47,784,206	47,118,018	666,188
Community development				
Human and leisure	5,474,456	5,823,913	5,741,451	82,462
Parks and Recreation	6,495,573	6,546,051	5,889,852	656,199
Library	4,248,375	4,325,114	4,151,746	173,368
Public works	7,033,579	7,273,563	6,929,101	344,462
Capital outlay	100,000	148,053	94,448	53,605
Debt service:				
Principal retirement	245,280	245,280	245,262	18
Interest and fiscal charges	1,830	60,877	60,873	4
Total Expenditures:	97,641,934	100,577,181	99,928,975	648,206
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,168,017)	(2,923,071)	(755,054)
Other Financing Sources				
Transfers in	300,000	1,516,547	1,416,514	(100,033)
Transfers out	(100,000)	(8,996,380)	(5,813,877)	3,182,503
Total Other Financing Sources (Uses):	200,000	(7,479,833)	(4,397,363)	3,082,470
Special items	-	-	2,900,768	2,900,768
Net Change in Fund Balances	\$ 200,000	\$ (9,647,850)	(4,419,666)	\$ 5,228,184
Fund Balances - Beginning			22,481,174	
Fund Balances - Ending			\$ 18,061,508	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
GRANTS ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,633,560	\$ 6,371,515	\$ 4,656,581	\$ (1,714,934)
Miscellaneous	-	-	57,662	57,662
Total Revenues	2,633,560	6,371,515	4,714,243	(1,657,272)
Expenditures:				
Current:				
General government	-	345,936	326,732	19,204
Public safety	210,000	1,500,172	1,080,989	419,183
Community development	1,841,213	1,863,330	852,527	1,010,803
Parks and recreation	442,973	478,285	390,036	88,249
Public works	-	285,360	98,170	187,190
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	4,700	4,700	4,700	-
Total Expenditures	2,998,886	4,977,783	3,253,154	1,724,629
Excess (Deficiency) of Revenues Over (Under) Expenditures	(365,326)	1,393,732	1,461,089	67,357
Other Financing Sources (Uses):				
Transfers in	-	357,817	357,817	-
Transfers out	(240,000)	(2,258,180)	(1,957,280)	300,900
Total Other Financing Sources (Uses)	(240,000)	(1,900,363)	(1,599,463)	300,900
Net Change in Fund Balances	\$ (605,326)	\$ (506,631)	(138,374)	\$ 368,257
Fund (Deficit) - Beginning			(188,702)	
Fund (Deficit) - Ending			\$ (327,076)	

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>
Measurement Date	6/30/2014	6/30/2015
Total Pension Liability:		
Service Cost	\$ 3,583,900	\$ 3,434,664
Interest on total pension liability	18,104,876	18,544,020
Changes in assumptions	-	(4,406,198)
Differences between expected and actual experience	-	(3,523,723)
Benefit payments, including refunds of employee contributions	<u>(12,422,994)</u>	<u>(12,931,194)</u>
Net change in total pension liability	9,265,782	1,117,569
Total Pension Liability - Beginning	<u>245,817,888</u>	<u>255,083,670</u>
Total Pension Liability - Ending (a)	<u>255,083,670</u>	<u>256,201,239</u>
Plan Fiduciary Net Position:		
Contributions - employer	1,748,110	2,087,882
Contributions - employee	3,340,171	2,852,024
Net investment income	31,546,084	4,617,716
Benefit payments, including refunds of employee contributions	(12,422,994)	(12,931,194)
Net Plan to Plan Resource Movement	-	(715)
Administrative expense	-	(231,434)
Other miscellaneous income/(expense)	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	24,211,371	(3,605,721)
Plan Fiduciary Net Position - Beginning	<u>184,970,916</u>	<u>209,182,287</u>
Plan Fiduciary Net Position - Ending (b)	<u>209,182,287</u>	<u>205,576,566</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	<u>\$ 45,901,383</u>	<u>\$ 50,624,673</u>
Plan fiduciary net position as a percentage of the total pension liability	82.01%	80.24%
Covered payroll	\$ 23,913,389	\$ 24,121,530
Plan Net Pension Liability as a Percentage of Covered Payroll	191.95%	209.87%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2020. In 2019, demographic assumptions and inflation were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2015, amounts were based on the 7.5 percent discount rate.

⁽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 six years are shown.

2017		2018		2019		2020	
6/30/2016		6/30/2017		6/30/2018		6/30/2019	
\$	3,436,150	\$	4,028,019	\$	4,018,130	\$	3,774,798
	19,021,926		19,457,971		19,980,940		20,552,464
	-		15,777,516		(1,127,539)		-
	(2,713,807)		(1,691,562)		(817,761)		(669,374)
	(13,105,760)		(13,600,494)		(14,842,526)		(15,586,850)
	6,638,509		23,971,450		7,211,244		8,071,038
	256,201,239		262,839,748		286,811,198		294,022,442
	262,839,748		286,811,198		294,022,442		302,093,480
	2,831,939		3,455,877		3,880,635		4,809,655
	2,961,557		3,207,458		2,857,654		2,852,167
	994,336		21,919,922		17,972,220		14,470,021
	(13,105,760)		(13,600,494)		(14,842,526)		(15,586,850)
	-		-		(518)		(650)
	(125,288)		(294,007)		(333,194)		(158,940)
	-		-		(632,741)		518
	(6,443,216)		14,688,756		8,901,530		6,385,921
	205,576,566		199,133,350		213,822,106		222,723,636
	199,133,350		213,822,106		222,723,636		229,109,557
\$	63,706,398	\$	72,989,092	\$	71,298,806	\$	72,983,923
	75.76%		74.55%		75.75%		75.84%
\$	24,160,809	\$	25,506,709	\$	25,445,697	\$	23,492,645
	263.68%		286.16%		280.20%		310.67%

CITY OF FULLERTON

SAFETY PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

	<u>2015</u>	<u>2016</u>
Measurement Date	6/30/2014	6/30/2015
Total Pension Liability:		
Service Cost	\$ 6,428,794	\$ 6,159,575
Interest on total pension liability	29,880,228	30,783,877
Changes in assumptions	-	(7,450,669)
Differences between expected and actual experience	-	(3,274,488)
Benefit payments, including refunds of employee contributions	(20,933,019)	(21,964,313)
Net change in total pension liability	15,376,003	4,253,982
Total Pension Liability - Beginning	405,655,143	421,031,146
Total Pension Liability - Ending (a)	421,031,146	425,285,128
Plan Fiduciary Net Position:		
Contributions - employer	6,363,818	7,227,836
Contributions - employee	3,664,440	3,711,794
Net investment income	46,137,412	6,738,820
Benefit payments, including refunds of employee contributions	(20,933,109)	(21,964,313)
Net Plan to Plan Resource Movement	-	-
Administrative expense	-	(341,647)
Other miscellaneous income/(expense)	-	90
Net change in plan fiduciary net position	35,232,561	(4,627,420)
Plan Fiduciary Net Position - Beginning	269,193,188	304,425,749
Plan Fiduciary Net Position - Ending (b)	304,425,749	299,798,329
Plan Net Pension Liability - Ending (a) - (b)	\$ 116,605,397	\$ 125,486,799
Plan fiduciary net position as a percentage of the total pension liability	72.30%	70.49%
Covered payroll	\$ 23,106,870	\$ 23,105,917
Plan Net Pension Liability as a Percentage of Covered Payroll	504.64%	543.09%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2020. In 2019, demographic assumptions and inflation were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2015, amounts were based on the 7.5 percent discount rate.

⁽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 six years are shown.

2017		2018		2019		2020	
6/30/2016		6/30/2017		6/30/2018		6/30/2019	
\$	6,139,343	\$	7,137,610	\$	7,276,694	\$	6,713,029
	31,849,067		32,652,041		33,741,761		34,715,015
	-		27,036,186		(1,878,673)		-
	(590,872)		(1,625,395)		2,515,633		406,378
	(22,872,497)		(24,235,721)		(26,274,949)		(28,787,130)
	14,525,041		40,964,721		15,380,466		13,047,292
	425,285,128		439,810,169		480,774,890		496,155,356
	439,810,169		480,774,890		496,155,356		509,202,648
	8,358,879		10,074,802		10,730,240		12,127,485
	3,747,337		3,864,941		3,605,789		3,161,725
	1,497,136		32,030,653		26,311,505		21,203,073
	(22,872,497)		(24,235,721)		(26,274,949)		(28,787,130)
	-		-		(757)		650
	(182,711)		(428,677)		(485,640)		(231,653)
	-		-		(922,239)		757
	(9,451,856)		21,305,998		12,963,949		7,474,907
	299,798,329		290,346,473		311,652,471		324,616,420
	290,346,473		311,652,471		324,616,420		332,091,327
\$	149,463,696	\$	169,122,419	\$	171,538,936	\$	177,111,321
	66.02%		64.82%		65.43%		65.22%
\$	22,949,957	\$	23,799,967	\$	24,764,981	\$	22,649,309
	651.26%		710.60%		692.67%		781.97%

CITY OF FULLERTON

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

	2014	2015	2016
Miscellaneous Plan:			
Actuarially Determined Contribution	\$ 1,748,110	\$ 2,087,882	\$ 2,831,939
Contributions in Relation to the Actuarially Determined Contribution	(1,748,110)	(2,087,882)	(2,831,939)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,913,389	\$ 24,121,530	\$ 24,160,809
Contributions as a Percentage of Covered Payroll	7.31%	8.66%	11.72%
Safety Plan:			
Actuarially Determined Contribution	\$ 6,363,818	\$ 7,227,836	\$ 8,358,879
Contributions in Relation to the Actuarially Determined Contribution	(6,363,818)	(7,227,836)	(8,358,879)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,106,870	\$ 23,105,917	\$ 22,949,957
Contributions as a Percentage of Covered Payroll	27.54%	31.28%	36.42%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method: Entry Age Normal

Amortization Method/Period: For details, see June 30, 2017 Funding Valuation Report.

Asset Valuation Method: Fair Value of Assets. For details, see June 30, 2017 Funding Valuation Report.

Inflation: 2.625%

Salary Increases: Varies by Entry Age and Service

Payroll Growth: 2.875%

Investment Rate of Return: 7.25% (net of administrative expenses)

Retirement Age: The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality: The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Data was available for Fiscal Year 2014 going forward, therefore, only seven years are shown.

