

CITY OF FULLERTON CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2019

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CITY OF FULLERTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY THE FINANCE DEPARTMENT

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December 3, 2019

The Honorable City Council
Fullerton, California

We are pleased to present the 2018-19 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, 2019 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, 2019 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

ECONOMIC CONDITION AND OUTLOOK

Fullerton is located in northwestern Orange County, approximately 25 miles southeast of downtown Los Angeles. The City is ideally located for transportation, bounded by 3 major highways and located 15 miles northwest of John Wayne Airport. On an average workday

Fullerton's Transportation Center serves an average of 3,000 commuters on the Metrolink and Amtrak trains. Encompassing 22.4 square miles, the City has a population of 142,824, 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 final three districts will be elected in 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 County's unemployment rate of 3.0% continues to rank below the State and National average. Major employers in Fullerton include California State University, Fullerton, Fullerton Community College, St. Jude Hospital, Raytheon Systems Company, and Arconic Fastening Systems. In addition to a diverse manufacturing and industrial base, and a stable retail sales base, the City is a major center of higher education in Orange County. California State University, Fullerton and Fullerton Community College are located within the City, as well as two private colleges/universities for a total enrollment of over 64,000 students.

Fullerton maintains a diversified tax base consisting of residential, commercial and industrial properties. The economy continues to grow moderately since the Great Recession, although expenditures continue to outpace revenues due in large part to increasing pension costs. The City, mindful that economic growth and business retention is critical to its future, is continuing to further develop a long-range strategic plan, implementing a higher degree of fiscal accountability for achieving financial stability, and bolstering its economic development prospects by incorporating economic development into its development services programs through the new Community and Economic Development Department.

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 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: 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, 2019, the City's General Fund fund balance, comprised of assigned, unassigned, restricted, and nonspendable balances, totaled \$22.5 million, representing 24% of total expenditures of which 6% is considered unassigned pending future City Council direction. The increase in fund balance over prior year is due to the one-time sale of underground utility credits and increases in property and sales tax revenues. Some components of the increase in sales tax revenue were artificially higher because of collection timing adjustments and because of issues with the State's new sales tax reporting system. Additionally, salary and benefit costs were lower than budgeted due to vacant positions and additional hiring scrutiny. Of the General Fund fund balance amount, \$9.5 million, or 10%, was assigned for contingencies in accordance with policy in place for this fiscal year.

Long-Term Financial Planning: To assist in the development and monitoring of the financial plan, staff maintains a five-year forecast which is used as a decision-making tool and is adopted as part of the budget process. As costs increase and funding sources fluctuate, this model helps to reprioritize goals and objectives. The City introduced an expanded twenty-year financial forecast during the 2017-18 fiscal year and is working to refine that process so that impacts of near-term financial decisions on long-term finances is understood. Additionally, the City maintains a five-year Capital Improvement Plan. The five-year plan links anticipated expenditures for infrastructure development with community needs and desires and provides a citywide perspective of recommended projects and proposed funding sources. Finally, in a realization that expenditures are outpacing revenues, and that service levels are beginning to not meet resident, management, nor Council's expectations, the City's Infrastructure and Natural Resources Advisory Committee is meeting to review the City's deferred maintenance, infrastructure, and street needs in order to make recommendations to the City Council on potential revenue or service enhancement options.

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.

The fiscal year 2019-20 General Fund budget was prepared and adopted in a structurally balanced manner where ongoing revenues were equal to ongoing expenditures. It will take continued effort from all internal and external stakeholders to maintain a balanced general fund budget into the future while maintaining appropriate service levels. The long-term unfunded liability of the City's pension obligation continues to be a focus and a significant factor in all financial decision-making processes. The City continues to work with various bargaining groups to work towards pension cost reductions through labor negotiations, supporting legislative actions, CalPERS engagement, continuously monitoring CalPERS investment performance and actuarial information, and review of innovative new best practices as they arise.

Organizational reviews of the Public Works and Community Development Departments were initiated during fiscal year 2017-18. Both departments have begun to implement suggested

changes, including contracting out street sweeping services in Public Works and incorporating economic development activities into the newly branded Community and Economic Development Department. Improvements to the timeliness of the employee evaluation process have been drafted and will be implemented to coordinate all non-safety employee evaluations.

Public Safety

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

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 changes to the day time parking regulations, among other planned improvements.

A master plan for building maintenance and improvement needs was completed. This plan outlines recommendations and budgetary costs to complete necessary repairs and upgrades to the existing building facilities. Recommendations are provided on a yearly basis for the next 20 to 30 years.

INRAC began a study of the City's overall infrastructure deficiencies and needs. This study includes a review of items such as streets, bridges, parking lots and parking structures, airport, buildings, utility (water, sewer, storm drain) systems, parks and trails, street lights, vehicles and equipment, etc. as well as human capital. The intent of the study is to determine existing conditions, develop strategies to address deficiencies, and recommend potential funding sources. INRAC will be presenting the results of the study to City Council in early 2020.

A large focus of the Committee's work has been related to roadway conditions. The Roadway Pavement Management Program (PMP) update was prepared in 2018 and will again be updated in 2020. Based on the City's current funding level, it is anticipated the City's roadways will continue to deteriorate. The City continues to seek additional funding for further improvements through several measures including: 1) grant funding 2) advocacy for current funding allocation methodologies to be revised more equitably and 3) use of future one-time revenues and/or cost savings.

By the end of fiscal year 2018-19, the City of Fullerton, with the assistance of a citizens committee, successfully developed and adopted water rates. The rates will fund operational expenses and needed capital improvements such as reservoir rehabilitation, well replacement, with a goal of annually replacing up to nine miles of water pipeline by fiscal year 2023-24. A portion of the rate funding will be utilized for a Water Master Plan to help outline and prioritize future capital needs.

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

meet the guidelines. During fiscal year 2018-19, the City began the paid parking pilot program to assess the feasibility of paid parking as a revenue source to supplement maintenance, enforcement, and safety and security of the downtown area.

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, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

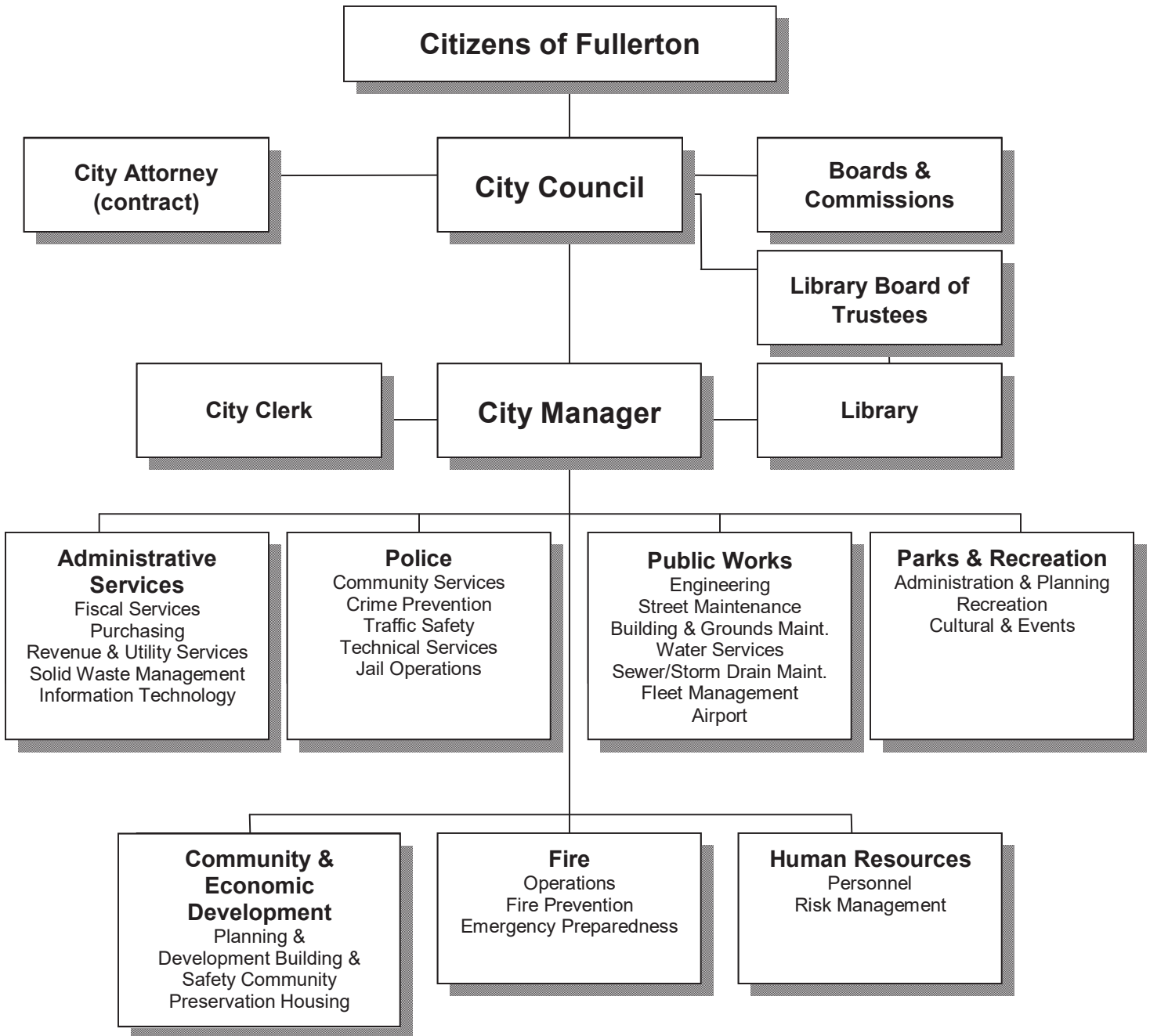
Respectfully submitted,



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, 2019



Jennifer Fitzgerald, Mayor

Jan M. Flory
Jesus Silva
Bruce Whitaker
Ahmad Zahra

Mayor Pro Tem - At Large
Council Member - District 3
Council Member - At Large
Council Member - District 5

Kenneth A. Domer, City Manager

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

Director of Administrative Services
Director of Public Works
Director of Human Resources
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, 2018

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fullerton, California, (the City) as of and for the year ended June 30, 2019, 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, 2019, 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 schedule of changes in net pension liability and related ratios, the schedules of plan contributions, and the schedule of changes in Other Post-Employment Benefits (OPEB) liability and related ratios, schedule of plan contribution – OPEB, 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 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 December 3, 2019 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, Soll & Lughard, LLP

Brea, California
December 3, 2019

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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, 2019. The City encourages readers to consider the information presented here in conjunction with additional information that 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, 2019 by \$447.1 million (net position).
- The City's net position totaled \$447.1 million at June 30, 2019, representing an increase of \$32.3 million over the previous fiscal year due to increased tax revenue, one-time sale of property, and salary and benefit cost savings. Of the total net position, \$558.6 million is invested in capital assets (net of related debt), while \$42.3 million is restricted for specific governmental operations, leaving a \$153.8 million negative unrestricted balance, reducing the negative unrestricted by \$1.9 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 \$42.4 million, a decrease of \$7.8 million in comparison with the prior year. The decrease is primarily attributable to significant decreases in intergovernmental revenue for the Capital Projects Fund and a loss on disposition of land held for resale in the Housing Fund. The General Fund reflects assigned fund balance of \$15.7 million, which compares to assigned fund balance the previous year of \$9.0, a restricted fund balance of \$1.4 million, and an unassigned fund balance of \$5.4 million for a combined total of \$22.5 million, representing an increase of \$8.2 million over the previous fiscal year. In addition to increased tax revenues in the General Fund, the City continues to experience savings in salaries and benefits because of high vacancy rates due to a highly competitive job market and a high level of scrutiny in filling vacant positions.
- Long-term debt decreased by \$6.1 million in fiscal year 2018-19 from paying down debt and not issuing any new debt.
- Capital assets increased by \$25.7 million due to construction in progress for the State College and Raymond Avenue grade separation projects.

