



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the City of Fullerton's (the City) projection of the Successor Agency to the Former Redevelopment Agency's (the Successor Agency) final Recognized Obligation Payment Schedule (ROPS) reconciliation for the year ended June 30, 2025. These procedures are the responsibility of the City, which were agreed to by the City and were performed solely to assist the City in meeting the requirements set forth by management. The City's management is responsible for the recordkeeping of the ROPS reconciliation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements set forth by the City. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We confirmed consistency with annual ROPS submissions

- Reconcile the Final ROPS Reconciliation Report to each corresponding annual ROPS submission from FY 2011–12 through the final ROPS cycle.
- Ensure that all reported activity is consistent with amounts previously approved and submitted to the California Department of Finance (DOF).
- Identify and document any discrepancies or reporting omissions across all ROPS periods.

Finding: No exceptions were noted as a result of our procedures.

2. We verified project closure statuses.

- Review the list of projects included in the Final ROPS Reconciliation Report to confirm that each has been completed or officially closed.
- Obtain supporting documentation (e.g., Oversight Board resolutions, final invoices, completion notices, or cancellation memos) validating that no remaining contractual, financial, or legal obligations exist for each project.
- Verify that closed projects are appropriately excluded from future enforceable obligation considerations.

Finding: No exceptions were noted as a result of our procedures.



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3. We validated debt service payments.

- Trace all debt service payments made from FY 2011–12 through the final ROPS period to original bond documentation, amortization schedules, and trustee payment confirmations.
- Confirm payment accuracy, including principal and interest amounts, payment dates, and alignment with the obligations authorized under the respective debt instruments.
- Ensure that all payments are consistent with DOF-approved enforceable obligations and no unauthorized payments were made.

Finding: Upon discussion with management, beginning in September 2020, the City modified its methodology for requesting debt service payments under the ROPS agreement. As shown on the Successor Agency Cash Flow Projection/Reconciliation attachment, the City has an adjusted cash balance of \$3,342,425. The City has additional future debt service obligations totaling \$20,012,616.85, with scheduled ROPS receipts of \$14,634,267. This ultimately results in the Projected Cash Deficit of \$2,039,825 as shown on the Successor Agency Cash Flow Projection/Reconciliation attachment.

4. We verified proper accounting of prior period adjustments.

- Review all recorded prior period adjustments included in the Final ROPS Reconciliation Report.
- Trace adjustments to underlying documentation, such as bank records, accounting schedules, or DOF determinations, and verify they are accurately reflected in the appropriate fund and fiscal year.
- Ensure adjustments are reasonable, properly classified, and in compliance with DOF guidance and ROPS reporting protocols.

Finding: No exceptions were noted as a result of our procedures.

5. We confirmed accuracy of journal entries.

- Obtain a complete listing of journal entries affecting ROPS-related accounts from FY 2011–12 through the final reporting period.
- Review entries for appropriateness, proper supporting documentation, and correct accounting treatment.
- Confirm that all entries are accurately recorded in the general ledger and align with ROPS activity and final reconciliation balances.

Finding: It was noted that during the year ending June 30, 2020, land assets totaling \$2,900,768 classified as *Land Held for Resale* were transferred to the City's General Fund based on management determinations at that time. Under new City financial administration, further review concluded that these assets should remain with the Successor Agency. Accordingly, the original transfer was reversed during the fiscal year ending June 30, 2022. The reversal entry did not include the claim on cash components associated with the transaction. As a result, a future journal entry is required to transfer \$2,900,768 in cash from the General Fund to the Successor Agency to fully complete the correction.



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We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's ROPS reconciliation for the year ended June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City, management, and City Council, and is not intended to be and should not be used by anyone other than the specified parties.

LSL, LLP

Irvine, California
January 5, 2026

Successor Agency Cash Flow Projection /Reconciliation Thru FY 27-28

SOURCES OF CASH		Total Amount
Cash Balances as of 6-30-2025		
Fund 80	\$ 124,120.00	
Fund 88	2,490,248.00	
Fund 89	(2,172,711.00)	
Total Cash Balance 6-30-25		441,657.00
Accounting Correction Pending		
Transfer From the General Fund (Note 1)		2,900,768.00
Adjusted Cash Balance 6-30-25		3,342,425.00
Amounts Due from Department of Finance for Debt Service		
FY 25-26		
2005 (2020A)	5,082,667.00	
2010(2020B)	-	
FY 26-27		
2005 (2020A)	9,551,600.00	
Total Due from Department of Finance for Debt Service		14,634,267.00
Total Projected Cash Balance		17,976,692.00
USES OF CASH		
Debt Service		
FY 25-26		
2005 (2020A)	3,731,900.00	
2010(2020B)	1,904,883.50	
Subtotal FY 25-26		5,636,783.50
FY 26-27		
2005 (2020A)	6,887,900.00	
2010(2020B)	1,561,733.50	
Subtotal FY 26-27		8,449,633.50
FY 27-28		
2005 (2020A)	5,926,200.00	
Total Debt Service Obligations		20,012,617.00
Estimated Administrative Costs and US Bank Trustee Fees		3,900.00
Total Obligations		20,016,517.00
Projected Cash Surplus (Deficit)		\$ (2,039,825.00)

Note 1

In FY 19-20, \$2,900,768 Classified as Land for Resale was transferred to the General Fund.

This entry resulted in a cash transfer from the Successor Agency to the General Fund. In FY 21-22, the \$2,900,768 Land for Resale was transferred back to the Successor Agency. However, \$2,900,768 in cash was not transferred back to the Successor Agency.