	2017	2018	2019	2020
	\$ 3,455,877	\$ 3,880,635	\$ 4,809,655	\$ 6,036,168
	(3,455,877)	(3,880,635)	(4,809,655)	(6,036,168)
	\$ -	\$ -	\$ -	\$ -
	\$ 25,506,709	\$ 25,445,697	\$ 23,492,645	\$ 21,255,954
	13.55%	15.25%	20.47%	28.40%
	\$ 10,074,802	\$ 10,730,240	\$ 12,127,485	\$ 14,081,945
	(10,074,802)	(10,730,240)	(12,127,485)	(14,081,945)
	\$ -	\$ -	\$ -	\$ -
	\$ 23,799,967	\$ 24,764,981	\$ 22,649,309	\$ 18,482,630
	42.33%	43.33%	53.54%	76.19%

CITY OF FULLERTON

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

	2018	2019	2020
Measurement Date	6/30/2017	6/30/2018	6/30/2019
Total OPEB Liability:			
Service Cost	\$ 1,913,643	\$ 1,184,811	\$ 1,287,092
Interest on total OPEB liability	1,288,253	1,324,045	1,103,389
Changes in assumptions	-	-	1,889,194
Differences between expected and actual experience	-	(7,029,124)	-
Benefit payments	(1,584,473)	(1,338,227)	(1,390,063)
Net change in total OPEB liability	1,617,423	(5,858,495)	2,889,612
Total OPEB Liability - Beginning	34,353,410	35,970,833	30,112,338
Total OPEB Liability - Ending (a)	35,970,833	30,112,338	33,001,950
Plan Fiduciary Net Position:			
Contributions - employer	-	1,388,227	1,390,063
Net investment income	-	3,686	3,203
Benefit payments	-	(1,338,227)	(1,390,063)
Administrative expense	-	-	(135)
Net change in plan fiduciary net position	-	53,686	3,068
Plan Fiduciary Net Position - Beginning	-	-	53,686
Plan Fiduciary Net Position - Ending (b)	-	53,686	56,754
Plan Net OPEB Liability - Ending (a) - (b)	\$ 35,970,833	\$ 30,058,652	\$ 32,945,196
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.18%	0.17%
Covered-employee payroll	\$ 47,763,989	\$ 53,294,857	\$ 55,541,742
Plan Net OPEB Liability as a Percentage of Covered-Employee Payroll	75.31%	56.40%	59.32%

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

Benefit Changes: None

Changes of Assumptions: In 2020, the change in actuarial firms resulted in a change in assumptions due to inherent differences in actuarial systems, approaches, and interpretation.

⁽¹⁾ Historical information is required only for measurement for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation, therefore only three years are shown.

CITY OF FULLERTON

RETIREE HEALTH INSURANCE PROGRAM
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

	2018	2019	2020
Actuarially Determined Contribution	\$ 1,388,227	\$ 2,181,997	\$ 2,286,732
Contributions in Relation to the Actuarially Determined Contribution	(1,388,227)	(1,390,063)	(910,146)
Contribution Deficiency (Excess)	\$ -	\$ 791,934	\$ 1,376,586
Covered-Employee Payroll	\$ 53,294,857	\$ 55,541,742	\$ 52,656,416
Contributions as a Percentage of Covered-Employee Payroll	2.60%	2.50%	1.73%

Notes to Schedule of Plan Contributions:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Cost Method: Entry Age

Amortization Method: Level Percent of Pay

Remaining Amortization Period: 30 years

Asset Valuation Method: Market Value

Inflation: 2.75%

Healthcare Cost Trend Rates: 6.5% in 2018, decreasing to an ultimate rate of 4.25% in 2080.

Salary Increases: Varies by Entry Age and Service

Investment Rate of Return: 3.75%

Retirement Age: Based on 2014 CalPERS Experience Study Report

Mortality: Based on 2017 CalPERS Experience Study Report, with mortality improvements using Scale BB published by the Society of Actuaries projected to 2028

⁽¹⁾ Historical information is required only for measurement for which GASB 75 is applicable; therefore, only three years are shown.

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

Special Revenue Funds

	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
Assets:				
Cash and investments	\$ 7,927,701	\$ 4,436,218	\$ 35	\$ 4,739,624
Receivables:				
Accounts	388,696	246,965	8,984	-
Notes and loans	-	-	-	-
Accrued interest receivable	8,225	7,811	-	6,798
Total Assets	\$ 8,324,622	\$ 4,690,994	\$ 9,019	\$ 4,746,422
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 142,480	\$ -	\$ 35	\$ -
Accrued liabilities	17,663	1,235	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	160,143	1,235	35	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	8,164,479	4,689,759	8,984	4,746,422
Total Fund Balances	8,164,479	4,689,759	8,984	4,746,422
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,324,622	\$ 4,690,994	\$ 9,019	\$ 4,746,422

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

Special Revenue Funds

	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
Assets:				
Cash and investments	\$ 532,612	\$ 827,104	\$ 737,946	\$ 1,964,045
Receivables:				
Accounts	39,834	2,364,823	44,699	1,230,830
Notes and loans	-	-	-	-
Accrued interest receivable	1,096	1,609	1,403	3,893
Total Assets	\$ 573,542	\$ 3,193,536	\$ 784,048	\$ 3,198,768
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,526	\$ 1,020,666	\$ 764	\$ 217,071
Accrued liabilities	2,586	462	-	74,882
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	4,112	1,021,128	764	291,953
Deferred Inflows of Resources:				
Unavailable revenues	35,577	-	-	-
Total Deferred Inflows of Resources	35,577	-	-	-
Fund Balances:				
Restricted	533,853	2,172,408	783,284	2,906,815
Total Fund Balances	533,853	2,172,408	783,284	2,906,815
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 573,542	\$ 3,193,536	\$ 784,048	\$ 3,198,768

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			Debt Service Fund
	Measure M2	Housing	FTV Cable - PEG Access Fund	Debt Service Reserve
Assets:				
Cash and investments	\$ 3,417,798	\$ 1,683,795	\$ 758,105	\$ 205,907
Receivables:				
Accounts	295,536	4,349	49,826	-
Notes and loans	-	11,779,275	-	-
Accrued interest receivable	4,612	3,449	1,578	-
Total Assets	\$ 3,717,946	\$ 13,470,868	\$ 809,509	\$ 205,907
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 35,733	\$ 617,161	\$ 8,749	\$ -
Accrued liabilities	-	1,167	-	-
Unearned revenues	35,928	-	-	-
Deposits payable	-	2,100	-	-
Due to other funds	-	612,658	-	-
Total Liabilities	71,661	1,233,086	8,749	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	3,646,285	12,237,782	800,760	205,907
Total Fund Balances	3,646,285	12,237,782	800,760	205,907
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,717,946	\$ 13,470,868	\$ 809,509	\$ 205,907

CITY OF FULLERTON

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Total Nonmajor Governmental Funds
Assets:	
Cash and investments	\$ 27,230,890
Receivables:	
Accounts	4,674,542
Notes and loans	11,779,275
Accrued interest receivable	40,474
Total Assets	\$ 43,725,181
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts payable	\$ 2,044,185
Accrued liabilities	97,995
Unearned revenues	35,928
Deposits payable	2,100
Due to other funds	612,658
Total Liabilities	2,792,866
Deferred Inflows of Resources:	
Unavailable revenues	35,577
Total Deferred Inflows of Resources	35,577
Fund Balances:	
Restricted	40,896,738
Total Fund Balances	40,896,738
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,725,181

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Special Revenue Funds

	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,571,967	-	-	-
Charges for services	15,945	2,196,313	-	472,420
Investment income	180,308	181,166	-	176,919
Fines and forfeitures	-	-	193,500	-
Miscellaneous	160,567	-	-	-
Total Revenues	5,928,787	2,377,479	193,500	649,339
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	2,564,480	169,434	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	2,564,480	169,434	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,364,307	2,208,045	193,500	649,339
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,368,403)	(1,778,864)	(199,967)	(1,781,867)
Total Other Financing Sources (Uses)	(1,368,403)	(1,778,864)	(199,967)	(1,781,867)
Net Change in Fund Balances	1,995,904	429,181	(6,467)	(1,132,528)
Fund Balances - Beginning	6,168,575	4,260,578	15,451	5,878,950
Fund Balances - Ending	\$ 8,164,479	\$ 4,689,759	\$ 8,984	\$ 4,746,422

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(CONTINUED)

Special Revenue Funds

	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	247,391	-	181,139	-
Charges for services	-	12,059,109	-	5,652,075
Investment income	21,648	44,253	22,084	83,784
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	269,039	12,103,362	203,223	5,735,859
Expenditures:				
Current:				
General government	-	-	-	125,589
Public safety	227,933	-	-	92,225
Community development	-	-	20,937	-
Human and leisure	-	-	-	-
Public works	-	-	-	6,162,287
Refuse collection	-	11,899,142	-	-
Capital outlay	300,825	-	-	-
Total Expenditures	528,758	11,899,142	20,937	6,380,101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(259,719)	204,220	182,286	(644,242)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(11,679)	(9,502)	(216,731)
Total Other Financing Sources (Uses)	-	(11,679)	(9,502)	(216,731)
Net Change in Fund Balances	(259,719)	192,541	172,784	(860,973)
Fund Balances - Beginning	793,572	1,979,867	610,500	3,767,788
Fund Balances - Ending	\$ 533,853	\$ 2,172,408	\$ 783,284	\$ 2,906,815

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Debt Service Fund
	Measure M2	Housing	FTV Cable - PEG Access Fund	Debt Service Reserve
Revenues:				
Taxes	\$ -	\$ -	\$ 213,244	\$ -
Intergovernmental	2,447,087	-	-	-
Charges for services	-	-	-	-
Investment income	102,219	312,820	16,163	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	6,550	-	-
Total Revenues	2,549,306	319,370	229,407	-
Expenditures:				
Current:				
General government	-	-	121,639	-
Public safety	-	-	-	-
Community development	-	1,324,938	-	-
Human and leisure	108,888	-	-	-
Public works	114,709	-	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	223,597	1,324,938	121,639	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,325,709	(1,005,568)	107,768	-
Other Financing Sources (Uses):				
Transfers in	-	-	692,992	-
Transfers out	(2,374,809)	-	-	-
Total Other Financing Sources (Uses)	(2,374,809)	-	692,992	-
Net Change in Fund Balances	(49,100)	(1,005,568)	800,760	-
Fund Balances - Beginning	3,695,385	13,243,350	-	205,907
Fund Balances - Ending	\$ 3,646,285	\$ 12,237,782	\$ 800,760	\$ 205,907

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Total Nonmajor Governmental Funds
Revenues:	
Taxes	\$ 213,244
Intergovernmental	8,447,584
Charges for services	20,395,862
Investment income	1,141,364
Fines and forfeitures	193,500
Miscellaneous	167,117
Total Revenues	30,558,671
Expenditures:	
Current:	
General government	247,228
Public safety	320,158
Community development	1,345,875
Human and leisure	108,888
Public works	9,010,910
Refuse collection	11,899,142
Capital outlay	300,825
Total Expenditures	23,233,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,325,645
Other Financing Sources (Uses):	
Transfers in	692,992
Transfers out	(7,741,822)
Total Other Financing Sources (Uses)	(7,048,830)
Net Change in Fund Balances	276,815
Fund Balances - Beginning	40,619,923
Fund Balances - Ending	\$ 40,896,738