Overview of the Financial Statements

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

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

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

The *Statement of Net Position* presents information on all of the City's assets, 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 Park Dwelling Special Revenue Fund; the Grants Administration Special Revenue Fund; the Housing Special Revenue Fund and the City Capital Projects Fund, all of which are considered major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report.

Beginning Fiscal year 2017-18, the city changed from a biennial appropriated budget to an annual budget. A budgetary comparison schedule is provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The City of Fullerton maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, airport, sewer enterprise, parking facilities, Brea Dam recreational facility operations, and CNG station. Internal Service funds are used to

report any activities that provide goods or services to other funds or departments on a cost-reimbursement basis. The City uses internal service funds to account for its liability insurance, 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 \$447.1 million at the close of the most recent fiscal year. The City's net position increased by \$32.3 million from the previous year due to the decrease in the OPEB liability. Tempering the impact of the increased benefit costs were increases in capital assets and deferred outflows.

Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$170,978	\$141,148	\$40,566	\$39,148	\$211,544	\$180,296
Capital assets	454,172	432,898	\$116,214	111,812	570,386	544,710
Total assets	625,150	574,046	156,780	150,960	781,930	725,006
Deferred Outflows	36,425	48,278	2,282	3,825	38,707	52,103
Long-term liabilities	297,895	301,538	24,690	27,130	322,585	328,668
Other liabilities	32,032	18,113	8,868	9,947	40,900	28,060
Total liabilities	329,927	319,651	33,558	37,077	363,485	356,728
Deferred Inflows	9,522	5,234	570	418	10,092	5,652
Net position:						
Net investment in capital assets	450,340	428,099	108,226	102,771	558,566	530,870
Restricted	42,006	39,316	300	298	42,306	39,614
Unrestricted	(170,220)	(169,976)	16,408	14,223	(153,812)	(155,753)
Total net position	\$322,126	\$297,439	\$124,934	\$117,292	\$447,060	\$414,731

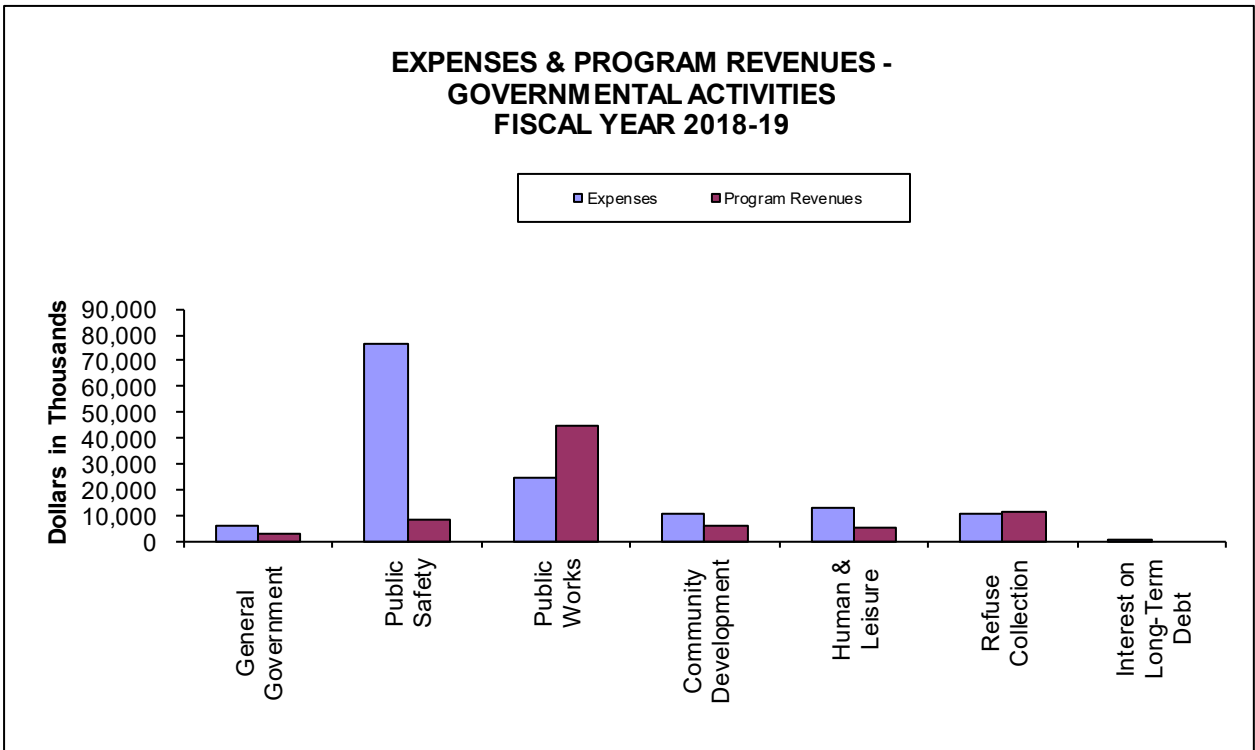
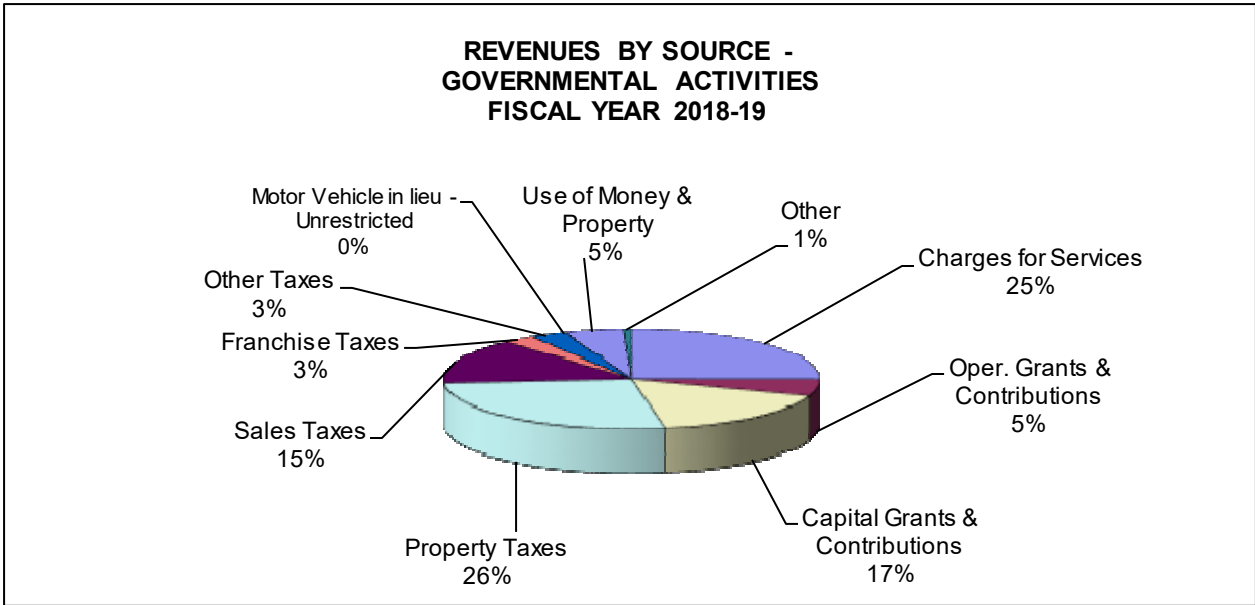
Changes in Net Position

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$41,916	\$33,419	\$43,387	\$44,560	\$85,303	\$77,979
Operating grants and contributions	9,035	8,897			9,035	8,897
Capital grants and contributions	27,752	23,180	185	189	27,937	23,369
General revenues:						
Property taxes	44,204	42,146	87	98	44,291	42,244
Sales taxes	24,438	21,834			24,438	21,834
Franchise taxes	4,493	4,336			4,493	4,336
Other taxes	5,258	4,829			5,258	4,829
Motor vehicle in lieu – unrestricted	69	75			69	75
Use of Money & Property	8,444	4,594	45	40	8,489	4,634
Other	1,200	729	67	166	1,267	895
Gain on sale of capital asset		3,150				3,150
Total revenues	166,810	147,189	43,771	45,053	210,581	192,242
Expenses:						
General government	5,675	6,862			5,675	6,862
Public safety	76,743	75,773			76,743	75,773
Public works	24,726	28,183			24,726	28,183
Community development	10,645	8,761			10,645	8,761
Human and leisure	13,065	12,670			13,065	12,670
Refuse collection	10,878	10,394			10,878	10,394
Interest on long-term debt	391	358			391	358
Water utility			27,806	30,290	27,806	30,290
Airport			1,831	1,667	1,831	1,667
Parking facilities			23	45	23	45
Brea Dam recreational facilities			2,945	2,770	2,945	2,770
Sewer enterprises			3,384	3,735	3,384	3,735
CNG			140	274	140	274
Total expenses	142,123	143,001	36,129	38,781	178,252	181,782
Change in net position before transfers	24,687	4,188	7,642	6,272	32,329	10,460
Transfers		(290)		290		
Change in net position	24,687	3,898	7,642	6,562	32,329	10,460
Net position - beginning	297,439	310,763	117,292	111,908	414,731	422,671
Restatement of net position		(17,222)		(1,178)		(18,400)
Net position - ending	\$322,126	\$297,439	\$124,934	\$117,292	\$447,060	\$414,731

