



# **Agenda Report**

## **Fullerton City Council**

**MEETING DATE:** JUNE 16, 2026

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** STEVEN AVALOS, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES

**PREPARED BY:** CINNDY BARRIOS, SENIOR BUDGET ANALYST  
EDGAR ROSALES, SENIOR ADMINISTRATIVE ANALYST  
NOAH HYUN, ADMINISTRATIVE ANALYST

**SUBJECT:** FISCAL YEAR 2025-26 BUDGET APPROPRIATIONS CONTINUING SPENDING RESOLUTION AND FISCAL YEAR 2026-27 ANNUAL APPROPRIATIONS LIMIT FOR

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### **SUMMARY**

Temporary continuing appropriations resolution to maintain uninterrupted City operations beginning July 1, 2026, pending the Fiscal Year 2026-27 Operating Budget adoption while City Council completes the Fiscal Year 2026-27 budget review and Fiscal Year 2026-27 Annual Appropriations Limit adoption.

### **PROPOSED MOTION**

Adopt the following resolutions:

RESOLUTION NO. 2026-XXX- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, AUTHORIZING TEMPORARY SPENDING AUTHORITY AND CONTINUATION OF PRIOR FISCAL YEAR BUDGET APPROPRIATIONS PENDING FISCAL YEAR 2026-27 OPERATING BUDGET ADOPTION

RESOLUTION NO. 2026-XXX- A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-27 PURSUANT CALIFORNIA STATE CONSTITUTION XII B

### **ALTERNATIVE OPTIONS**

- Approve the Proposed Motion
- Other motions brought by the City Council.

#### STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

#### CITY MANAGER REMARKS

None.

#### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Public Safety
- Infrastructure and City Assets.

#### FISCAL IMPACT

Approving the proposed continued appropriations or spending resolution into Fiscal Year (FY) 2026-27 would authorize expenditures to remain at current service levels to sustain ongoing and essential City operations beginning the new fiscal year on July 1, 2026. Expenditures would continue at the prior fiscal year FY 2025-26 adopted levels.

The continuing spending authority would be considered temporary and remain in effect until the FY 2026-27 Operating Budget adoption or until otherwise directed by City Council. The proposed resolution does not increase budget appropriations beyond existing operational needs but provides essential government operations continuity while the City completes the ongoing financial reviews and evaluates additional deficit reduction measures.

#### DISCUSSION

The City fiscal year begins July 1 and ends June 30. Fullerton Municipal Code (FMC) Section 2.68.070 states budgets adopted after July 1 take effect immediately upon adoption. The prior year budget remains in force and effect in any period in which City Council has not adopted a new budget until replaced by the newly adopted budget. Staff is developing the Fiscal Year (FY) 2026-27 Operating Budget and anticipates presenting the proposed budget to City Council on July 14, 2026 in a study session format. The City will conduct two community budget meetings regarding the City financial condition, budget development process and fiscal outlook prior to the Budget Study Session. Staff anticipates budget adoption at the July 21, 2026 City Council meeting.

Staff continues to evaluate revenue projections, expenditure estimates including cost containment and deficit reduction strategies, capital improvement requirements, reserve levels, organizational needs and other fiscal considerations as part of the FY 2026-27 budget development process. City Council should also receive additional financial information that may inform the FY 2026-27 Operating Budget development, including findings and recommendations from ongoing independent financial review efforts. Staff

would evaluate potential budgetary, operational or organizational impacts and incorporate relevant recommendations, updated assumptions and other financial information into the proposed FY 2026-27 Operating Budget, as appropriate.

Staff recommends approving a temporary continuing appropriations resolution to maintain budget or expenditure authority at the beginning of the fiscal year on July 1, 2026 and ensure continuity of operations pending the budget review process and adopting the FY 2026-27 Operating Budget.

#### *Continuing Spending Resolution*

The proposed continuing spending resolution authorizes continuing FY 2025-26 appropriation levels beginning July 1, 2026 and provides expenditure authority to support ongoing City operations until the FY 2026-27 Operating Budget adoption. The resolution provides funding authority for personnel costs, contractual obligations, utilities, maintenance activities, debt service obligations, capital project expenditures and other costs necessary for continued municipal services operation.

The proposed action does not establish new appropriations, authorize additional staffing, create new programs or increase expenditure authority beyond currently approved FY 25-26 Operating Budget appropriation levels. Rather, it provides temporary authority to continue expenditures consistent with FY 2025-26 appropriations until adopting the FY 2026-27 Operating Budget. The proposed continuing spending resolution is consistent with FMC Section 2.68.070 budget administration provisions and provides an administrative mechanism to maintain operations during the transition between fiscal years, while the City Council completes its review of the proposed FY 2026-27 Operating Budget and staff completes refinement of final budget recommendations.

Staff anticipates presenting the proposed FY 2026-27 Operating Budget during the July 14, 2026 Budget Study Session, followed by budget adoption at the July 21, 2026 City Council meeting. The City will hold two budget community meetings prior to the City Council budget meeting, giving residents and general public opportunity for feedback on the Proposed FY 2026-27 Budget. Staff will make all planned meetings public and advertise on the City website and social media platforms.

#### *FY 2026-27 Annual Appropriations Limit*

California Constitution Article XIII B requires local agencies annually establish an Appropriations Limit, also known as the GANN Limit, governing expenditures financed by tax proceeds. Government Code Section 7902 requires adjusting the appropriations limit annually based on population changes and inflation factors published by the State of California.

Staff utilized the County population growth factor for FY 2026-27 and calculated the City Appropriations Limit at \$305,506,936. Staff estimates appropriations subject to limitation at \$105,252,534, which is approximately \$200,254,402 below the allowable limit. Accordingly, the City remains in compliance with State appropriations limitation requirement. Staff recommends adopting the attached resolution establishing the FY 2026-27 Annual Appropriations Limit.

Attachments:

- Attachment 1 – Resolution No. 2026-XXX Continuing Spending Resolution
- Attachment 2 – Resolution No. 20026-XXX FY 2026-27 Appropriations Limit

cc: City Manager Eddie Manfro