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,171,462	\$ 6,171,462	\$ 5,571,967	\$ (599,495)
Charges for services	-	-	15,945	15,945
Use of money and property	60,000	60,000	180,308	120,308
Miscellaneous	-	-	160,567	160,567
Total Revenues	6,231,462	6,231,462	5,928,787	(302,675)
Expenditures:				
Current:				
Public works	2,510,338	2,536,652	2,564,480	(27,828)
Total Expenditures	2,510,338	2,536,652	2,564,480	(27,828)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,721,124	3,694,810	3,364,307	(330,503)
Other Financing Sources (Uses):				
Transfers out	(3,603,000)	(9,070,446)	(1,368,403)	7,702,043
Total Other Financing Sources (Uses)	(3,603,000)	(9,070,446)	(1,368,403)	7,702,043
Net Change in Fund Balances	\$ 118,124	\$ (5,375,636)	1,995,904	\$ 7,371,540
Fund Balances - Beginning			6,168,575	
Fund Balances - Ending			\$ 8,164,479	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
DRAINAGE CAPITAL OUTLAY
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,240,000	\$ 2,240,000	\$ 2,196,313	\$ (43,687)
Use of money and property	-	-	181,166	181,166
Total Revenues	2,240,000	2,240,000	2,377,479	137,479
Expenditures:				
Current:				
Public works	291,943	292,393	169,434	122,959
Total Expenditures	291,943	292,393	169,434	122,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,948,057	1,947,607	2,208,045	260,438
Other Financing Sources (Uses):				
Transfers out	(1,950,000)	(4,018,090)	(1,778,864)	2,239,226
Total Other Financing Sources (Uses)	(1,950,000)	(4,018,090)	(1,778,864)	2,239,226
Net Change in Fund Balances	\$ (1,943)	\$ (2,070,483)	429,181	\$ 2,499,664
Fund Balances - Beginning			4,260,578	
Fund Balances - Ending			\$ 4,689,759	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 193,500	\$ (106,500)
Total Revenues	300,000	300,000	193,500	(106,500)
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	300,000	193,500	(106,500)
Other Financing Sources (Uses):				
Transfers out	(300,000)	(300,000)	(199,967)	100,033
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(199,967)	100,033
Net Change in Fund Balances	\$ -	\$ -	(6,467)	\$ (6,467)
Fund Balances - Beginning			15,451	
Fund Balances - Ending			\$ 8,984	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
PARK DWELLING
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 360,000	\$ 360,000	\$ 472,420	\$ 112,420
Use of money and property	-	-	176,919	176,919
Total Revenues	360,000	360,000	649,339	289,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	360,000	360,000	649,339	289,339
Other Financing Sources (Uses):				
Transfers out	(1,063,200)	(6,065,806)	(1,781,867)	4,283,939
Total Other Financing Sources (Uses)	(1,063,200)	(6,065,806)	(1,781,867)	4,283,939
Net Change in Fund Balances	\$ (703,200)	\$ (5,705,806)	(1,132,528)	\$ 4,573,278
Fund Balances - Beginning			5,878,950	
Fund Balances - Ending			\$ 4,746,422	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 115,000	\$ 115,000	\$ 247,391	\$ 132,391
Use of money and property	1,000	1,000	21,648	20,648
Total Revenues	116,000	116,000	269,039	153,039
Expenditures:				
Current:				
Public safety	73,879	123,881	227,933	(104,052)
Capital outlay	-	518,797	300,825	217,972
Total Expenditures	73,879	642,678	528,758	113,920
Net Change in Fund Balances	\$ 42,121	\$ (526,678)	(259,719)	\$ 266,959
Fund Balances - Beginning			793,572	
Fund Balances - Ending			\$ 533,853	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
REFUSE COLLECTION
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 11,060,000	\$ 12,060,000	\$ 12,059,109	\$ (891)
Use of money and property	-	-	44,253	44,253
Total Revenues	11,060,000	12,060,000	12,103,362	43,362
Expenditures:				
Current:				
Refuse collection	10,765,000	11,910,450	11,899,142	11,308
Total Expenditures	10,765,000	11,910,450	11,899,142	11,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	295,000	149,550	204,220	54,670
Other Financing Sources (Uses):				
Transfers out	-	(263,094)	(11,679)	251,415
Total Other Financing Sources (Uses)	-	(263,094)	(11,679)	251,415
Net Change in Fund Balances	\$ 295,000	\$ (113,544)	192,541	\$ 306,085
Fund Balances - Beginning			1,979,867	
Fund Balances - Ending			\$ 2,172,408	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 181,000	\$ 345,936	\$ 181,139	\$ (164,797)
Use of money and property	4,100	4,100	22,084	17,984
Total Revenues	185,100	350,036	203,223	(146,813)
Expenditures:				
Current:				
Community development	38,050	38,050	20,937	17,113
Total Expenditures	38,050	38,050	20,937	17,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,050	311,986	182,286	(129,700)
Other Financing Sources (Uses):				
Transfers out	-	(309,903)	(9,502)	300,401
Total Other Financing Sources (Uses)	-	(309,903)	(9,502)	300,401
Net Change in Fund Balances	\$ 147,050	\$ 2,083	172,784	\$ 170,701
Fund Balances - Beginning			610,500	
Fund Balances - Ending			\$ 783,284	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
SANITATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 5,760,000	\$ 5,760,000	\$ 5,652,075	\$ (107,925)
Use of money and property	-	-	83,784	83,784
Total Revenues	5,760,000	5,760,000	5,735,859	(24,141)
Expenditures:				
Current:				
General government	93,121	94,621	125,589	(30,968)
Public safety	110,949	110,949	92,225	18,724
Public works	6,446,035	6,511,046	6,162,287	348,759
Capital outlay	15,270	15,270	-	15,270
Total Expenditures	6,665,375	6,731,886	6,380,101	351,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	(905,375)	(971,886)	(644,242)	327,644
Other Financing Sources (Uses):				
Transfers out	(259,100)	(611,903)	(216,731)	395,172
Total Other Financing Sources (Uses)	(259,100)	(611,903)	(216,731)	395,172
Net Change in Fund Balances	\$ (1,164,475)	\$ (1,583,789)	(860,973)	\$ 722,816
Fund Balances - Beginning			3,767,788	
Fund Balances - Ending			\$ 2,906,815	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
MEASURE M2
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,520,091	\$ 2,522,434	\$ 2,447,087	\$ (75,347)
Use of money and property	-	-	102,219	102,219
Total Revenues	2,520,091	2,522,434	2,549,306	26,872
Expenditures:				
Current:				
Parks and recreation	139,091	141,434	108,888	32,546
Public works	159,600	189,790	114,709	75,081
Total Expenditures	298,691	331,224	223,597	107,627
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,221,400	2,191,210	2,325,709	134,499
Other Financing Sources (Uses):				
Transfers out	(2,993,695)	(5,898,157)	(2,374,809)	3,523,348
Total Other Financing Sources (Uses)	(2,993,695)	(5,898,157)	(2,374,809)	3,523,348
Net Change in Fund Balances	\$ (772,295)	\$ (3,706,947)	(49,100)	\$ 3,657,847
Fund Balances - Beginning			3,695,385	
Fund Balances - Ending			\$ 3,646,285	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
HOUSING
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 40,250	\$ 40,250	\$ 312,820	\$ 272,570
Miscellaneous	-	-	6,550	6,550
Total Revenues	40,250	40,250	319,370	279,120
Expenditures:				
Current:				
Community development	435,619	1,445,281	1,324,938	120,343
Total Expenditures:	435,619	1,445,281	1,324,938	120,343
Net Change in Fund Balances	\$ (395,369)	\$ (1,405,031)	(1,005,568)	\$ 399,463
Fund Balances - Beginning			13,243,350	
Fund Balances - Ending			\$ 12,237,782	

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
 FTV CABLE - PEG ACCESS FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 180,000	\$ 213,244	\$ 33,244
Use of money and property	-	-	16,163	16,163
Total Revenues	-	180,000	229,407	49,407
Expenditures:				
Current:				
General government	-	126,000	121,639	4,361
Total Expenditures:	-	126,000	121,639	4,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	54,000	107,768	45,046
Other Financing Sources:				
Transfers in	-	-	692,992	692,992
Total Other Financing Sources (Uses):	-	-	692,992	692,992
Net Change in Fund Balances	\$ -	\$ 54,000	800,760	\$ 738,038
Fund Balances - Beginning			-	
Fund Balances - Ending			\$ 800,760	

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,565,279	\$ 31,398,188	\$ 23,869,903	\$ (7,528,285)
Charges for services	-	352,643	62,155	(290,488)
Use of money and property	-	-	516	516
Miscellaneous	-	-	37,585	37,585
Total Revenues	10,565,279	31,750,831	23,970,159	(7,780,672)
Expenditures:				
Current:				
Parks and recreation	-	127,478	127,478	-
Public works	-	888,115	888,115	-
Capital outlay	21,503,124	67,562,580	15,087,990	52,474,590
Total Expenditures:	21,503,124	68,578,173	16,103,583	52,474,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,937,845)	(36,827,342)	7,866,576	44,693,918
Other Financing Sources				
Transfers in	10,937,845	36,456,292	11,244,014	(25,212,278)
Total Other Financing Sources (Uses):	10,937,845	36,456,292	11,244,014	(25,212,278)
Net Change in Fund Balances	\$ -	\$ (371,050)	19,110,590	\$ 19,481,640
Fund Balances - Beginning			(20,501,245)	
Fund Balances - Ending			\$ (1,390,655)	

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CITY OF FULLERTON

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Totals
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	
Assets:				
Current Assets:				
Cash and investments	\$ -	\$ -	\$ 242,572	\$ 242,572
Restricted cash held with fiscal agent	299,524	-	-	299,524
Accounts receivable	5,155	524	-	5,679
Accrued interest receivable	-	-	498	498
Inventory	51,710	-	-	51,710
Total Current Assets	356,389	524	243,070	599,983
Noncurrent Assets:				
Capital assets - net of accumulated depreciation	2,739,622	541,789	-	3,281,411
Total Noncurrent Assets	2,739,622	541,789	-	3,281,411
Total Assets	3,096,011	542,313	243,070	3,881,394
Deferred Outflows of Resources:				
Pension deferrals	22,936	4,225	1,206	28,367
Other post-employment benefits deferrals	4,334	2,450	355	7,139
Total Deferred Outflows of Resources	27,270	6,675	1,561	35,506
Liabilities:				
Current Liabilities:				
Accounts payable	430,134	1,056	52,377	483,567
Accrued liabilities	3,755	693	184	4,632
Compensated absences	4,164	-	-	4,164
Accrued interest payable	21,986	-	-	21,986
Due to other funds	465,831	58,663	-	524,494
Bonds payable - current	125,000	-	-	125,000
Total Current Liabilities	1,050,870	60,412	52,561	1,163,843
Noncurrent Liabilities:				
Compensated absences	1,041	-	-	1,041
Bonds payable	1,588,928	-	-	1,588,928
Net pension liability	277,339	51,089	14,597	343,025
Net other post-employment benefits liability	56,200	31,764	4,615	92,579
Total Noncurrent Liabilities	1,923,508	82,853	19,212	2,025,573
Total Liabilities	2,974,378	143,265	71,773	3,189,416
Deferred Inflows of Resources:				
Pension deferrals	8,269	1,524	435	10,228
Other post-employment benefits deferrals	8,794	4,971	722	14,487
Total Deferred Inflows of Resources	17,063	6,495	1,157	24,715
Net Position:				
Net investment in capital assets	1,025,694	541,789	-	1,567,483
Restricted for debt service	299,524	-	-	299,524
Unrestricted	(1,193,378)	(142,561)	171,701	(1,164,238)
Total Net Position	\$ 131,840	\$ 399,228	\$ 171,701	\$ 702,769