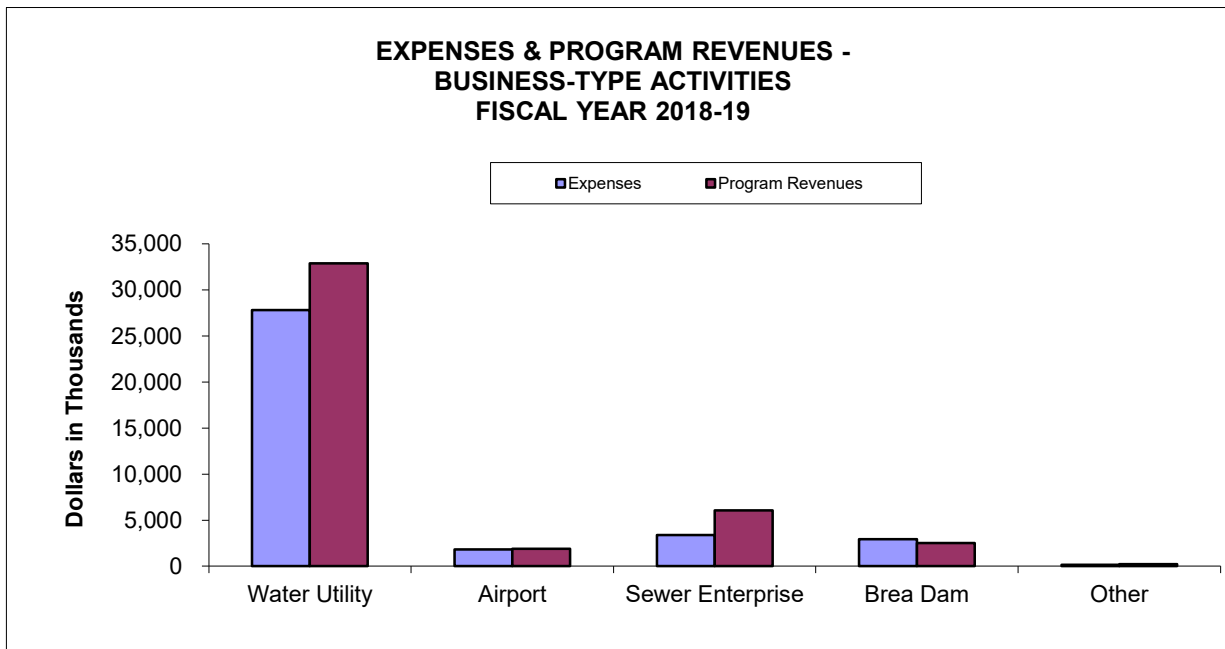
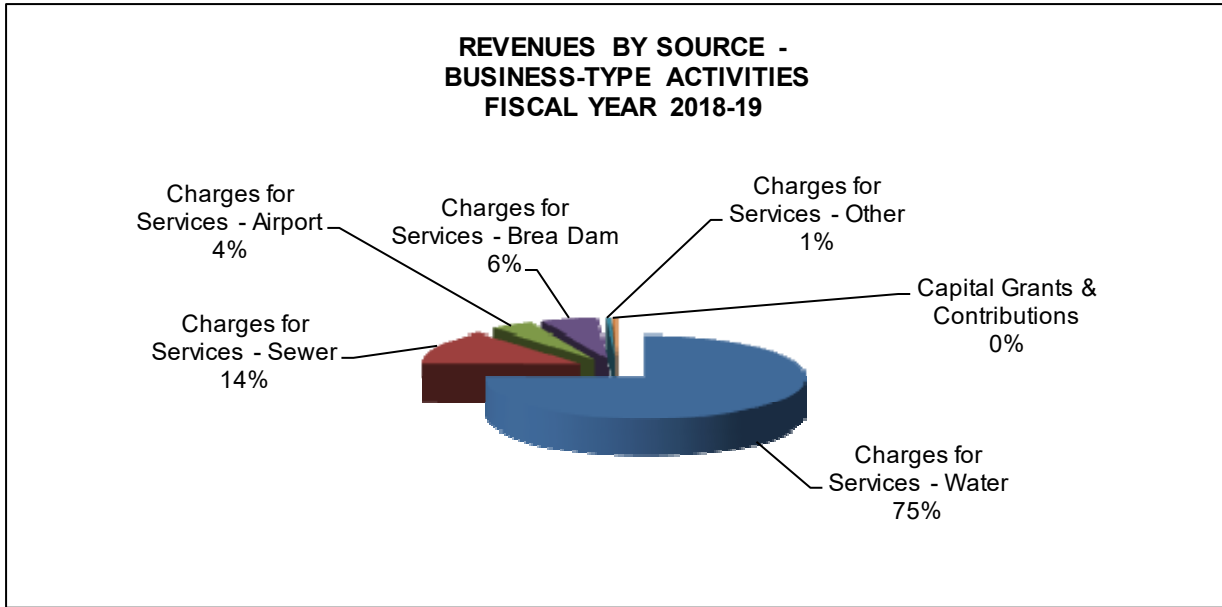
Governmental activities. The net position for governmental activities increased by \$24.7 million over the prior year.

Total revenues reflect an increase of \$19.6 million from the prior year due to increased property, sales and transient occupancy taxes, investment income, proceeds from the sale of a capital asset, and park in-lieu fees generated by development.

Total expenses decreased by \$0.9 million from the prior year, mainly attributable to vacancies in the Public Works Department.



Business-type activities. The Business-type activities reported an increase in net position of \$7.6 million. Revenues reflect a decrease of \$1.3 million, and expenses show a decrease of \$2.7 million. The Brea Dam golf course had decreased revenue due to a large amount of rain, as well as the popularity of the sport in decline. Expenses also declined due to vacancies.



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 \$42.4 million, a decrease of \$7.8 million in comparison with the prior year. Of that total, \$6,528 is nonspendable because it represents inventory and prepaid costs; \$42.0 million represents monies legally restricted by external agencies for debt service and specific programs or projects, and \$15.7 million represents funds assigned by the City Council for a contingency reserve, a reserve for street and road improvements, a building permitting system, and Laguna Lake improvements.

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 \$22.5 million. Of that amount, \$15.7 million was assigned to a contingency reserve as required by the City Council's policy to maintain a reserve equal to 10% of total General Fund expenditures each year. Another \$5.4 million is unassigned. Revenues totaled \$100.5 million, while expenditures totaled \$94.5 million.

The Grants Administration Fund reflected a deficit fund balance of \$(188.7) due to uncollected receivables as of June 30, 2019. This total represents a decrease of \$16,860 from the previous fiscal year.

The Capital Projects fund balance reported a deficit balance of \$(20.5) million, showing a decrease of \$17.3 million from the prior year. The purpose of the fund is for the construction, acquisition, and/or improvements of the City's capital assets. Funding for many of the projects comes from grants that operate on a reimbursement basis that may take longer than the current fiscal year to receive.

Another eleven 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 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 \$14.2 million at the end of the year: \$8.6 million for the Water Utility Fund, \$0.8 million for the Airport Fund, \$5.5 million for the Sewer Fund, \$(0.9) million for the Brea Dam Fund, \$(0.04) million for Parking Facilities Fund, and \$0.2 million for the CNG Fund. The total increase in net position for these enterprise funds was \$6.7 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 \$2.6 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, 2019 was \$(2.2) million.

General Fund Budgetary Highlights

The General Fund ended the fiscal year with a fund balance of \$22.5 million, reflecting an increase of \$8.2 million from the prior year. Total revenues increased by \$10.6 million and expenditures increased \$4.6 million over the prior year. Early in the fiscal year, the Fire Department implemented an initiative to manage the City's ambulance services, so now ambulance fees are retained by the City, which created much of the increase in both revenue and expenditures. In addition, the City received increased taxes and a one-time revenue related to the sale of property. In addition, public safety pension costs increased over \$1.0 million.

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, 2019 totaled \$570.4 million (net of accumulated depreciation), an increase of \$25.7 million due to the State College and Raymond Avenue grade separation projects. Additional information on the City's capital assets can be found in Note 8 of the Notes to the Financial Statements.

Capital Assets (net of depreciation)

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$52,296	\$52,548	\$9,128	\$9,128	\$61,424	\$61,676
Buildings	69,708	71,510	5,949	6,172	75,657	77,682
Improvements other than buildings	29,304	31,235	47,195	46,625	76,499	77,860
Machinery and equipment	10,681	11,946	1,269	1,359	11,950	13,305
Leasehold improvements			11	14	11	14
Infrastructure	85,027	88,712	38,361	37,965	123,388	126,677
Construction in progress	207,156	176,947	14,301	10,550	221,457	187,497
Total	\$454,172	\$432,898	\$116,214	\$111,813	\$570,386	\$544,711

Long-term debt. At the end of the current fiscal year, the City has total long-term debt outstanding of \$18.0 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 9 of the Notes to the Financial Statements. In addition, on December 6, 2018, S&P Global Ratings raised its credit rating on the Judgment Obligation Bonds from AA- to AA.

Long-term Debt

(\$ in thousands)	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ -	\$ -	\$7,030	\$7,530	\$7,030	\$7,530
Judgment obligation bonds	5,615	5,900			5,615	5,900
Capital leases	3,833	4,799	546	1,071	4,379	5,870
Loans	500	1,000			500	1,000
Other	(40)	(42)	538	574	498	532
Total	\$9,908	\$11,657	\$8,114	\$9,175	\$18,022	\$20,832

Economic Factors and Next Year's Budget

In recent years, the City has struggled to balance expenses with revenues while still maintaining a high level of service. This difficult situation becomes even more strained as pension costs continue to escalate and aging infrastructure needs to be addressed. The fiscal year 2019-20 budget was balanced by relying on the City maintaining a vacancy factor of 4% in the General Fund. 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 107,585,953	\$ 32,287,366	\$ 139,873,319
Receivables:			
Accounts	3,426,829	1,857,875	5,284,704
Taxes	252,815	-	252,815
Notes and loans	25,233,416	-	25,233,416
Accrued interest	199,499	-	199,499
Other accrued revenue	35,423,001	4,186,262	39,609,263
Internal balances	(1,889,613)	1,889,613	-
Prepaid costs	5,510	-	5,510
Inventories	190,090	42,126	232,216
Restricted assets:			
Cash with fiscal agent	550,381	302,551	852,932
Capital assets not being depreciated	259,452,326	23,429,163	282,881,489
Capital assets, net of depreciation	194,719,711	92,784,734	287,504,445
Total Assets	625,149,918	156,779,690	781,929,608
Deferred Outflows of Resources:			
Deferred charge on refunding	-	123,768	123,768
Deferred OPEB related items	881,522	30,932	912,454
Deferred pension related items	35,543,439	2,127,448	37,670,887
Total Deferred Outflows of Resources	36,424,961	2,282,148	38,707,109
Liabilities:			
Accounts payable	9,244,085	6,811,977	16,056,062
Accrued liabilities	2,915,801	143,237	3,059,038
Accrued interest	102,450	107,805	210,255
Unearned revenue	2,605,941	-	2,605,941
Deposits payable	4,347,680	1,805,537	6,153,217
Due to other governments	114,423	-	114,423
Due to Orange County Transportation Authority	12,701,500	-	12,701,500
Noncurrent liabilities:			
Due within one year			
Bonds, loans, and capital leases	1,338,373	1,061,456	2,399,829
Compensated absences	2,146,196	324,249	2,470,445
Claims and judgments	4,284,193	-	4,284,193
Due in more than one year			
Bonds, loans, and capital leases	8,569,493	7,052,796	15,622,289
Compensated absences	536,549	81,063	617,612
Claims and judgments	24,849,980	-	24,849,980
Net pension liability	227,130,615	15,150,997	242,281,612
Net OPEB obligation	29,039,663	1,018,989	30,058,652
Total Liabilities	329,926,942	33,558,106	363,485,048
Deferred Inflows of Resources:			
Deferred OPEB related items	5,886,815	206,566	6,093,381
Deferred pension related items	3,635,144	362,976	3,998,120
Total Deferred Inflows of Resources	9,521,959	569,542	10,091,501
Net Position:			
Net investment in capital assets	450,339,512	108,225,851	558,565,363
Restricted for:			
Community development projects	1,303,492	-	1,303,492
Public safety	809,023	-	809,023
Parks and recreation	6,572,395	-	6,572,395
Public works	17,892,326	-	17,892,326
Debt service	205,907	300,113	506,020
Housing	13,243,350	-	13,243,350
Refuse collection	1,979,867	-	1,979,867
Unrestricted	(170,219,894)	16,408,226	(153,811,668)
Total Net Position	\$ 322,125,978	\$ 124,934,190	\$ 447,060,168

CITY OF FULLERTON

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,674,868	\$ 1,222,366	\$ 1,472,155	\$ -
Public safety	76,743,091	7,208,765	924,343	-
Community development	10,645,095	4,849,568	1,346,811	27,897
Human and leisure	13,065,086	5,386,741	20,984	-
Public works	24,726,118	11,587,406	5,270,635	27,724,517
Refuse collection	10,877,545	11,660,900	-	-
Interest on long-term debt	391,070	-	-	-
Total Governmental Activities	142,122,873	41,915,746	9,034,928	27,752,414
Business-Type Activities:				
Airport	1,830,740	1,883,589	-	-
Brea Dam Facilities Recreational	2,944,891	2,510,570	-	-
Water Utility	27,805,685	32,714,832	-	184,840
Parking Facilities	23,481	12,264	-	-
Sewer Enterprise	3,383,590	6,043,951	-	-
Compressed Natural Gas Facility	140,468	221,644	-	-
Total Business-Type Activities	36,128,855	43,386,850	-	184,840
Total Primary Government	\$ 178,251,728	\$ 85,302,596	\$ 9,034,928	\$ 27,937,254
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				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,980,347)	\$ -	\$ (2,980,347)
(68,609,983)	-	(68,609,983)
(4,420,819)	-	(4,420,819)
(7,657,361)	-	(7,657,361)
19,856,440	-	19,856,440
783,355	-	783,355
(391,070)	-	(391,070)
(63,419,785)	-	(63,419,785)
-	52,849	52,849
-	(434,321)	(434,321)
-	5,093,987	5,093,987
-	(11,217)	(11,217)
-	2,660,361	2,660,361
-	81,176	81,176
-	7,442,835	7,442,835
(63,419,785)	7,442,835	(55,976,950)
44,204,121	87,046	44,291,167
24,437,905	-	24,437,905
4,493,400	-	4,493,400
5,258,481	-	5,258,481
69,224	-	69,224
8,443,726	45,686	8,489,412
1,200,056	66,911	1,266,967
88,106,913	199,643	88,306,556
24,687,128	7,642,478	32,329,606
297,438,850	117,291,712	414,730,562
\$ 322,125,978	\$ 124,934,190	\$ 447,060,168

CITY OF FULLERTON

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

		Special Revenue Fund	Capital Projects Fund
	General	Grants Administration	Capital Projects
Assets:			
Pooled cash and investments	\$ 21,966,670	\$ -	\$ -
Receivables:			
Accounts	1,436,576	195,721	322,619
Taxes	252,815	-	-
Notes and loans	-	13,391,177	-
Other accrued revenue	6,767,286	348,131	25,375,665
Prepaid costs	-	1,510	-
Due from other funds	1,300,444	-	-
Inventories	6,528	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	114,423	435,908
Total Assets	\$ 31,730,319	\$ 14,050,962	\$ 26,134,192
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 2,069,183	\$ 80,071	\$ 5,555,208
Accrued liabilities	2,702,782	22,018	19,703
Unearned revenues	78,817	120,355	2,404,426
Deposits payable	4,345,580	-	-
Due to other governments	-	114,423	-
Due to other funds	-	321,873	669,758
Due to Orange County Transportation Authority	-	-	12,701,500
Total Liabilities	9,196,362	658,740	21,350,595
Deferred Inflows of Resources:			
Unavailable revenues	52,783	13,580,924	25,284,842
Total Deferred Inflows of Resources	52,783	13,580,924	25,284,842
Fund Balances:			
Nonspendable	6,528	-	-
Restricted	1,386,437	-	-
Assigned	15,656,277	-	-
Unassigned	5,431,932	(188,702)	(20,501,245)
Total Fund Balances	22,481,174	(188,702)	(20,501,245)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,730,319	\$ 14,050,962	\$ 26,134,192

CITY OF FULLERTON

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 25,705,405	\$ 47,672,075
Receivables:		
Accounts	1,434,931	3,389,847
Taxes	-	252,815
Notes and loans	11,842,239	25,233,416
Other accrued revenue	2,931,919	35,423,001
Prepaid costs	-	1,510
Due from other funds	-	1,300,444
Inventories	-	6,528
Restricted assets:		
Cash and investments with fiscal agents	-	550,331
Total Assets	\$ 41,914,494	\$ 113,829,967
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,182,649	\$ 8,887,111
Accrued liabilities	107,479	2,851,982
Unearned revenues	2,343	2,605,941
Deposits payable	2,100	4,347,680
Due to other governments	-	114,423
Due to other funds	-	991,631
Due to Orange County Transportation Authority	-	12,701,500
Total Liabilities	1,294,571	32,500,268
Deferred Inflows of Resources:		
Unavailable revenues	-	38,918,549
Total Deferred Inflows of Resources	-	38,918,549
Fund Balances:		
Nonspendable	-	6,528
Restricted	40,619,923	42,006,360
Assigned	-	15,656,277
Unassigned	-	(15,258,015)
Total Fund Balances	40,619,923	42,411,150
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,914,494	\$ 113,829,967

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CITY OF FULLERTON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balances of governmental funds		\$ 42,411,150
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		
Capital assets	\$ 702,651,380	
Accumulated depreciation	<u>(255,438,964)</u>	447,212,416
Governmental funds report all OPEB contributions as expenditures, however, the OPEB liability has a measurement date of June 30, 2018, and contributions made subsequent to the measurement date are reclassified as deferred OPEB contributions.		866,923
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2018, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		15,375,199
Deferred outflows of resources reported for the pension plan for government-wide statement:		
Differences between expected and actual experiences	1,886,725	
Change of assumptions	15,861,141	
Net difference between projected and actual earnings on pension plan investments	<u>1,398,198</u>	19,146,064
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-Term Liabilities:		
Capital leases	(2,166,304)	
HUD Section 108 loans	(500,000)	
Compensated Absences	(2,682,745)	
Claims payable	<u>(167,173)</u>	(5,516,222)
Governmental funds report all OPEB contributions as expenditures, however, in the statement of net position, the excess of the total OPEB liability over the plan fiduciary net position is reported as a net OPEB liability.		(28,558,725)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(219,851,008)
Deferred inflows of resources reported for the pension plan for government-wide statements:		
Differences between expected and actual experiences	(1,570,688)	
Change in assumptions	<u>(1,890,055)</u>	(3,460,743)
Deferred inflows of resources reported for the OPEB plan for government-wide statements:		
Differences between expected and actual experiences	(5,787,920)	
Differences between expected and actual return on assets	<u>(1,400)</u>	(5,789,320)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		38,918,549
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>21,371,695</u>
Net Position of Governmental Activities		<u>\$ 322,125,978</u>

CITY OF FULLERTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

		Special Revenue Fund	Capital Projects Fund
	General	Grants Administration	Capital Projects
Revenues:			
Taxes	\$ 73,900,507	\$ -	\$ -
Franchise taxes	4,493,400	-	-
Licenses and permits	2,783,564	-	-
Intergovernmental	918,441	3,431,581	7,576,477
Charges for services	9,340,500	-	370,239
Investment income	6,171,974	-	180,243
Fines and forfeitures	1,415,167	-	-
Miscellaneous	1,502,966	40,462	242,723
Total Revenues	100,526,519	3,472,043	8,369,682
Expenditures:			
Current:			
General government	4,780,536	45,000	-
Public safety	67,598,481	1,179,427	-
Community development	5,283,962	1,088,736	-
Human and leisure	9,891,682	449,039	-
Public works	6,254,014	36,145	2,652,421
Refuse collection	-	-	-
Capital outlay	398,638	-	33,226,428
Debt service:			
Principal retirement	306,135	500,000	-
Interest and fiscal charges	-	12,725	-
Total Expenditures	94,513,448	3,311,072	35,878,849
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,013,071	160,971	(27,509,167)
Other Financing Sources (Uses):			
Transfers in	396,351	-	10,240,829
Transfers out	(621,000)	(177,831)	-
Proceeds from sale of assets	2,411,313	-	-
Loss on disposition of land held for resale	-	-	-
Total Other Financing Sources (Uses)	2,186,664	(177,831)	10,240,829
Net Change in Fund Balances	8,199,735	(16,860)	(17,268,338)
Fund Balances, Beginning of Year	14,281,439	(171,842)	(3,232,907)
Fund Balances, End of Year	\$ 22,481,174	\$ (188,702)	\$ (20,501,245)

CITY OF FULLERTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 73,900,507
Franchise taxes	-	4,493,400
Licenses and permits	-	2,783,564
Intergovernmental	8,684,575	20,611,074
Charges for services	23,296,990	33,007,729
Investment income	543,085	6,895,302
Fines and forfeitures	243,262	1,658,429
Miscellaneous	172,131	1,958,282
Total Revenues	32,940,043	145,308,287
Expenditures:		
Current:		
General government	96,445	4,921,981
Public safety	180,447	68,958,355
Community development	228,651	6,601,349
Human and leisure	138,926	10,479,647
Public works	7,647,886	16,590,466
Refuse collection	11,165,613	11,165,613
Capital outlay	10,716	33,635,782
Debt service:		
Principal retirement	-	806,135
Interest and fiscal charges	-	12,725
Total Expenditures	19,468,684	153,172,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,471,359	(7,863,766)
Other Financing Sources (Uses):		
Transfers in	-	10,637,180
Transfers out	(8,761,167)	(9,559,998)
Proceeds from sale of assets	-	2,411,313
Loss on disposition of land held for resale	(3,406,569)	(3,406,569)
Total Other Financing Sources (Uses)	(12,167,736)	81,926
Net Change in Fund Balances	1,303,623	(7,781,840)
Fund Balances, Beginning of Year	39,316,300	50,192,990
Fund Balances, End of Year	\$ 40,619,923	\$ 42,411,150

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CITY OF FULLERTON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$ (7,781,840)

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

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

Capital outlay	\$ 33,643,084	
Disposal	(262,614)	
Depreciation	<u>(11,257,030)</u>	22,123,440

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

Principal payments	806,135	
Claims expense	<u>36,764</u>	842,899

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

197,828

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

(11,921,463)