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Brea Dam Facilities Recreational</u>	<u>Parking Facilities</u>	<u>Compressed Natural Gas Facility</u>	<u>Totals</u>
Operating Revenues:				
Sales and service charges	\$ 2,448,121	\$ 7,677	\$ 189,971	\$ 2,645,769
Total Operating Revenues	2,448,121	7,677	189,971	2,645,769
Operating Expenses:				
Maintenance, operations, and administration	2,536,776	105,442	197,740	2,839,958
Depreciation expense	88,442	-	-	88,442
Total Operating Expenses	2,625,218	105,442	197,740	2,928,400
Operating (Loss)	(177,097)	(97,765)	(7,769)	(282,631)
Nonoperating Revenues (Expenses):				
Investment earnings	(14,303)	(1,358)	10,041	(5,620)
Interest expense	(83,687)	-	-	(83,687)
Total Nonoperating Revenues (Expenses)	(97,990)	(1,358)	10,041	(89,307)
Changes in Net Position	(275,087)	(99,123)	2,272	(371,938)
Net Position - Beginning	406,927	498,351	169,429	1,074,707
Net Position - Ending	\$ 131,840	\$ 399,228	\$ 171,701	\$ 702,769

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 2,446,167	\$ 11,939	\$ 190,397	\$ 2,648,503
Other receipts	-	1,925	-	1,925
Payments to suppliers and service providers	(2,364,105)	(49,401)	(148,006)	(2,561,512)
Payments to employees for salaries and benefits	(42,033)	-	(3,483)	(45,516)
Net Cash Provided by (Used for) Operating Activities	40,029	(35,537)	38,908	43,400
Cash Flows from Noncapital Financing Activities:				
Cash received on short-term interfund borrowings	178,786	36,895	-	215,681
Net Cash Provided by Noncapital Financing Activities	178,786	36,895	-	215,681
Cash Flows from Capital and Related Financing Activities:				
Principal paid on capital debt	(125,000)	-	-	(125,000)
Interest paid on capital debt	(82,529)	-	-	(82,529)
Net Cash (Used for) Capital and Related Financing Activities	(207,529)	-	-	(207,529)
Cash Flows from Investing Activities:				
Interest on investments	(14,303)	(1,358)	9,543	(6,118)
Net Cash Provided by (Used for) Investing Activities	(14,303)	(1,358)	9,543	(6,118)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,017)	-	48,451	45,434
Cash and Cash Equivalents, July 1	302,541	-	194,121	496,662
Cash and Cash Equivalents, June 30	\$ 299,524	\$ -	\$ 242,572	\$ 542,096
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Combining Statement of Net Position (page 109):				
Cash and investments	\$ -	\$ -	\$ 242,572	\$ 242,572
Restricted assets - cash held with fiscal agent	299,524	-	-	299,524
Cash and Cash Equivalents, June 30	<u>\$ 299,524</u>	<u>\$ -</u>	<u>\$ 242,572</u>	<u>\$ 542,096</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used for) by Operating Activities:				
Operating (loss)	\$ (177,097)	\$ (97,765)	\$ (7,769)	\$ (282,631)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	88,442	-	-	88,442
(Increase) decrease in accounts receivable	(1,954)	4,262	426	2,734
(Increase) in inventories	(9,584)	-	-	(9,584)
Increase in accounts payable	137,163	345	40,000	177,508
Increase (decrease) in accrued liabilities	(3,362)	147	42	(3,173)
Increase (decrease) in compensated absences	(1,933)	-	-	(1,933)
Increase (decrease) in pension liability and related items	(52,306)	23,189	1,227	(27,890)
Increase in OPEB liability and related items	60,660	34,285	4,982	99,927
Total Adjustments	217,126	62,228	46,677	326,031
Net Cash Provided by (Used for) Operating Activities	\$ 40,029	\$ (35,537)	\$ 38,908	\$ 43,400
Schedule of Non-Cash Capital and Related Financing Activities and Investing Activities:				
Capital and Related Financing Activities:				
Amortization of bond discount	\$ (2,483)	\$ -	\$ -	\$ (2,483)
Investing Activities:				
Unrealized gain (loss) on investments	\$ (4,251)	\$ (90)	\$ 3,654	\$ (687)

CITY OF FULLERTON

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020**

	Governmental Activities - Internal Service Funds				
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance	Equipment Maintenance
Assets:					
Current Assets:					
Cash and investments	\$ 24,123,631	\$ 4,913,548	\$ 24,442,537	\$ 1,817,991	\$ 4,718,835
Accrued interest receivable	48,912	10,097	50,023	3,732	9,623
Due from other funds	-	612,658	-	-	-
Inventory	-	-	-	-	226,515
Prepaid items	4,000	-	-	-	47,426
Total Current Assets	<u>24,176,543</u>	<u>5,536,303</u>	<u>24,492,560</u>	<u>1,821,723</u>	<u>5,002,399</u>
Noncurrent Assets:					
Capital assets - net of accumulated depreciation	-	6,229,035	-	-	46,889
Total Noncurrent Assets	<u>-</u>	<u>6,229,035</u>	<u>-</u>	<u>-</u>	<u>46,889</u>
Total Assets	<u>24,176,543</u>	<u>11,765,338</u>	<u>24,492,560</u>	<u>1,821,723</u>	<u>5,049,288</u>
Deferred Outflows of Resources:					
Pension deferrals	40,442	-	42,253	46,478	204,626
Other post-employment benefits deferrals	11,711	-	4,320	10,393	56,762
Total Deferred Outflows of Resources	<u>52,153</u>	<u>-</u>	<u>46,573</u>	<u>56,871</u>	<u>261,388</u>
Liabilities:					
Current Liabilities:					
Accounts payable	3,468	65,414	9,327	41,594	82,764
Accrued liabilities	4,263	-	5,855	3,778	25,036
Claims and judgments	4,005,863	-	1,859,115	-	-
Accrued interest payable	69,577	5,093	-	-	-
Capital leases - current	-	111,244	-	-	-
Bonds payable - current	305,000	-	-	-	-
Unearned revenues	-	-	-	5,117	-
Total Current Liabilities	<u>4,388,171</u>	<u>181,751</u>	<u>1,874,297</u>	<u>50,489</u>	<u>107,800</u>
Noncurrent Liabilities:					
Claims and judgments	8,289,137	-	15,166,885	-	-
Capital leases	-	231,920	-	-	677,868
Bonds payable	4,978,174	-	-	-	-
Net pension liability	488,992	-	510,887	561,976	2,474,155
Net other post-employment benefits liability	151,850	-	56,022	134,751	736,023
Total Noncurrent Liabilities	<u>13,908,153</u>	<u>231,920</u>	<u>15,733,794</u>	<u>696,727</u>	<u>3,888,046</u>
Total Liabilities	<u>18,296,324</u>	<u>413,671</u>	<u>17,608,091</u>	<u>747,216</u>	<u>3,995,846</u>
Deferred Inflows of Resources:					
Pension deferrals	14,579	-	15,231	16,755	73,767
Other post-employment benefits deferrals	23,764	-	8,767	21,089	115,184
Total Deferred Inflows of Resources	<u>38,343</u>	<u>-</u>	<u>23,998</u>	<u>37,844</u>	<u>188,951</u>
Net Position:					
Net investment in capital assets	-	5,885,871	-	-	-
Unrestricted	5,894,029	5,465,796	6,907,044	1,093,534	1,125,879
Total Net Position	<u>\$ 5,894,029</u>	<u>\$ 11,351,667</u>	<u>\$ 6,907,044</u>	<u>\$ 1,093,534</u>	<u>\$ 1,125,879</u>

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Information Technology	Building Maintenance	Facility Capital Repair	Totals
Assets:				
Current Assets:				
Cash and investments	\$ 3,013,906	\$ 934,622	\$ 2,444,035	\$ 66,409,105
Accrued interest receivable	812	1,918	3,364	128,481
Due from other funds	-	-	-	612,658
Inventory	-	-	-	226,515
Prepaid items	-	-	-	51,426
Total Current Assets	3,014,718	936,540	2,447,399	67,428,185
Noncurrent Assets:				
Capital assets - net of accumulated depreciation	983,863	68,778	110,904	7,439,469
Total Noncurrent Assets	983,863	68,778	110,904	7,439,469
Total Assets	3,998,581	1,005,318	2,558,303	74,867,654
Deferred Outflows of Resources:				
Pension deferrals	123,741	144,264	-	601,804
Other post-employment benefits deferrals	17,967	46,726	-	147,879
Total Deferred Outflows of Resources	141,708	190,990	-	749,683
Liabilities:				
Current Liabilities:				
Accounts payable	557,626	173,856	-	934,049
Accrued liabilities	12,567	18,291	-	69,790
Claims and judgments	-	-	-	5,864,978
Accrued interest payable	-	-	-	74,670
Capital leases - current	-	-	-	111,244
Bonds payable - current	-	-	-	305,000
Unearned revenues	-	-	-	5,117
Total Current Liabilities	570,193	192,147	-	7,364,848
Noncurrent Liabilities:				
Claims and judgments	-	-	-	23,456,022
Capital leases	-	-	-	909,788
Bonds payable	-	-	-	4,978,174
Net pension liability	1,496,170	1,744,316	-	7,276,496
Net other post-employment benefits liability	232,959	605,884	-	1,917,489
Total Noncurrent Liabilities	1,729,129	2,350,200	-	38,537,969
Total Liabilities	2,299,322	2,542,347	-	45,902,817
Deferred Inflows of Resources:				
Pension deferrals	44,609	52,007	-	216,948
Other post-employment benefits deferrals	36,458	94,818	-	300,080
Total Deferred Inflows of Resources	81,067	146,825	-	517,028
Net Position:				
Net investment in capital assets	983,863	68,778	110,904	7,049,416
Unrestricted	776,037	(1,561,642)	2,447,399	22,148,076
Total Net Position	\$ 1,759,900	\$ (1,492,864)	\$ 2,558,303	\$ 29,197,492

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds				
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance	Equipment Maintenance
Operating Revenues:					
Interfund service charges	\$ 5,959,115	\$ 1,408,560	\$ 4,276,274	\$ 7,696,373	\$ 2,980,783
Miscellaneous	1,200	50,522	2,614,097	748	21,962
Total Operating Revenues	5,960,315	1,459,082	6,890,371	7,697,121	3,002,745
Operating Expenses:					
Maintenance, operations and administration	3,655,811	2,170	964,780	7,571,503	3,197,469
Claims expense	3,210,555	-	2,087,000	-	-
Depreciation expense	-	835,686	-	-	16,822
Total Operating Expenses	6,866,366	837,856	3,051,780	7,571,503	3,214,291
Operating Income (Loss)	(906,051)	621,226	3,838,591	125,618	(211,546)
Nonoperating Revenues (Expenses):					
Investment earnings	828,271	170,593	849,191	69,020	213,721
Interest expense	(293,455)	(11,049)	-	-	(40,029)
Total Nonoperating Revenues (Expenses)	534,816	159,544	849,191	69,020	173,692
Income (Loss) Before Transfers	(371,235)	780,770	4,687,782	194,638	(37,854)
Transfers in	-	-	-	-	-
Transfers out	(278,252)	-	-	-	(152,675)
Changes in Net Position	(649,487)	780,770	4,687,782	194,638	(190,529)
Net Position - Beginning	6,543,516	10,570,897	2,219,262	898,896	1,316,408
Net Position - Ending	\$ 5,894,029	\$ 11,351,667	\$ 6,907,044	\$ 1,093,534	\$ 1,125,879