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

586,196

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

17,541,978

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

3,098,090

Change in Net Position of Governmental Activities

\$ 24,687,128

CITY OF FULLERTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Assets and Deferred Outflows:				
Assets:				
Current:				
Cash and investments	\$ 1,832,420	\$ 21,607,771	\$ 8,653,054	\$ 194,121
Receivables:				
Accounts receivable	139,660	1,275,358	441,772	1,085
Prepaid items	-	-	-	-
Inventory	-	-	-	42,126
Other accrued revenue receivable	-	3,560,145	618,789	7,328
Restricted:				
Cash with fiscal agent	-	10	-	302,541
Total Current Assets	1,972,080	26,443,284	9,713,615	547,201
Noncurrent:				
Capital assets - net of accumulated depreciation	15,349,027	52,360,929	45,134,088	3,369,853
Total Noncurrent Assets	15,349,027	52,360,929	45,134,088	3,369,853
Total Assets	17,321,107	78,804,213	54,847,703	3,917,054
Deferred Outflows of Resources:				
Deferred charge on refunding	-	123,768	-	-
Deferred pension related items	160,185	1,415,629	495,570	56,064
Deferred OPEB related items	-	29,472	1,460	-
Total Deferred Outflows of Resources	160,185	1,568,869	497,030	56,064
Total Assets & Deferred Outflows of Resources	\$ 17,481,292	\$ 80,373,082	\$ 55,344,733	\$ 3,973,118
Liabilities, Deferred Inflows and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 17,654	\$ 5,587,798	\$ 900,466	\$ 306,059
Accrued liabilities	12,544	92,948	29,940	7,805
Accrued interest	7,188	77,306	-	23,311
Deposits payable	60,405	1,745,132	-	-
Due to other funds	-	-	-	308,813
Accrued compensated absences	30,787	239,977	47,775	5,710
Claims payable	-	-	-	-
Bonds, notes, and capital leases	546,456	390,000	-	125,000
Total Current Liabilities	675,034	8,133,161	978,181	776,698
Noncurrent:				
Accrued compensated absences	7,697	59,994	11,944	1,428
Net pension liability	1,140,781	10,081,651	3,529,291	399,274
Net OPEB liability	-	970,894	48,095	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	-	5,341,351	-	1,711,445
Total Noncurrent Liabilities	1,148,478	16,453,890	3,589,330	2,112,147
Total Liabilities	1,823,512	24,587,051	4,567,511	2,888,845
Deferred Inflows of Resources:				
Deferred pension related items	27,330	241,528	84,552	9,566
Deferred OPEB related items	-	196,817	9,749	-
Total Deferred Inflows of Resources	27,330	438,345	94,301	9,566
Net Position:				
Net investment in capital assets	14,802,571	46,753,346	45,134,088	1,535,846
Restricted for debt service	-	10	-	300,103
Unrestricted	827,879	8,594,330	5,548,833	(761,242)
Total Net Position	15,630,450	55,347,686	50,682,921	1,074,707
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 17,481,292	\$ 80,373,082	\$ 55,344,733	\$ 3,973,118

CITY OF FULLERTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	
Assets and Deferred Outflows:		
Assets:		
Current:		
Cash and investments	\$ 32,287,366	\$ 59,913,878
Receivables:		
Accounts receivable	1,857,875	36,982
Prepaid items	-	4,000
Inventory	42,126	183,562
Other accrued revenue receivable	4,186,262	199,499
Restricted:		
Cash with fiscal agent	302,551	50
Total Current Assets	38,676,180	60,337,971
Noncurrent:		
Capital assets - net of accumulated depreciation	116,213,897	6,959,621
Total Noncurrent Assets	116,213,897	6,959,621
Total Assets	154,890,077	67,297,592
Deferred Outflows of Resources:		
Deferred charge on refunding	123,768	-
Deferred pension related items	2,127,448	1,022,176
Deferred OPEB related items	30,932	14,599
Total Deferred Outflows of Resources	2,282,148	1,036,775
Total Assets & Deferred Outflows of Resources	\$ 157,172,225	\$ 68,334,367
Liabilities, Deferred Inflows and Net Position:		
Liabilities:		
Current:		
Accounts payable	\$ 6,811,977	\$ 356,974
Accrued liabilities	143,237	63,819
Accrued interest	107,805	102,450
Deposits payable	1,805,537	-
Due to other funds	308,813	-
Accrued compensated absences	324,249	-
Claims payable	-	4,245,162
Bonds, notes, and capital leases	1,061,456	593,111
Total Current Liabilities	10,563,074	5,361,516
Noncurrent:		
Accrued compensated absences	81,063	-
Net pension liability	15,150,997	7,279,607
Net OPEB liability	1,018,989	480,938
Claims payable	-	24,721,838
Bonds, notes, and capital leases	7,052,796	6,648,451
Total Noncurrent Liabilities	23,303,845	39,130,834
Total Liabilities	33,866,919	44,492,350
Deferred Inflows of Resources:		
Deferred pension related items	362,976	174,401
Deferred OPEB related items	206,566	97,495
Total Deferred Inflows of Resources	569,542	271,896
Net Position:		
Net investment in capital assets	108,225,851	6,508,243
Restricted for debt service	300,113	-
Unrestricted	14,209,800	17,061,878
Total Net Position	122,735,764	23,570,121
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 157,172,225	\$ 68,334,367
Reconciliation of Net Position to the Government-Wide Statement of Net Position:		
Net Position per Statement of Net Position - Proprietary Funds	\$ 122,735,764	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	1,247,974	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	950,452	
Net Position per Government-Wide Financial Statement of Net Position	\$ 124,934,190	

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Operating Revenues:				
Sales and service charges	\$ 1,883,589	\$ 32,714,832	\$ 6,043,951	\$ 2,744,478
Internal service fund charges	-	-	-	-
Miscellaneous	6,206	60,705	-	-
Total Operating Revenues	1,889,795	32,775,537	6,043,951	2,744,478
Operating Expenses:				
Maintenance, operations, and administration	1,365,465	10,263,384	2,773,036	3,011,248
Cost of water	-	16,475,178	-	-
Claims expense	-	-	-	-
Depreciation expense	475,427	1,554,234	700,492	89,395
Miscellaneous	-	-	-	-
Total Operating Expenses	1,840,892	28,292,796	3,473,528	3,100,643
Operating Income (Loss)	48,903	4,482,741	2,570,423	(356,165)
Nonoperating Revenues (Expenses):				
Taxes	87,046	-	-	-
Interest revenue	-	38,654	-	7,032
Interest expense	(37,513)	(245,455)	-	(88,480)
Total Nonoperating Revenues (Expenses)	49,533	(206,801)	-	(81,448)
Income (Loss) Before Transfers and Contributions	98,436	4,275,940	2,570,423	(437,613)
Capital contributions	-	184,840	-	-
Transfers out	-	-	-	-
Changes in Net Position	98,436	4,460,780	2,570,423	(437,613)
Net Position:				
Beginning of Year	15,532,014	50,886,906	48,112,498	1,512,320
End of Fiscal Year	\$ 15,630,450	\$ 55,347,686	\$ 50,682,921	\$ 1,074,707

CITY OF FULLERTON

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities- Internal Service Funds
	Totals	
Operating Revenues:		
Sales and service charges	\$ 43,386,850	\$ -
Internal service fund charges	-	28,525,942
Miscellaneous	66,911	251,664
Total Operating Revenues	43,453,761	28,777,606
Operating Expenses:		
Maintenance, operations, and administration	17,413,133	19,688,460
Cost of water	16,475,178	-
Claims expense	-	3,893,939
Depreciation expense	2,819,548	1,232,260
Miscellaneous	-	7,302
Total Operating Expenses	36,707,859	24,821,961
Operating Income (Loss)	6,745,902	3,955,645
Nonoperating Revenues (Expenses):		
Taxes	87,046	-
Interest revenue	45,686	1,548,424
Interest expense	(371,448)	(378,345)
Total Nonoperating Revenues (Expenses)	(238,716)	1,170,079
Income (Loss) Before Transfers and Contributions	6,507,186	5,125,724
Capital contributions	184,840	-
Transfers out	-	(1,077,182)
Changes in Net Position	6,692,026	4,048,542
Net Position:		
Beginning of Year	116,043,738	19,521,579
End of Fiscal Year	\$ 122,735,764	\$ 23,570,121
Reconciliation of Changes in Net Position to the Statement of Activities:		
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	\$ 6,692,026	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	950,452	
Changes in Net Position of Business-Type Activities per Statement of Activities	\$ 7,642,478	

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,894,652	\$ 33,222,598	\$ 6,265,206	\$ 2,975,589
Cash received from interfund services provided	-	-	-	-
Cash paid to suppliers	(903,848)	(17,490,849)	(1,524,128)	(1,158)
Cash paid to employees services	(289,409)	(10,094,717)	(1,510,519)	(2,968,738)
Cash paid to insurance claims	-	-	-	-
Net Cash Provided by Operating Activities	701,395	5,637,032	3,230,559	5,693
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	-
Repayment made from other funds	-	-	-	223,376
Taxes received	87,046	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	87,046	-	-	223,376
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(236,251)	(4,254,000)	(2,545,843)	-
Principal paid on capital debt	(524,683)	(380,000)	-	(120,000)
Interest paid on capital debt	(44,453)	(279,133)	-	(87,269)
Net Cash Provided for Capital and Related Financing Activities	(805,387)	(4,913,133)	(2,545,843)	(207,269)
Cash Flows from Investing Activities:				
Interest received	-	38,654	-	7,032
Net Cash Provided by Investing Activities	-	38,654	-	7,032
Net Increase (Decrease) in Cash and Cash Equivalents	(16,946)	762,553	684,716	28,832
Cash and Cash Equivalents at Beginning of Year	1,849,366	20,845,228	7,968,338	467,830
Cash and Cash Equivalents at End of Year	\$ 1,832,420	\$ 21,607,781	\$ 8,653,054	\$ 496,662

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Water Utility	Sewer Enterprise	Other Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 48,903	\$ 4,482,741	\$ 2,570,423	\$ (356,165)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	475,427	1,554,234	700,492	89,395
(Increase) decrease in accounts receivable	1,257	(167,028)	75,721	15,512
(Increase) decrease in other accrued revenue receivable	-	581,559	145,534	119,877
(Increase) decrease in inventory	-	-	-	(4,395)
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	9,454	(1,015,671)	(186,306)	98,959
Increase (decrease) in accrued liabilities	3,542	(9,021)	(2,603)	(259)
Increase (decrease) in deposits payable	3,600	32,530	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in compensated absences	2,281	(34,220)	(4,957)	1,328
Increase (decrease) in net OPEB liability	-	(32,780)	(4,682)	-
Increase (decrease) in net pension liability	156,931	244,688	(63,063)	41,441
Total Adjustments	652,492	1,154,291	660,136	361,858
Net Cash Provided (Used) by Operating Activities	\$ 701,395	\$ 5,637,032	\$ 3,230,559	\$ 5,693
Non-Cash Investing, Capital, and Financing Activities:				
Capital contributions	\$ -	\$ 184,840	\$ -	\$ -
Amortization of bond premiums/(discounts)	-	38,615	-	(2,483)
Deferred charges	-	(8,391)	-	-

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise	Governmental Activities- Internal Service Funds
	Totals	
Cash Flows from Operating Activities:		
Cash received from customers	\$ 44,358,045	\$ -
Cash received from interfund services provided	-	28,721,394
Cash paid to suppliers	(19,919,983)	(16,834,643)
Cash paid to employees services	(14,863,383)	(1,728,797)
Cash paid to insurance claims	-	(1,877,939)
Net Cash Provided by Operating Activities	9,574,679	8,280,015
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	-	(1,077,182)
Repayment made from other funds	223,376	-
Taxes received	87,046	-
Net Cash Provided (Used) by Non-Capital Financing Activities	310,422	(1,077,182)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(7,036,094)	(383,022)
Principal paid on capital debt	(1,024,683)	(945,811)
Interest paid on capital debt	(410,855)	(355,715)
Net Cash Provided for Capital and Related Financing Activities	(8,471,632)	(1,684,548)
Cash Flows from Investing Activities:		
Interest received	45,686	1,548,424
Net Cash Provided by Investing Activities	45,686	1,548,424
Net Increase (Decrease) in Cash and Cash Equivalents	1,459,155	7,066,709
Cash and Cash Equivalents at Beginning of Year	31,130,762	52,847,219
Cash and Cash Equivalents at End of Year	\$ 32,589,917	\$ 59,913,928

CITY OF FULLERTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise	Governmental Activities- Internal Service Funds
	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 6,745,902	\$ 3,955,645
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	2,819,548	1,232,260
(Increase) decrease in accounts receivable	(74,538)	(25,135)
(Increase) decrease in other accrued revenue receivable	846,970	(31,194)
(Increase) decrease in inventory	(4,395)	(7,623)
(Increase) decrease in prepaid expense	-	4,900
Increase (decrease) in accounts payable	(1,093,564)	(3,668)
Increase (decrease) in accrued liabilities	(8,341)	8,210
Increase (decrease) in deposits payable	36,130	-
Increase (decrease) in claims and judgments	-	2,016,000
Increase (decrease) in compensated absences	(35,568)	-
Increase (decrease) in net OPEB liability	(37,462)	(155,091)
Increase (decrease) in net pension liability	379,997	1,285,711
Total Adjustments	2,828,777	4,324,370
Net Cash Provided (Used) by Operating Activities	\$ 9,574,679	\$ 8,280,015
Non-Cash Investing, Capital, and Financing Activities:		
Capital contributions	\$ 184,840	\$ -
Amortization of bond premiums/(discounts)	36,132	(2,833)
Deferred charges	(8,391)	-

CITY OF FULLERTON

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 2,507,845	\$ 10,187,660
Receivables:		
Notes and loans	-	35,263,532
Other accrued revenue	-	39,881
Land held for resale	-	2,900,768
Restricted assets:		
Cash and investments	-	6,228,625
Cash and investments with fiscal agents	124,458	3,732,700
Capital assets:		
Capital assets, not being depreciated	-	5,473,479
Capital assets, net of accumulated depreciation	-	9,475,993
Total Assets	\$ 2,632,303	73,302,638
Deferred Outflows of Resources:		
Deferred charges		600,076
Deferred pension related items		78,089
Total Deferred Outflows of Resources		678,165
Liabilities:		
Current:		
Accounts payable	\$ 670,129	1,352
Accrued liabilities	-	4,427
Accrued interest	-	1,494,022
Deposits payable	1,905,420	23,503
Due to external parties/other agencies	56,754	-
Bonds payable	-	7,155,000
Noncurrent:		
Bonds payable	-	66,910,389
Net pension liability	-	556,130
Total Liabilities	\$ 2,632,303	76,144,823
Deferred Inflows of Resources:		
Deferred pension related items		13,324
Total Deferred Inflows or Resources		13,324
Net Position:		
Held in trust for other purposes		(2,177,344)
Total Net Position		\$ (2,177,344)

CITY OF FULLERTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 11,960,542
Interest and change in fair value of investments	1,142,648
Total Additions	13,103,190
Deductions:	
Administrative expenses	311,391
Contractual services	337,311
Interest expense	4,065,416
Depreciation expense	508,787
Total Deductions	5,222,905
Changes in Net Position	7,880,285
Net Position - Beginning of the Year	(10,057,629)
Net Position - End of the Year	\$ (2,177,344)

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

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

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

Blended Component Units

CITY OF FULLERTON PUBLIC FINANCING AUTHORITY

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

CITY OF FULLERTON HOUSING AUTHORITY

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

Separate financial statements are not prepared for the Public Financing Authority and the Housing Authority.

Note 1: Summary of Significant Accounting Policies (Continued)

b. Basic Financial Statements - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units as a whole. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments where the amounts are reasonably equivalent in value to the interfund services provided between the government's water, airport, parking facilities, recreational facilities and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs for administrative overhead are allocated among the functions and are included in the program expenses. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)**c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The City's fiduciary funds consists of agency funds and a private-purpose trust fund. The agency funds have no measurement focus. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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.
- 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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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 is 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category. One is the deferred charge on refunding reported in the Government-Wide Statement of Net Position and the Statement of Fiduciary Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are deferred pension and OPEB related items reported in the Government-wide Statement of Net Position and the Statement of Fiduciary Net Position.

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

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

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

Net difference between projected and actual earning on pension plan investments	5 years	All plans
All other amounts are amortized over the expected average remaining service lifetime (EARSL) of the respective plan. As of June 30, 2018 (measurement date), EARLS were:	2.7 years	Pension Miscellaneous – Agent Multiple Employer Plan
	4.0 years	Pension Safety Police – Agent Multiple Employer Plan

Note 1: Summary of Significant Accounting Policies (Continued)

7. Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Fund that accounts for the City's self-insurance activities. It is the City's policy that all insurance claims outstanding at June 30, 2019, will be liquidated from expendable available financial resources at June 30, 2019.

8. Compensated Absences

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

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, 2018
Measurement Period	July 1, 2017 to June 30, 2018

11. Long-Term Obligations

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

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

12. Fund Equity

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

- Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Note 1: Summary of Significant Accounting Policies (Continued)

- Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by the adoption of a resolution or ordinance.
- Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Director of Administrative Services is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.
- Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only City fund that is able to report a positive unassigned fund balance.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)**15. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2019, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

II. STEWARDSHIP**Note 2: Stewardship, Compliance and Accountability****Deficit Fund Balances or Net Position**

At June 30, 2019, the following funds had deficit net position amounts of:

Internal Service Funds

Building Maintenance	\$ (977,097)
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III. DETAILED NOTES ON ALL FUNDS**Note 3: Cash and Investments**

Cash and investments at June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 139,873,319
Restricted cash and investments	852,932
Fiduciary Funds:	
Cash and investments	12,695,505
Restricted cash and investments	<u>10,085,783</u>
Total cash and investments	<u>\$ 163,507,539</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)

Cash and investments as of June 30, 2019, consist of the following:

Demand accounts and cash on hand Investments	\$ 3,942,008
Investments	153,336,906
Escrow Accounts	6,228,625
Total cash and investments	<u>\$ 163,507,539</u>

At June 30, 2019, the carrying amount of the City's deposits was \$3,900,432 and the bank balance was \$4,718,102. The \$817,670 difference represents outstanding checks and other reconciling items.

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

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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)

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, 2019 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	\$ 54,207,884	\$ -	\$ -	\$ 54,207,884
Certificates of Deposit	249,850	-	3,988,358	4,238,208
U.S. Government Treasury Notes	1,026,766	53,642,336	10,125,324	64,794,426
Corporate Notes	6,235,271	6,904,217	1,397,186	14,536,674
Federal agency securities				
FHLMC	28,714	6,132,651	3,683,324	9,844,689
FNMA	-	857,447	-	857,447
Money Market Mutual Funds	184,024	-	-	184,024
Total Cash Investments	61,932,509	67,536,651	19,194,192	148,663,352
Investments with Fiscal Agents:				
PARS OPEB Trust Fund	56,754	-	-	56,754
U.S. Government Treasury Notes	-	1,294,351	271,805	1,566,156
Corporate Notes	-	-	101,725	101,725
Federal agency securities				
FHLB	-	1,473,760	-	1,473,760
FNMA	-	498,475	127,596	626,071
FFCB	-	134,860	-	134,860
Money Market Mutual Funds	714,228	-	-	714,228
Total Investments with Fiscal Agent	770,982	3,401,446	501,126	4,673,554
Total Investments	\$ 62,703,491	\$ 70,938,097	\$ 19,695,318	\$ 153,336,906

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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, 2019	Minimum Legal Rating	AAA-A	A-1-A-1+	A-2	Not Required to be Rated
Local Agency Investment Fund	\$ 54,207,884	N/A	\$ -	\$ -	\$ -	\$ 54,207,884
Certificates of Deposit	4,238,208	N/A	-	1,745,608	251,058	2,241,542
U.S. Government Treasury Notes	64,794,426	N/A	64,794,426	-	-	-
Corporate Notes	14,536,674	A	14,536,674	-	-	-
Federal agency securities	10,702,136	N/A	10,702,136	-	-	-
Money Market Mutual Funds	184,024	AAAm	184,024	-	-	-
Investments with Fiscal Agents:						
PARS OPEB Trust Fund	56,754	N/A	-	-	-	56,754
U.S. Government Treasury Notes	1,566,156	N/A	1,566,156	-	-	-
Corporate Notes	101,725	A	101,725	-	-	-
Federal agency securities	2,234,691	N/A	2,234,691	-	-	-
Money Market Mutual Funds	714,228	AAAm	714,228	-	-	-
Total	\$ 153,336,906		\$ 94,834,060	\$ 1,745,608	\$ 251,058	\$ 56,506,180

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan MC	Federal agency securities	\$9,844,689

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 3: Cash and Investments (Continued)

As of June 30, 2019, none of the City's deposits or investments were exposed to custodial credit risk. As of June 30, 2019, \$4,673,554 in investments are purchased and held by the bond trustee.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. 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.