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Information Technology	Building Maintenance	Facility Capital Repair	Totals
Operating Revenues:				
Interfund service charges	\$ 3,131,521	\$ 2,652,787	\$ 545,453	\$ 28,650,866
Miscellaneous	-	-	88,880	2,777,409
Total Operating Revenues	3,131,521	2,652,787	634,333	31,428,275
Operating Expenses:				
Maintenance, operations and administration	4,481,714	3,198,229	10,748	23,082,424
Claims expense	-	-	-	5,297,555
Depreciation expense	270,818	7,706	15,462	1,146,494
Total Operating Expenses	4,752,532	3,205,935	26,210	29,526,473
Operating Income (Loss)	(1,621,011)	(553,148)	608,123	1,901,802
Nonoperating Revenues (Expenses):				
Investment earnings	31,878	37,381	68,405	2,268,460
Interest expense	-	-	-	(344,533)
Total Nonoperating Revenues (Expenses)	31,878	37,381	68,405	1,923,927
Income (Loss) Before Transfers	(1,589,133)	(515,767)	676,528	3,825,729
Transfers in	2,565,200	-	-	2,565,200
Transfers out	(19,734)	-	(312,897)	(763,558)
Changes in Net Position	956,333	(515,767)	363,631	5,627,371
Net Position - Beginning	803,567	(977,097)	2,194,672	23,570,121
Net Position - Ending	\$ 1,759,900	\$ (1,492,864)	\$ 2,558,303	\$ 29,197,492

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds				
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance	Equipment Maintenance
Cash Flows from Operating Activities:					
Receipts from interfund charges	\$ 5,959,115	\$ 1,408,560	\$ 4,276,274	\$ 7,696,373	\$ 3,017,882
Other receipts	-	83,857	-	5,865	21,962
Payments to suppliers and service providers	(3,370,224)	-	(700,800)	(7,317,194)	(1,847,277)
Payments to employees for salaries and benefits	(90,633)	-	(176,051)	(72,178)	(1,014,084)
Payments of insurance claims	(768,355)	-	(1,559,903)	-	-
Net Cash Provided by (Used for) Operating Activities	1,729,903	1,492,417	1,839,520	312,866	178,483
Cash Flows from Noncapital Financing Activities:					
Transfers to other funds	(278,252)	-	-	-	(152,675)
Transfers from other funds	-	-	-	-	-
Cash paid on short-term interfund borrowings	-	(612,658)	-	-	-
Net Cash (Used for) Noncapital Financing Activities	(278,252)	(612,658)	-	-	(152,675)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(1,626,342)	-	-	-
Principal paid on capital debt	(295,000)	(108,214)	-	-	(536,975)
Interest paid on capital debt	(293,125)	(12,639)	-	-	(63,716)
Net Cash (Used for) Capital and Related Financing Activities	(588,125)	(1,747,195)	-	-	(600,691)
Cash Flows from Investing Activities:					
Interest on investments	866,797	182,359	883,973	65,288	204,098
Net Cash Provided by Investing Activities	866,797	182,359	883,973	65,288	204,098
Net Increase (Decrease) in Cash and Cash Equivalents	1,730,323	(685,077)	2,723,493	378,154	(370,785)
Cash and Cash Equivalents, July 1	22,393,308	5,598,625	21,719,044	1,439,837	5,089,620
Cash and Cash Equivalents, June 30	\$ 24,123,631	\$ 4,913,548	\$ 24,442,537	\$ 1,817,991	\$ 4,718,835
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ (906,051)	\$ 621,226	\$ 3,838,591	\$ 125,618	\$ (211,546)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation expense	-	835,686	-	-	16,822
Decrease in accounts receivable	-	-	-	-	37,099
(Increase) in inventories	-	-	-	-	(42,953)
(Increase) in prepaid items	-	-	-	-	(47,426)
Increase (decrease) in accounts payable	(10,397)	35,505	1,711	15,470	(28,016)
Increase (decrease) in accrued liabilities	389	-	1,752	(777)	3,541
Increase in unearned revenues	-	-	-	5,117	-
Increase (decrease) in claims and judgments	2,441,000	-	(2,087,000)	-	-
Increase in pension liability and related items	41,059	-	23,997	21,991	220,351
Increase in OPEB liability and related items	163,903	-	60,469	145,447	230,611
Total Adjustments	2,635,954	871,191	(1,999,071)	187,248	390,029
Net Cash Provided by (Used for) Operating Activities	\$ 1,729,903	\$ 1,492,417	\$ 1,839,520	\$ 312,866	\$ 178,483
Schedule of Non-Cash Capital and Related Financing Activities and Investing Activities:					
Capital and Related Financing Activities:					
Amortization of bond discount	\$ (2,833)	\$ -	\$ -	\$ -	\$ -
Investing Activities:					
Unrealized gain on investments	\$ 179,039	\$ 29,118	\$ 192,603	\$ 27,384	\$ 70,600

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds			
	Information Technology	Building Maintenance	Facility Capital Repair	Totals
Cash Flows from Operating Activities:				
Receipts from interfund charges	\$ 3,131,521	\$ 2,652,787	\$ 545,453	\$ 28,687,965
Other receipts	-	-	88,880	200,564
Payments to suppliers and service providers	(3,172,944)	(2,181,020)	(10,748)	(18,600,207)
Payments to employees for salaries and benefits	(431,985)	(272,290)	-	(2,057,221)
Payments of insurance claims	-	-	-	(2,328,258)
Net Cash Provided by (Used for) Operating Activities	(473,408)	199,477	623,585	5,902,843
Cash Flows from Noncapital Financing Activities:				
Transfers to other funds	(19,734)	-	(312,897)	(763,558)
Transfers from other funds	2,565,200	-	-	2,565,200
Cash paid on short-term interfund borrowings	-	-	-	(612,658)
Net Cash (Used for) Noncapital Financing Activities	2,545,466	-	(312,897)	1,188,984
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	-	(1,626,342)
Principal paid on capital debt	-	-	-	(940,189)
Interest paid on capital debt	-	-	-	(369,480)
Net Cash (Used for) Capital and Related Financing Activities	-	-	-	(2,936,011)
Cash Flows from Investing Activities:				
Interest on investments	31,066	35,463	70,317	2,339,361
Net Cash Provided by Investing Activities	31,066	35,463	70,317	2,339,361
Net Increase (Decrease) in Cash and Cash Equivalents	2,103,124	234,940	381,005	6,495,177
Cash and Cash Equivalents, July 1	910,782	699,682	2,063,030	59,913,928
Cash and Cash Equivalents, June 30	\$ 3,013,906	\$ 934,622	\$ 2,444,035	\$ 66,409,105
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (1,621,011)	\$ (553,148)	\$ 608,123	\$ 1,901,802
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	270,818	7,706	15,462	1,146,494
Decrease in accounts receivable	-	-	-	37,099
(Increase) in inventories	-	-	-	(42,953)
(Increase) in prepaid items	-	-	-	(47,426)
Increase (decrease) in accounts payable	511,123	51,679	-	577,075
Increase (decrease) in accrued liabilities	1,179	(113)	-	5,971
Increase in unearned revenues	-	-	-	5,117
Increase (decrease) in claims and judgments	-	-	-	354,000
Increase in pension liability and related items	113,033	39,377	-	459,808
Increase in OPEB liability and related items	251,450	653,976	-	1,505,856
Total Adjustments	1,147,603	752,625	15,462	4,001,041
Net Cash Provided by (Used for) Operating Activities	\$ (473,408)	\$ 199,477	\$ 623,585	\$ 5,902,843
Schedule of Non-Cash Capital and Related Financing Activities and Investing Activities:				
Capital and Related Financing Activities:				
Amortization of bond discount	\$ -	\$ -	\$ -	\$ (2,833)
Investing Activities:				
Unrealized gain on investments	\$ 5,954	\$ 14,069	\$ 13,833	\$ 532,600

CITY OF FULLERTON

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2020

	<u>Deposits Contributions</u>	<u>Community Facilities Districts</u>	<u>Assessment Districts</u>	<u>Totals</u>
Assets:				
Cash and cash equivalents	\$ 813,041	\$ 810,676	\$ 387,740	\$ 2,011,457
Restricted assets - cash and cash equivalents	104,571	-	-	104,571
Total Assets	<u>\$ 917,612</u>	<u>\$ 810,676</u>	<u>\$ 387,740</u>	<u>\$ 2,116,028</u>
Liabilities:				
Accounts payable	\$ 53,011	\$ 3,878	-	\$ 56,889
Deposits payable	864,601	806,798	387,740	2,059,139
Total Liabilities	<u>\$ 917,612</u>	<u>\$ 810,676</u>	<u>\$ 387,740</u>	<u>\$ 2,116,028</u>

CITY OF FULLERTON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>Deposits Contributions</u>				
Assets:				
Cash and cash equivalents	\$ 1,345,056	\$ 4,706,414	\$ 5,238,679	\$ 812,791
Restricted assets - cash and cash equivalents	67,704	36,867	-	104,571
Total Assets	\$ 1,412,760	\$ 4,743,281	\$ 5,238,679	\$ 917,362
Liabilities:				
Accounts payable	\$ 670,129	\$ 263,287	\$ 880,405	\$ 53,011
Deposits payable	742,631	4,748,091	4,626,371	864,351
Total Liabilities	\$ 1,412,760	\$ 5,011,378	\$ 5,506,776	\$ 917,362
<u>Community Facilities Districts</u>				
Assets:				
Cash and cash equivalents	\$ 782,393	\$ 1,858,314	\$ 1,830,031	\$ 810,676
Total Assets	\$ 782,393	\$ 1,858,314	\$ 1,830,031	\$ 810,676
Liabilities:				
Accounts payable	\$ -	\$ 1,833,872	\$ 1,829,994	\$ 3,878
Deposits payable	782,393	1,858,314	1,833,909	806,798
Total Liabilities	\$ 782,393	\$ 3,692,186	\$ 3,663,903	\$ 810,676
<u>Assessment Districts</u>				
Assets:				
Cash and cash equivalents	\$ 380,396	\$ 7,345	\$ -	\$ 387,741
Total Assets	\$ 380,396	\$ 7,345	\$ -	\$ 387,741
Liabilities:				
Deposits payable	\$ 380,396	\$ 7,345	\$ -	\$ 387,741
Total Liabilities	\$ 380,396	\$ 7,345	\$ -	\$ 387,741
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 2,507,845	\$ 6,572,073	\$ 7,068,710	\$ 2,011,208
Restricted assets - cash and cash equivalents	67,704	36,867	-	104,571
Total Assets	\$ 2,575,549	\$ 6,608,940	\$ 7,068,710	\$ 2,115,779
Liabilities:				
Accounts payable	\$ 670,129	\$ 2,097,159	\$ 2,710,399	\$ 56,889
Deposits payable	1,905,420	6,613,750	6,460,280	2,058,890
Total Liabilities	\$ 2,575,549	\$ 8,710,909	\$ 9,170,679	\$ 2,115,779