Allocation of interest income among funds

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

Restricted cash and investments

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

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, 2019**Note 3: Cash and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Totals	Investments not Measured at Fair Value	Level		Uncategorized
			1	2	
Local Agency Investment Fund	\$ 54,207,884	\$ -	\$ -	\$ -	\$ 54,207,884
Certificates of Deposit	4,238,208	-	-	4,238,208	-
U.S. Treasury Bonds	64,794,426	-	-	64,794,426	-
Corporate Notes	14,536,674	-	-	14,536,674	-
Federal agency securities	10,702,136	-	-	10,702,136	-
Money Market Mutual Funds	184,024	-	184,024	-	-
Investments with Fiscal Agents:					
PARS OPEB Trust Fund	56,754	56,754	-	-	-
U.S. Treasury Bonds	1,566,156	-	-	1,566,156	-
Corporate Notes	101,725	-	-	101,725	-
Federal agency securities	2,234,691	-	-	2,234,691	-
Money Market Mutual Funds	714,228	-	714,228	-	-
Total Investments	<u>\$ 153,336,906</u>	<u>\$ 56,754</u>	<u>\$ 898,252</u>	<u>\$ 98,174,016</u>	<u>\$ 54,207,884</u>

Note 4: Other Accrued Revenue Receivable

The other accrued revenue receivable as of June 30, 2019, for the City's major and other funds are as follows:

	General	Grants Administration	Capital Projects	Other Governmental Funds	Total
Governmental Funds:					
Receivables:					
Rental revenue	\$ 134,159	\$ -	\$ -	\$ -	\$ 134,159
Unbilled reimbursable cost	586,850	-	-	-	586,850
Interest revenue	288,990	-	-	33,050	322,040
Transient occupancy tax	544,551	-	-	-	544,551
Unbilled grants & entitlements	4,741,139	348,131	25,375,665	901,756	31,366,691
Unbilled water & refuse franchise tax	67,666	-	-	-	67,666
Unbilled refuse collection revenue	70,865	-	-	1,138,291	1,209,156
Unbilled paramedic revenue	333,066	-	-	-	333,066
Unbilled sanitation revenue	-	-	-	858,822	858,822
Total receivables	<u>\$ 6,767,286</u>	<u>\$ 348,131</u>	<u>\$ 25,375,665</u>	<u>\$ 2,931,919</u>	<u>\$ 35,423,001</u>
Proprietary Funds:					
	Water Utility	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Receivables:					
Rental revenue	\$ -	\$ -	\$ 2,542	\$ 2,542	\$ -
Unbilled water revenue	3,555,258	-	-	3,555,258	-
Unbilled sewer revenue	-	618,789	-	618,789	-
Unbilled other revenue	4,887	-	4,786	9,673	117
Interest revenue	-	-	-	-	199,382
Total receivables	<u>\$ 3,560,145</u>	<u>\$ 618,789</u>	<u>\$ 7,328</u>	<u>\$ 4,186,262</u>	<u>\$ 199,499</u>

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, 2019, is \$10,638,692.

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, 2019, is \$1,203,547.

The Housing Fund notes and loans receivable total \$11,842,239.

Grants Administration Fund

CDBG Loans:

c. Housing and Community Development Loan Program

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

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

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

The rehabilitation loans are recorded in Grants Administration Fund as Notes Receivable and Deferred Revenue. All HUD cash held for rehabilitation loans is reflected in an Agency Fund. Since the Department of Housing and Urban Development has a claim to any funds remaining when the program is terminated, these funds are reported as liabilities. The outstanding balance at June 30, 2019, is \$1,128,149.

HOME Fund - Notes Receivable:

d. Civic Center Barrio Housing

On July 19, 1994, an Owner Participation Agreement was issued for the acquisition and rehabilitation of affordable rental housing projects located at Garnet Lane Apartments at a simple interest rate of 3%. These loans are due in 30 years commencing July 19, 2024. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the "net operating income after debt service," if any, for the period from the Note Date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The outstanding principal balance is \$844,944 with accrued interest of \$622,757, totaling \$1,467,701 at June 30, 2019.

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 \$236,940, totaling \$681,221 at June 30, 2019.

On February 22, 2001, a 30-year loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low income households through funds the City received from HOME Investment Partnerships Program for the project located at 461 West Avenue for \$314,477 at a simple interest rate of 3%. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the "net operating income after debt service," if any, for the period from the note date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The outstanding principal balance is \$308,065 with accrued interest of \$165,386 totaling \$473,451 at June 30, 2019.

e. Fullerton Interfaith Housing

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

Repayments are due in installments every August 1, starting August 1, 1998. The installments are equal to the percentage of the "net operating income after debt service," if any, for the period from the note date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The outstanding principal balance is \$165,000 with accrued interest of \$478,634, totaling \$643,634 at June 30, 2019.

f. Neighborhood Services

On November 5, 1996, an owner participation and HOME Program Participation Agreement was entered into between the City and La Habra Neighborhood Housing Services, Inc., in which a loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low income households through funds the City received from HOME Investment Partnership Program for the project located at Garnet Lane Apartments "B" up to \$565,000 at a simple interest rate of 3%. Repayments are due in installments every August 1, starting August 1, 1998. The installments are equal to the percentage of the "net operating income after debt service," if any, for the period from the note date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The note matures on November 27, 2026 at which time the loan will become due in full. The outstanding principal balance is \$565,000 with accrued interest of \$382,955, totaling \$947,955 at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 5: Notes and Loans Receivable (Continued)

g. Richman Court, LP

On November 23, 2010, the City agreed to loan \$1,750,000 as a purchase assistance loan for the Roberta Apartments, which was later amended to an additional \$250,000 for a rehabilitation loan. The loan matures over 55 years at a simple interest of 1.5%. Annual payments equal to 50% of project cash flow will begin on November 23, 2030. The outstanding principal balance is \$2,019,560 with accrued interest of \$252,988, totaling \$2,272,548 at June 30, 2019.

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 \$1,825,196 with accrued interest of \$526,089, totaling \$2,351,285 at June 30, 2019.

h. Neighborhood Housing Services

On February 17, 2004, the City agreed to loan \$550,000 as a purchase assistance loan for the 3810 and 3830 Franklin Avenue Apartments. An additional loan was granted for \$953,337 on July 31, 2006. The loan matures over 30 years with a simple interest rate of 3% annually. The loan began loan reductions as forgiveness starting September 19, 2007 of \$55,000 annually. Any unpaid portion will be payable on the Maturity Date. The outstanding principal is \$852,504 with accrued interest of \$504,459, totaling \$1,356,963 at June 30, 2019.

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 \$56,195, totaling \$202,858 at June 30, 2019.

i. Orange County Community Housing Corporation

On July 23, 2014, the City agreed to loan \$185,136 as a purchase assistance loan for the 2007 Oxford Avenue Apartments. The loan matures over 15 years with no interest. The loan is subject to loan reductions should the borrower be in compliance with various Affordable Housing requirements. The outstanding principal and loan balance is \$185,136 at June 30, 2019.

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, 2019, is \$1,092,250.

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, 2019, is \$381,952.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 5: Notes and Loans Receivable (Continued)**NSP – Neighborhood Stabilization Program:

The neighborhood stabilization program is funded by HOME Grants. The loans are issued for the acquisition and rehabilitation of property. No interest shall accrue on the loans. Repayment of the loan will concurrently occur upon the transfer of the property to an eligible homebuyer following the completion of the rehabilitation project and in compliance with the NSP Agreement. The amount paid shall be equal to the resale price of the property. Any outstanding balance, if any, shall be forgiven. The balance outstanding at June 30, 2019, was \$206,074.

The Grants Administration Fund notes and loans receivable total \$13,391,177.

Note 6: Deposits Payable

The City's customer deposits consist of the following current liabilities for enterprise funds:

Customer Deposits Held By:	
Airport Fund	\$ 60,405
Water Utility Fund	1,745,132
Total Deposits Payable	<u>\$ 1,805,537</u>

Note 7: Interfund Transactions

The composition of interfund balances as of June 30, 2019, is as follows:

a. Due To and Due From Funds

Due From Other Funds	Due to Other Funds			Total
	Grants Administration Fund	Capital Projects Fund	Other Enterprise Funds	
General Fund	\$ 321,873	\$ 669,758	\$ 308,813	\$ 1,300,444

The above amounts resulted from temporary reclassifications made at June 30, 2019, to cover cash shortfalls.

b. Transfers to and From Other Funds

Transfers In	Transfers Out				Total
	Governmental Funds			Proprietary Funds	
	General Fund	Grants Administration Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 396,351	\$ -	\$ 396,351
Capital Projects Fund	621,000	177,831	8,364,816	1,077,182	10,240,829
Total	<u>\$ 621,000</u>	<u>\$ 177,831</u>	<u>\$ 8,761,167</u>	<u>\$ 1,077,182</u>	<u>\$ 10,637,180</u>

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

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 8: Capital Assets

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

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 52,548,002	\$ -	\$ -	\$ (251,750)	\$ 52,296,252
Construction in progress	176,947,211	(1,470,003)	31,678,866	-	207,156,074
Total capital assets, not being depreciated	229,495,213	(1,470,003)	31,678,866	(251,750)	259,452,326
Capital assets, being depreciated:					
Buildings	91,357,889	-	-	-	91,357,889
Improvements other than buildings	57,616,165	487,952	41,514	-	58,145,631
Machinery and equipment	40,329,562	239,587	1,010,354	(2,974,993)	38,604,510
Leasehold improvements	1,290,945	-	-	-	1,290,945
Infrastructure	272,217,103	742,464	1,295,372	(700,727)	273,554,212
Total capital assets, being depreciated	462,811,664	1,470,003	2,347,240	(3,675,720)	462,953,187
Less accumulated depreciation for:					
Buildings	(19,847,563)	-	(1,802,191)	-	(21,649,754)
Improvements other than buildings	(26,381,150)	-	(2,460,782)	-	(28,841,932)
Machinery and equipment	(28,384,253)	-	(2,503,684)	2,964,129	(27,923,808)
Leasehold improvements	(1,290,945)	-	-	-	(1,290,945)
Infrastructure	(183,505,131)	-	(5,722,633)	700,727	(188,527,037)
Total accumulated depreciation	(259,409,042)	-	(12,489,290)	3,664,856	(268,233,476)
Total capital assets being depreciated, net	203,402,622	1,470,003	(10,142,050)	(10,864)	194,719,711
Governmental activities capital assets, net	\$ 432,897,835	\$ -	\$ 21,536,816	\$ (262,614)	\$ 454,172,037

Governmental activities depreciation expense for capital assets for the year ended June 30, 2019, is as follows:

General government	\$ 526,735
Public safety	837,006
Public works	7,494,957
Community development	135,524
Human and leisure	2,262,808
Equipment replacement	917,328
Equipment maintenance	18,282
Information technology	273,482
Building maintenance	7,707
Facility capital repair	15,461
Total depreciation expense - governmental activities	<u>\$ 12,489,290</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 8: Capital Assets (Continued)

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

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 9,128,423	\$ -	\$ -	\$ -	\$ 9,128,423
Construction in progress	10,549,914	(2,083,576)	5,834,402	-	14,300,740
Total capital assets, not being depreciated	19,678,337	(2,083,576)	5,834,402	-	23,429,163
Capital assets, being depreciated:					
Buildings	8,594,685	-	-	-	\$ 8,594,685
Improvements other than buildings	80,220,912	1,382,506	755,334	-	82,358,752
Machinery and equipment	13,719,006	-	237,984	(126,597)	13,830,393
Leasehold improvements	468,140	-	-	-	468,140
Infrastructure	42,001,594	701,070	393,215	-	43,095,879
Total capital assets, being depreciated	145,004,337	2,083,576	1,386,533	(126,597)	148,347,849
Less accumulated depreciation for:					
Buildings	(2,422,774)	-	(223,712)	-	\$ (2,646,486)
Improvements other than buildings	(33,595,686)	-	(1,568,685)	-	(35,164,371)
Machinery and equipment	(12,360,232)	-	(326,945)	126,597	(12,560,580)
Leasehold improvements	(454,460)	-	(2,280)	-	(456,740)
Infrastructure	(4,037,012)	-	(697,926)	-	(4,734,938)
Total accumulated depreciation	(52,870,164)	-	(2,819,548)	126,597	(55,563,115)
Total capital assets being depreciated, net	92,134,173	2,083,576	(1,433,015)	-	92,784,734
Business-type activities capital assets, net	\$ 111,812,510	\$ -	\$ 4,401,387	\$ -	\$ 116,213,897