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Statistical Section

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

Contents	Page
Financial Trends	122
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	132
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	135
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	144
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	146
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				
	2010-11	2011-12	2012-13	2013-14	2014-15
Governmental activities					
Net investment in capital assets	\$ 209,514	\$ 294,379	\$ 302,884	\$ 306,424	\$ 343,504
Restricted	143,490	31,905	31,113	30,585	28,620
Unrestricted	(40,874)	24,408	22,343	33,585	(128,432)
Total governmental activities net position	<u>\$ 312,130</u>	<u>\$ 350,692</u>	<u>\$ 356,340</u>	<u>\$ 370,594</u>	<u>\$ 243,692</u>
Business-type activities					
Net investment in capital assets	\$ 70,145	\$ 72,728	\$ 77,139	\$ 80,109	\$ 87,838
Restricted		1,125	885	556	308
Unrestricted	18,458	20,486	20,826	24,948	10,579
Total business-type activities net position	<u>\$ 88,603</u>	<u>\$ 94,339</u>	<u>\$ 98,850</u>	<u>\$ 105,613</u>	<u>\$ 98,725</u>
Primary government					
Net investment in capital assets	\$ 279,659	\$ 367,107	\$ 380,023	\$ 386,533	\$ 431,342
Restricted	143,490	33,030	31,998	31,141	28,928
Unrestricted	(22,416)	44,894	43,169	58,533	(117,853)
Total primary government net position	<u><u>\$ 400,733</u></u>	<u><u>\$ 445,031</u></u>	<u><u>\$ 455,190</u></u>	<u><u>\$ 476,207</u></u>	<u><u>\$ 342,417</u></u>

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

Fiscal Year				
2015-16	2016-17	2017-18	2018-19	2019-2020
\$ 384,032	\$ 406,560	\$ 428,099	\$ 450,340	\$ 469,893
26,427	27,704	39,316	42,006	41,568
(122,478)	(123,501)	(169,976)	(170,220)	(181,629)
<u>\$ 287,981</u>	<u>\$ 310,763</u>	<u>\$ 297,439</u>	<u>\$ 322,126</u>	<u>\$ 329,832</u>
\$ 93,508	\$ 97,142	\$ 102,771	\$ 108,226	\$ 114,443
279	276	298	300	300
11,119	14,490	14,223	16,408	18,156
<u>\$ 104,906</u>	<u>\$ 111,908</u>	<u>\$ 117,292</u>	<u>\$ 124,934</u>	<u>\$ 132,899</u>
\$ 477,540	\$ 503,701	\$ 530,870	\$ 558,566	\$ 584,336
26,706	27,980	39,614	42,306	41,868
(111,358)	(109,010)	(155,753)	(153,812)	(163,473)
<u>\$ 392,888</u>	<u>\$ 422,671</u>	<u>\$ 414,731</u>	<u>\$ 447,060</u>	<u>\$ 462,731</u>

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Expenses					
Governmental activities:					
General government	\$ 4,584	\$ 13,682	\$ 11,135	\$ 3,607	\$ 4,983
Public safety	51,050	52,838	52,627	54,469	55,089
Public works	17,738	15,470	20,571	17,039	18,598
Community development	18,796	7,989	7,975	8,074	8,583
Human and leisure	7,869	9,098	9,729	10,661	11,110
Refuse collection	9,593	9,941	9,964	10,011	10,077
Interest on long-term debt	5,878	4,274	259	533	554
Total governmental activities net expenses	<u>115,508</u>	<u>113,292</u>	<u>112,260</u>	<u>104,394</u>	<u>108,994</u>
Business-type activities:					
Water utility	25,281	25,349	24,892	27,929	26,929
Airport	1,242	1,510	1,396	1,517	1,445
Parking facilities	26	19	25	51	29
Brea Dam recreational facilities	1,962	3,540	2,983	2,899	2,745
Compressed Natural Gas facility			65	412	522
Sewer enterprise	2,713	2,467	3,886	2,384	3,375
Total business-type activities net expenses	<u>31,224</u>	<u>32,885</u>	<u>33,247</u>	<u>35,192</u>	<u>35,045</u>
Total primary government expenses	<u>\$ 146,732</u>	<u>\$ 146,177</u>	<u>\$ 145,507</u>	<u>\$ 139,586</u>	<u>\$ 144,039</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 917	\$ 771	\$ 429	\$ 547	\$ 1,553
Public safety	5,465	5,320	4,823	5,140	5,066
Public works	6,513	6,824	7,259	7,723	7,691
Community development	6,317	3,012	3,681	4,529	4,085
Human and leisure	1,323	4,867	1,468	3,288	8,400
Refuse collection	9,911	10,432	10,170	10,255	10,449
Operating grants and contributions	7,683	9,675	8,033	8,990	8,820
Capital grants and contributions	16,300	24,087	16,206	35,283	39,543
Total governmental activities program revenues	<u>54,429</u>	<u>64,988</u>	<u>52,069</u>	<u>75,755</u>	<u>85,607</u>

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

		Fiscal Year				
		2015-16	2016-17	2017-18	2018-19	2019-20
	\$	1,799	\$ 1,594	\$ 6,862	\$ 5,675	\$ 6,368
		57,569	65,249	75,773	76,743	83,043
		23,129	26,944	28,183	24,726	26,077
		5,539	6,687	8,761	10,645	8,524
		11,741	11,670	12,670	13,065	13,574
		10,181	10,384	10,394	10,878	11,716
		431	378	358	391	410
		<u>110,389</u>	<u>122,906</u>	<u>143,001</u>	<u>142,123</u>	<u>149,712</u>
		24,991	27,268	30,290	27,806	32,315
		1,492	1,526	1,667	1,831	2,493
		28	28	45	23	104
		2,764	2,857	2,770	2,945	2,679
		458	396	274	140	196
		3,076	3,495	3,735	3,384	4,831
		<u>32,809</u>	<u>35,570</u>	<u>38,781</u>	<u>36,129</u>	<u>42,618</u>
	\$	<u>143,198</u>	<u>158,476</u>	<u>181,782</u>	<u>178,252</u>	<u>192,330</u>
	\$	820	\$ 778	\$ 1,305	\$ 1,222	\$ 962
		5,035	5,071	5,179	7,209	7,945
		7,300	8,195	9,717	11,587	11,449
		3,810	4,548	4,515	4,850	3,936
		1,547	4,399	1,809	5,387	1,356
		10,569	10,788	10,894	11,661	12,059
		8,473	13,748	8,897	9,035	10,538
		29,053	22,761	23,180	27,752	4,796
		<u>66,607</u>	<u>70,288</u>	<u>65,496</u>	<u>78,703</u>	<u>53,041</u>

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Business-type activities:					
Charges for services:					
Water utility	26,174	26,685	25,524	29,454	28,715
Airport	1,723	1,695	1,660	1,643	1,650
Parking facilities	32	28	25	-	-
Brea Dam recreational facilities	1,801	2,812	2,996	3,017	3,083
Compressed Natural Gas facility			95	510	385
Sewer enterprise	6,348	6,508	6,770	6,799	6,418
Operating grants and contributions				-	-
Capital grants and contributions	153	555	520	79	457
Total business-type activities program revenues	<u>36,231</u>	<u>38,283</u>	<u>37,590</u>	<u>41,502</u>	<u>40,708</u>
Primary government program revenues	<u>\$ 90,660</u>	<u>\$ 103,271</u>	<u>\$ 89,659</u>	<u>\$ 117,257</u>	<u>\$ 126,315</u>
Net (Expense)/Revenue					
Governmental activities	\$ (61,079)	\$ (48,304)	\$ (60,192)	\$ (28,638)	\$ (23,387)
Business-type activities	5,007	5,398	4,344	6,309	5,663
Total primary government net expense	<u>\$ (56,072)</u>	<u>\$ (42,906)</u>	<u>\$ (55,848)</u>	<u>\$ (22,329)</u>	<u>\$ (17,724)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 49,167	\$ 41,413	\$ 37,226	\$ 32,950	\$ 35,723
Sales taxes	17,176	18,876	19,704	20,582	20,643
Franchise fees	6,010	5,754	3,929	3,971	4,392
Unrestricted motor vehicle in-lieu taxes	633	69	130		57
Unrestricted investment earnings					
Use of money and property	2,965	2,360	1,676	3,636	3,858
Miscellaneous	3,341	3,747	4,189	4,283	4,699
Transfers	(2,358)	(14)	(34)	(36)	(36)
Extraordinary item	(1)	14,802	(980)	(22,359)	-
Gain on sale of capital asset					
Total governmental activities	<u>76,934</u>	<u>87,007</u>	<u>65,840</u>	<u>43,027</u>	<u>69,336</u>
Business-type activities:					
Property taxes		118	63	93	105
Use of money and property	26	24	43	80	39
Miscellaneous	533	182	213	244	366
Transfers	2,358	14	34	36	36
Total business-type activities	<u>2,917</u>	<u>338</u>	<u>353</u>	<u>453</u>	<u>546</u>
Total primary government	<u>\$ 79,851</u>	<u>\$ 87,345</u>	<u>\$ 66,193</u>	<u>\$ 43,480</u>	<u>\$ 69,882</u>
Change in Net Position					
Governmental activities	\$ 15,855	\$ 38,702	\$ 5,648	\$ 14,388	\$ 45,948
Business-type activities	7,924	5,736	4,697	6,763	6,210
Total primary government	<u>\$ 23,779</u>	<u>\$ 44,438</u>	<u>\$ 10,345</u>	<u>\$ 21,151</u>	<u>\$ 52,158</u>

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

		Fiscal Year				
		2015-16	2016-17	2017-18	2018-19	2019-20
		27,041	30,021	33,095	32,715	37,786
		1,885	1,823	1,775	1,884	1,849
		17	24	16	12	8
		2,918	2,725	2,863	2,510	2,448
		552	313	421	222	190
		5,844	5,948	6,390	6,044	5,944
		420	1,417	189	185	567
		<u>38,677</u>	<u>42,271</u>	<u>44,749</u>	<u>43,572</u>	<u>48,792</u>
		<u>\$ 108,965</u>	<u>\$ 107,767</u>	<u>\$ 123,452</u>	<u>\$ 122,275</u>	<u>\$ 101,833</u>
		\$ (43,783)	\$ (52,618)	\$ (77,505)	\$ (63,420)	\$ (96,671)
		5,869	6,701	5,968	7,443	6,174
		<u>\$ (37,914)</u>	<u>\$ (45,917)</u>	<u>\$ (71,537)</u>	<u>\$ (55,977)</u>	<u>\$ (90,497)</u>
		\$ 37,840	\$ 39,738	\$ 42,146	\$ 44,204	\$ 46,258
		23,000	21,456	21,834	24,438	23,095
		4,383	4,181	4,336	4,493	4,359
		57	64	75	69	113
		4,615	3,976	4,594	8,444	7,453
		4,823	6,024	5,558	6,459	5,249
		(36)	(36)	(290)		
		13,667				17,850
				3,150		
		<u>88,349</u>	<u>75,403</u>	<u>81,403</u>	<u>88,107</u>	<u>104,377</u>
		104	110	98	87	107
		41	38	40	45	1,612
		132	117	166	67	71
		36	36	290	-	-
		<u>313</u>	<u>301</u>	<u>594</u>	<u>199</u>	<u>1,790</u>
		<u>\$ 88,662</u>	<u>\$ 75,704</u>	<u>\$ 81,997</u>	<u>\$ 88,306</u>	<u>\$ 106,167</u>
		\$ 44,566	\$ 22,782	\$ 3,898	\$ 24,687	\$ 7,706
		6,182	7,002	6,562	7,642	7,964
		<u>\$ 50,748</u>	<u>\$ 29,784</u>	<u>\$ 10,460</u>	<u>\$ 32,329</u>	<u>\$ 15,670</u>

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Nonspendable	138	43	20	11	13
Restricted					
Committed			7,422	7,679	7,967
Assigned					
Unassigned	10,862	9,551	8,164	7,888	9,231
Total general fund	<u>\$ 11,000</u>	<u>\$ 9,594</u>	<u>\$ 15,606</u>	<u>\$ 15,578</u>	<u>\$ 17,211</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Debt service funds					
Nonspendable					
Special revenue funds	18,341	11,703	18,047	17,821	
Capital projects funds	8,736	4	-	-	
Other governmental funds	12			-	
Restricted					
Special revenue funds	37,327	6,464	54	147	17,943
Capital projects funds	56,111			-	
Debt service funds	11,034			-	
Other governmental funds	11,940	11,443	10,960	10,361	10,677
Committed					
Special revenue funds					12,209
Other governmental funds	12,754	12,831	11,320	13,849	9,520
Assigned					
Capital projects funds	1,753			-	
Unassigned					
Special revenue funds	(213)	(170)	(197)	(237)	(97)
Capital projects funds		(4,400)	(1,350)	(18,281)	(1,528)
Total all other governmental funds	<u>\$ 157,795</u>	<u>\$ 37,875</u>	<u>\$ 38,834</u>	<u>\$ 23,660</u>	<u>\$ 48,724</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				
2015-16	2016-17	2017-18	2018-19	2019-20
\$ -	\$ -	\$ -	\$ -	\$ -
11	68	290	7	3,214
8,743	9,139		1,386	672
		8,992	15,656	13,958
6,139	1,522	4,999	5,432	217
<u>\$ 14,893</u>	<u>\$ 10,729</u>	<u>\$ 14,281</u>	<u>\$ 22,481</u>	<u>\$ 18,061</u>
\$ -	\$ -	\$ -	\$ -	\$ -
17,769	17,921	21,355		
8,658	9,783	17,962	40,620	40,897
10,681	10,473			
10,227	9,445			
(39)	(77)	(172)	(189)	(327)
(4,187)	(10,441)	(3,233)	(20,501)	(1,391)
<u>\$ 43,109</u>	<u>\$ 37,104</u>	<u>\$ 35,912</u>	<u>\$ 19,930</u>	<u>\$ 39,179</u>

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

	Fiscal Years				
	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues					
Taxes	\$ 69,564	\$ 63,772	\$ 60,696	\$ 57,394	\$ 60,558
Franchise fees	6,010	5,754	3,929	3,971	4,392
Licenses and permits	1,607	1,608	1,434	1,766	2,283
Fines and forfeitures	2,665	2,156	1,686	1,586	1,751
Investment income	2,751	2,189	1,711	3,430	3,595
Intergovernmental	19,826	21,232	22,386	24,948	68,498
Charges for services	22,618	26,226	23,447	27,237	31,870
Other	622	1,693	2,066	1,448	1,284
Total revenues	<u>125,663</u>	<u>124,630</u>	<u>117,355</u>	<u>121,780</u>	<u>174,231</u>
Expenditures					
Current					
General government	3,590	3,959	6,572	4,577	5,396
Public safety	50,152	52,023	51,546	53,909	55,877
Public works	16,684	11,638	11,929	12,935	13,209
Community development	10,222	5,499	4,315	4,661	4,982
Human and leisure	7,493	7,951	8,545	9,205	9,400
Refuse collection	9,594	9,940	9,964	10,011	10,078
Debt service					
Principal retired	6,992	4,766	813	753	764
Interest and fiscal charges	6,071	3,494	255	217	180
ERAF/SERAF payments					
Pass through payment to taxing agencies	1,199				
Capital outlay	24,117	42,143	18,805	39,276	47,912
Total expenditures	<u>136,114</u>	<u>141,413</u>	<u>112,744</u>	<u>135,544</u>	<u>147,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,451)</u>	<u>(16,783)</u>	<u>4,611</u>	<u>(13,764)</u>	<u>26,433</u>
Other Financing Sources (Uses)					
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	7	12
SERAF payment	(1,373)				
Transfers in	18,006	14,233	11,415	6,845	6,292
Transfers out	(19,588)	(13,876)	(8,276)	(8,155)	(6,040)
Capital Leases					
Total other financing sources (uses)	<u>27,677</u>	<u>361</u>	<u>3,340</u>	<u>(1,303)</u>	<u>264</u>
Extraordinary item -					
Net change in fund balances	17,226	(120,959)	6,971	(15,067)	26,697
Fund balances - July 1	151,364	168,795	47,469	54,440	39,238
Restatements	205	(367)	0	(135)	
Fund balances - June 30	<u>\$ 168,795</u>	<u>\$ 47,469</u>	<u>\$ 54,440</u>	<u>\$ 39,238</u>	<u>\$ 65,935</u>
Debt service as a percentage of noncapital expenditures	12.75%	8.28%	1.10%	1.00%	0.92%

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

		Fiscal Years							
		2015-16	2016-17	2017-18	2018-19	2019-20			
\$	65,275	\$	66,134	\$	68,810	\$	73,901	\$	73,850
	4,383		4,181		4,335		4,493		4,145
	1,877		2,037		2,284		2,784		2,146
	1,628		1,513		1,674		1,658		1,239
	4,156		3,897		4,399		6,895		5,185
	34,616		31,140		42,575		20,611		37,715
	24,449		28,913		26,383		33,008		30,505
	948		1,820		1,624		1,958		1,464
	<u>137,332</u>		<u>139,635</u>		<u>152,084</u>		<u>145,308</u>		<u>156,249</u>
	5,197		5,230		4,466		4,922		5,870
	61,631		64,986		65,519		68,958		72,921
	14,337		17,927		15,428		16,590		16,926
	5,746		6,717		6,763		6,601		7,940
	10,047		9,876		9,980		10,480		10,668
	10,183		10,385		10,737		11,166		11,899
	712		722		519		806		745
	103		29		18		13		66
	37,338		37,012		38,426		33,636		15,483
	<u>145,294</u>		<u>152,884</u>		<u>151,856</u>		<u>153,172</u>		<u>142,518</u>
	(7,962)		(13,249)		228		(7,864)		13,731
					(1,395)		(3,406)		
	53				3,150		2,411		
	8,992		9,460		15,170		10,637		13,711
	(8,739)		(8,853)		(14,793)		(9,560)		(15,513)
			2,473						
	<u>306</u>		<u>3,080</u>		<u>2,132</u>		<u>82</u>		<u>(1,802)</u>
									2,900
	(7,656)		(10,169)		2,361		(7,782)		14,829
	65,935		58,002		47,832		50,193		42,411
	(277)								
\$	<u>58,002</u>	\$	<u>47,833</u>	\$	<u>50,193</u>	\$	<u>42,411</u>	\$	<u>57,240</u>
	0.75%		0.64%		0.47%		0.69%		0.64%

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
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
2018-19	15,200,869	2,089,736	1,697,146	516	-	18,988,267	1.0785
2019-20	15,955,232	2,253,396	1,792,068	1,518	-	20,002,214	1.0737

*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	2019-20			2010-11		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Aspect Acquisition LLC	\$ 133,620,000	1	0.63 %	\$ -		
FHF I Amerige Pointe LLC	119,646,000	2	0.57			
Advanced Group	118,639,194	3	0.56			
PSIP WR Fullerton LLC	106,154,576	4	0.50			
Kimberly-Clark Worldwide Inc.	99,680,415	5	0.47			
University House Fullerton LLC	94,303,278	6	0.45			
Corecare III	90,908,935	7	0.43			
Rreef America Reit II Corporation	90,472,774	8	0.43			
Fullerton Luxury Rentals LLC	80,767,902	9	0.38			
3503 RP Fullerton Metrocenter Land LLC	76,036,135	10	0.36			
Kimberly-Clark Worldwide				167,061,470	1	1.14 %
Beckman Instruments Inc				81,311,477	2	0.55
Rreef America Reit II Corporation				76,654,732	3	0.52
Corecare III				67,794,731	4	0.46
Fullerton South LLC				67,557,058	5	0.46
PK I Fullerton Town Center LP				58,161,821	6	0.40
SFERS Real Estate Corporation				57,847,504	7	0.39
Breitburn Energy Partners				57,310,939	8	0.39
Alcoa Global Fasteners Inc.				56,867,368	9	0.39
Amerige Heights Apartments, LLC				56,196,914	10	0.38
	<u>\$ 1,010,229,209</u>		<u>4.78%</u>	<u>\$ 746,764,014</u>		<u>5.08%</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
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	142,799	24,849,730	99.76
2019	26,273,796	25,981,413	98.89	157,559	26,138,972	99.49
2020	27,520,292	27,217,700	98.90	N/A	27,217,700	98.90

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			
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	0.46%	145
2018-19	5,575	3,832	500	7,691		546	18,144	0.38%	126
2019-20	5,283	2,942	-	7,017	-	-	15,242	NYA	107

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
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
2018-19	1.0000	0.05025	0.09303	0.02370	0.03034	0.03084	0.02829	0.05261	0.00350
2019-20	1.0000	0.04960	0.09911	0.02291	0.03593	0.03353	0.02409	0.04848	0.00350

Total Direct Tax Rate

Fiscal Year	City Direct Rate	Fullerton Schools	N. OC Community College	Total Direct Tax Rate
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
2018-19	1.0000	0.05025	0.02829	1.0785
2019-20	1.0000	0.04960	0.02409	1.0737

Source: Orange County Assessor Tax Rate Table

City of Fullerton
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

(in Thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Orange County and Fullerton School Districts	\$ 182,911	0.91%	\$ 1,664
Subtotal, overlapping debt			<u>\$ 1,664</u>
City of Fullerton direct debt	\$8,572		<u>8,572</u>
Total direct and overlapping debt			<u><u>\$ 10,236</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is born by the residents and businesses of the City of Fullerton. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden born by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

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

	Fiscal Year				
	2011 (1)	2012 (1)	2013 (1)	2014 (1)	2015 (1)
Debt limit	\$ 2,063,064	\$ 2,088,770	\$ 2,112,315	\$ 2,184,298	\$ 2,311,356
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>\$ 2,063,064</u>	<u>\$ 2,088,770</u>	<u>\$ 2,112,315</u>	<u>\$ 2,184,298</u>	<u>\$ 2,311,356</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 2019-20

Assessed value	\$ 20,002,214
Add back: exempt real property	-
Total Assessed Value	<u>\$ 20,002,214</u>
Debt limit (15% of total assessed value)	\$ 3,000,332
Debt applicable to limit:	<u>0</u>
Legal debt margin	<u>\$ 3,000,332</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				
2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)
\$ 2,447,320	\$ 2,551,702	\$ 2,690,433	\$ 2,848,240	\$ 3,000,332
0	0	0	0	0
\$ 2,447,320	\$ 2,551,702	\$ 2,690,433	\$ 2,848,240	\$ 3,000,332
0%	0%	0%	0%	0%

City of Fullerton
Revenue Bond Coverage

2014 Water Revenue Refunding Bonds
Last Five Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2019	6,036,975	380,000	240,813	620,813	9.72
2020	6,908,323	390,000	231,213	621,213	11.12

(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	
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
2019	N/A	0	0	0	N/A
2020	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	
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
2019	N/A	0	0	0	N/A
2020	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

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	
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
2019	N/A	0	0	0	N/A
2020	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	
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
2019	N/A	0	0	0	N/A
2020	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	
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	550,800	7.06
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
2019	N/A	0	0	0	N/A
2020	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
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
2019	-	3,415,000	2,878,488	6,293,488	0.00
2020	-	3,765,000	2,698,953	6,463,953	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
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
2019	N/A	0	0	0	N/A
2020	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
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
2019	N/A	0	0	0	N/A
2020	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 Nine Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			
		Principal	Interest	Total	Coverage
2012	\$ 10,534,514 (3)	\$ 1,330,000	\$ 1,506,628	\$ 2,836,628	3.71
2013	0	1,335,000	1,466,652	2,801,652	0.00
2014	0	1,380,000	1,422,478	2,802,478	0.00
2015	0	1,425,000	1,369,828	2,794,828	0.00
2016	0	1,485,000	1,310,707	2,795,707	0.00
2017	0	1,545,000	1,245,324	2,790,324	0.00
2018	0	1,615,000	1,170,453	2,785,453	0.00
2019	0	1,695,000	1,086,554	2,781,554	0.00
2020	0	1,780,000	994,045	2,774,045	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 Nine Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			
		Principal	Interest	Total	Coverage
2012	\$ 10,534,514 (3)	\$ -	\$ 95,863	\$ 95,863	109.89
2013	-	95,000	191,726	286,726	0.00
2014	-	100,000	185,550	285,550	0.00
2015	-	105,000	179,050	284,050	0.00
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
2019	-	120,000	150,776	270,776	0.00
2020	-	125,000	142,976	267,976	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)
Nine Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			
		Principal	Interest	Total	Coverage
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
2019	N/A	0	0	0	N/A
2020	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)
2011	137,481	4,063,251	29,555	9.7%
2012	138,251	4,151,954	30,032	6.4%
2013	140,131	4,130,641	29,477	5.6%
2014	140,120	4,089,122	29,183	6.2%
2015	142,457	4,101,586	28,791	5.1%
2016	142,234	4,228,814	29,731	4.6%
2017	144,214	4,311,756	29,898	4.5%
2018	142,824	4,533,852	31,744	3.0%
2019	141,863	4,796,794	33,812	2.9%
2020	141,863	NYA	NYA	6.0%

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

*Based on Orange County personal income data.

NYA = Not Yet Available

City of Fullerton
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2020			2011		
	Employees	Rank	% of Total City Employment*	Employees	Rank	% of Total City Employment
California State University, Fullerton	3,000	1	4.23%	3,722	1	5.14%
St. Jude Medical Center	1,797	2	2.53%	2,849	2	3.94%
Raytheon Systems Co.	1,200	3	1.69%	1,200	3	1.66%
AJ Kirkwood & Associates, Inc	600	4	0.85%			
Albertson's Regional Corporate	400	5	0.56%	572	9	0.79%
Morningside of Fullerton	350	6	0.49%			
Corovan	300	7	0.42%			
RPM Transportation	300	8	0.42%			
Adams Rite Aerospace	250	9	0.35%			
Nordstrom Design Center	250	10	0.35%			
Fullerton College				1,123	4	1.55%
Fullerton School District				1,065	5	1.47%
Fullerton Joint Union High School Dist.				870	6	1.20%
Alcoa Fastening Systems				720	7	0.99%
City of Fullerton				606	8	0.84%
Kraft Foods				499	10	0.69%
Total	8,447		11.90%	13,226		18.27%

*Based upon U.S. Census Bureau's American Community Survey's estimate of 71,000 residents employed

Source: Data Axle Reference Solutions

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

<u>Department</u>	<u>2010-11 Total Positions</u>	<u>2011-12 Total Positions</u>	<u>2012-13 Total Positions</u>	<u>2013-14 Total Positions</u>	<u>2014-15 Total Positions</u>
City Council	6.0	6.0	6.0	6.0	6.0
City Manager	6.8	8.0	7.0	6.5	6.5
Administrative Svcs.	38.7	39.0	37.3	32.3	33.0
Human Resources	9.2	9.7	8.7	8.9	8.9
Fire	92.0	92.0	90.0	90.0	92.0
Police	213.0	213.0	214.0	210.0	211.0
Community Dev.	31.0	31.0	27.0	27.0	29.0
Engineering	34.0	35.0	35.0		
Maintenance Svcs.	157.0	159.0	160.0		
Public Works				200.0	199.5
Parks & Recreation	25.0	26.0	21.0	21.0	22.0
Library	25.4	25.4	25.4	23.8	23.8
Redevelopment**	7.0	0.0	0.0	0.0	0.0
<i>Subtotal</i>	645.1	644.1	631.4	625.5	631.7
Part-Time Hours	166,922	193,766	192,762	177,294	177,389
Full-Time Equivalents	80.3	93.2	92.7	85.2	85.3
TOTAL POSITIONS	725.4	737.3	724.1	710.7	717.0

** 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

2015-16 Total Positions	2016-17 Total Positions	2017-18 Total Positions	2018-19 Total Positions	2019-20 Total Positions
6.0	6.0	6.0	6.0	6.0
7.0	7.0	6.5	6.5	7.0
33.0	33.0	33.0	33.0	35.0
8.9	8.9	8.9	8.9	8.9
92.0	92.0	92.0	89.0	87.0
212.0	212.0	217.0	218.0	203.0
28.0	28.0	28.0	28.0	30.0
200.0	200.0	198.0	198.0	194.0
22.0	22.0	21.0	21.0	21.0
23.8	23.8	23.8	23.8	23.8
0.0	0.0	0.0	0.0	0.0
632.7	632.7	634.2	632.2	615.7
165,840	165,920	165,255	159,639	160,159
79.7	79.8	79.4	76.7	77.0
712.4	712.5	713.6	708.9	692.7

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

	2010-11	2011-12	2012-13	2013-14
Fullerton Elementary School District	13,700	13,621	13,830	13,801
Fullerton Joint Union High School District	14,260	14,178	14,046	13,969
Fullerton College	22,014	18,890	18,890	18,890
California State University - Fullerton	36,156	37,677	38,325	38,128
Western State University College of Law**	485	525	528	459
Southern California College of Optometry***	399	400	400	391
Hope International University	1,739	1,824	1,694	2,011
Total enrollment in Fullerton's schools and universities	88,753	87,115	87,713	87,649

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

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

***Southern California College of Optometry became part of Marshall B. Ketchum University in 2013

(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>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
13,730	13,544	13,700	13,700	13,700	13,700
13,910	13,773	13,664	13,649	13,695	13,600
35,335	35,335	23,000	23,000	23,000	23,000
38,948	40,235	40,439	39,343	39,030	39,270
376	0	0	0	0	0
391	400	544	500	500 *	500 *
<u>1,420</u>	<u>1,438</u>	<u>2,349</u>	<u>1,752</u>	<u>1,749</u>	<u>1,784</u>
104,110	104,725	93,696	91,944	91,674	91,854

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

Function:	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Police				
Calls dispatched	43,581	44,755	46,762	47,292
Crime reports	15,359	15,321	16,233	16,645
Moving citations	24,668	9,788	5,440	5,350
Parking citations	48,077	39,917	28,658	35,371
Fire				
Unit responses	14,516	12,043	16,108	11,646
Medical calls	9,403	6,595	6,993	9,494
Annual fire inspections	4,650	4,336	5,578	4,700
Water				
Number of customer accounts	31,547	31,600	31,577	31,544
Average daily consumption (millions of gallons)	22.2	22.8	23.8	25.4
Water samples taken	4,650	4,143	4,300	2,554
Sewers				
Feet of sewer mains root cut/ chemically treated	245,261	276,144	408,144	249,744
Miles of sewer mains root cut/ hydro jetted				
Number of chemically or mechanically treated sewer laterals	2,031	1,737	1,722	2,600
Traffic and General Engineering				
Traffic signals maintained	148	150	151	151
Infrastructure improvement projects administered	70	65	86	96
Private development plans reviewed	857	767	933	1,038
Maintenance				
Square ft. graffiti removal	538,606	392,022	370,166	403,016
Street sweeping miles	35,582	36,837	36,030	38,399
Trees pruned per year	13,000	13,000	13,000	13,542
Culture and Recreation				
Park event attendance	12,100	12,100	28,000	29,500
Independ/ Park /Comm. Ctr. participants	60,000	60,000	130,500	152,000
Fullerton Museum Center attendance	28,000	21,145	15,000	23,987

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

2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020
48,637	50,628	52,527	52,332	49,647	69,027
16,925	17,635	18,059	16,346	15,363	13,539
5,212	7,573	3,878	4,078	2,394	2,462
35,551	37,613	36,658	27,993	28,980	22,258
17,500	18,813	18,250	17,992	16,132	13,611
8,201	8,725	8,298	8,088	8,448	10,300
4,205	4,437	3,806	3,717	2,678	3,887
31,795	31,307	31,427	31,923	31,913	31,987
22.9	20.9	20.6	23.2	20.5	20.1
4,439	4,597	4,657	4,604	4,607	3,901
209,009	215,312	236,257	*	*	*
			363	356.5	279.8
2,166	1,711	2,167	2,438	2,222	909
150	151	151	153	154	154
60	80	77	68	56	38
2,695	2,500	2,564	2,988	3,023	2,823
344,120	316,667	348,336	327,223	365,246	502,178
40,504	36,044	36,864	34,870	35,783	32,231
13,500	14,975	14,005	8,436	9,587	8,821
39,500	42,000	45,000	49,500	57,625	48,900
152,000	170,000	240,000	250,000	268,000	244,656
23,987	29,265	21,734	21,435	23,328	12,500

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

Function:	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Public Safety				
Police stations	1	1	1	1
Number of patrol units	36	26	26	30
Fire stations	6	6	6	6
Number of ladder trucks	2	2	2	2
Number of fire engines	10	10	11	11
Highways and streets				
Miles of streets	291	290	290	290
Traffic Signals	148	150	150	151
Streetlights	7,263	7,263	7,263	7,275
Water				
Number of water wells	11	11	11	11
Number of reservoirs	15	15	15	15
Miles of lines & mains	420	422	420	423
Sewer				
Miles of sanitary sewers	321.00	325.00	324.00	320.00
Miles of storm drains	71.21	71.20	71.20	71.20
Culture and Recreation				
Number of recreation and cultural facilities	67	67	67	67
Number of acres for above	683	683	683	683
Number of libraries	2	2	2	2
Number of library books	241,058	241,058	241,058	241,058

Sources: City of Fullerton Budget Division and various City departments

*The Hunt Library is undergoing a major refurbishment and is currently unavailable to the public.

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

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	1	1	1	1	1
31	34	31	33	32	31
6	6	6	6	6	6
2	2	2	2	2	1
11	11	11	11	11	9
290	285	285	285	285	294
150	151	151	153	154	154
7,275	6,900	6,900	6,700	6,700	6,700
11	11	10	10	10	10
15	15	15	15	15	15
423	423	423	423	423	423
322.40	323.30	320.00	325.00	325.00	320.00
71.20	71.20	71.20	71.70	71.70	71.70
67	67	67	67	67	67
683	683	683	683	683	683
2	2	2	2	2	1
210,597	210,597	210,597	179,914	212,665	199,196

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