Business-type activities depreciation expense for capital assets for the year ended June 30, 2019, is as follows:

Airport	\$ 475,427
Water Utility	1,554,234
Sewer Enterprise	700,492
Brea Dam Facilities Recreational	89,395
Total depreciation expense - business-type activities	<u>\$ 2,819,548</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Long-Term Debt

a. Governmental Activities Long-Term Debt

The following is a summary of governmental activities long-term debt for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Public Offerings:					
Taxable Obligation Bonds	\$ 5,900,000	\$ -	\$ (285,000)	\$ 5,615,000	\$ 295,000
Direct Borrowings:					
Capital leases:					
Governmental Funds	2,472,439	-	(306,135)	2,166,304	245,262
Internal Service Funds	2,327,032	-	(660,811)	1,666,221	298,111
HUD Section 108 loans	1,000,000	-	(500,000)	500,000	500,000
Total	11,699,471	-	(1,751,946)	9,947,525	\$ 1,338,373
Unamortized Bond Discount	(42,492)	-	(2,833)	(39,659)	
	<u>\$ 11,656,979</u>	<u>\$ -</u>	<u>\$ (1,754,779)</u>	<u>\$ 9,907,866</u>	

Taxable Obligation Bonds

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

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

Bond repayment commenced on April 1, 2014, with interest rates ranging from 1.00% to 6.10%. The final maturity date is April 1, 2033. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2019, the outstanding balance was \$5,615,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 295,000	\$ 293,125	\$ 588,125
2021	305,000	282,948	587,948
2022	315,000	271,815	586,815
2023	330,000	259,215	589,215
2024	340,000	245,190	585,190
2025-2029	1,990,000	946,215	2,936,215
2030-2033	2,040,000	315,000	2,355,000
Total	<u>\$ 5,615,000</u>	<u>\$ 2,613,508</u>	<u>\$ 8,228,508</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: 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, 2019, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Total
2020	\$ 647,985
2021	647,985
2022	647,985
2023	647,985
2024	527,132
2025-2027	1,139,402
Total minimum lease payments	4,258,474
Less: amounts representing interest	(425,949)
Present value of minimum lease payments	<u>\$ 3,832,525</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 8,779,652
Less: accumulated depreciation	(6,071,314)
Total	<u>\$ 2,708,338</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, 2019, the outstanding balance was \$451,378.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Long-Term Debt (Continued)

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 108,214	\$ 12,639	\$ 120,853
2021	111,244	9,609	120,853
2022	114,359	6,493	120,852
2023	117,561	3,291	120,852
Total	<u>\$ 451,378</u>	<u>\$ 32,032</u>	<u>\$ 483,410</u>

In March 2014, the City entered into a lease agreement with Suntrust Equipment Finance & Leasing Corporation for the acquisition of various computer network and phone system upgrade at a cost of \$3,000,000. The lease meets the capitalization policy and the equipment has been recorded as assets of the Information Technology Internal Services Fund. The interest rate on the lease is 1.47%. The term of the lease is five years. Payments are due monthly under the terms of the lease agreement with the first payment due on March 27, 2014. The final payment was made on March 27, 2019 in the amount of \$295,179, \$293,966 of principal and \$1,213 interest. At June 30, 2019, the lease was paid in full.

In February 2016, the City entered into a lease agreement with TYMCO, Inc. for the acquisition of a street sweeper at a cost of \$301,705. The lease meets the capitalization policy and the equipment has been recorded as an asset of the Equipment Replacement Internal Services Fund. The interest rate on the lease is 2.75%. The term of the lease is four years. Payments are due annually under the terms of the lease agreement. The final payments were made in the current year totaling \$78,522, \$76,420 of principal and \$2,102 interest. At June 30, 2019, the lease was paid in full.

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, 2019, the outstanding balance was \$2,166,304.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 245,262	\$ 60,873	\$ 306,135
2021	252,154	53,981	306,135
2022	259,240	46,895	306,135
2023	266,524	39,611	306,135
2024	274,014	32,121	306,135
2025-2027	869,110	49,295	918,405
Total	<u>\$ 2,166,304</u>	<u>\$ 282,776</u>	<u>\$ 2,449,080</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9: Long-Term Debt (Continued)**

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, 2019, the outstanding balance was \$1,214,843.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 189,897	\$ 31,100	\$ 220,997
2021	194,759	26,239	220,998
2022	199,745	21,253	220,998
2023	204,858	16,139	220,997
2024	210,102	10,895	220,997
2025-2026	215,482	5,516	220,998
Total	<u>\$ 1,214,843</u>	<u>\$ 111,142</u>	<u>\$ 1,325,985</u>

Other Long-Term Obligations

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

On June 30, 2004, the City entered into an agreement with the Secretary of Housing and Urban Development to receive a loan in the amount of \$7,500,000 under Section 108 of the Housing and Community Development Act for the Richman Park Area Capital Improvements project. The term of the loan is fifteen years. Loan repayment commenced February 2006, with an interest rate of 4.65%. Interest and principal are payable semiannually and annually, respectively, under terms of the loan agreement. As of June 30, 2019, the amount outstanding is \$500,000.

Loan debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 500,000	\$ 4,700	\$ 504,700
Total	<u>\$ 500,000</u>	<u>\$ 4,700</u>	<u>\$ 504,700</u>

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Long-Term Debt (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of business-type activities long-term debt for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Public Offerings:					
Revenue Bonds	\$ 7,530,000	\$ -	\$ (500,000)	\$ 7,030,000	\$ 515,000
Direct Borrowings:					
Capital Lease	1,071,139	-	(524,683)	546,456	546,456
Total	8,601,139	-	(1,024,683)	7,576,456	\$ 1,061,456
Unamortized bond premium	604,966	-	(38,615)	566,351	
Unamortized bond discount	(31,038)	-	2,483	(28,555)	
Total Long-Term Debt	\$ 9,175,067	\$ -	\$ (1,060,815)	\$ 8,114,252	

Revenue Bonds

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

On December 22, 2010, the City of Fullerton issued 2010 Lease Revenue Bonds, Series A in the amount of \$2,705,000. The bonds were issued as "Taxable Recovery Zone Economic Development Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on or about each interest payment date. The subsidy payment is pledged under the indenture to payment of interest. Issuance of the debt was for the purpose of financing the acquisition and construction of certain capital improvements for the City of Fullerton and refinancing certain outstanding obligations of the City. Bond repayment commenced on May 1, 2011, with interest rates ranging from 6.50% to 7.75%. The final maturity date is May 1, 2031. Interest and principal payments are due semiannually and annually, respectively, under terms on the bond agreement. At June 30, 2019, the outstanding balance was \$1,865,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 125,000	\$ 142,976	\$ 267,976
2021	125,000	134,850	259,850
2022	135,000	125,162	260,162
2023	140,000	114,700	254,700
2024	145,000	103,850	248,850
2025-2029	815,000	341,775	1,156,775
2030-2031	380,000	44,563	424,563
Total	\$ 1,865,000	\$ 1,007,876	\$ 2,872,876

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9: Long-Term Debt (Continued)

The outstanding bonds contain a provision that if any event of default should occur, the City of Fullerton Public Financing Authority 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 of Fullerton issued the 2014 Water Revenue Refunding Bonds in the amount of \$6,810,000. The bonds were issued by the City to, together with other available funds of the City, prepay the 2004 Water Revenue Certificates of Participation and the City's obligation with the Orange County Water District.

The 2014 Water Revenue Refunding Bonds are secured by a pledge of net revenues of the City's water system. Bond repayment commenced on September 1, 2014, with interest rates ranging from 3.00% to 5.00%. The final maturity date is September 1, 2033. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2019, the outstanding balance was \$5,165,000.

The certificates of participation debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 390,000	\$ 231,213	\$ 621,213
2021	250,000	222,313	472,313
2022	265,000	212,013	477,013
2023	270,000	201,313	471,313
2024	285,000	190,213	475,213
2025-2029	1,625,000	730,256	2,355,256
2030-2034	2,080,000	270,500	2,350,500
Total	<u>\$ 5,165,000</u>	<u>\$ 2,057,821</u>	<u>\$ 7,222,821</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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9: Long-Term Debt (Continued)****Capital Leases**

As of June 30, 2019, total future minimum lease obligations and the net present value of these minimum lease payments, are summarized as follows:

Year Ending June 30,	Business-Type Activities
2020	\$ 569,134
Total minimum lease payments	569,134
Less: amounts representing interest	<u>(22,678)</u>
Present value of minimum lease payments	<u>\$ 546,456</u>

The assets acquired through capital leases are as follows:

Asset:	Business-Type Activities
Machinery and equipment	\$ 5,862,900
Less: accumulated depreciation	<u>(1,675,261)</u>
Total	<u>\$ 4,187,639</u>

On December 3, 2004, the City entered into a lease agreement with Citizens Business Bank for the acquisition and construction of eighteen tee-hangars and forty-three executive and airport wash hangars at a cost of \$6,262,000. The lease meets the capitalization policy and the hangars have been recorded as assets of the Enterprise Funds. The interest rate on the lease is 4.15%. The term of the lease is fifteen years. Payments are due annually under the terms of the lease agreement. At June 30, 2019, the outstanding balance was \$546,456.

Lease debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 546,456	\$ 22,678	\$ 569,134
Total	<u>\$ 546,456</u>	<u>\$ 22,678</u>	<u>\$ 569,134</u>

Note 10: Short-Term Debt

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, 2019, the loan was outstanding and the City had not obtained Federal grant funding, however, the City expects to repay the loan before June 30, 2020. At June 30, 2019, the outstanding balance was \$12,701,500.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 11: 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, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities	\$ 2,880,573	\$ 2,577,385	\$ 2,775,213	\$ 2,682,745	\$ 2,146,196
Business-Type Activities	440,880	294,370	329,938	405,312	324,249
Total	<u>\$ 3,321,453</u>	<u>\$ 2,871,755</u>	<u>\$ 3,105,151</u>	<u>\$ 3,088,057</u>	<u>\$ 2,470,445</u>

Note 12: 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, 2019, non-committal debt amounts issued and outstanding are as follows:

Non-committal Debt Issues:	Amount of Issue	Outstanding June 30, 2019
CFD No. 1 2012 Special Tax Refunding Bonds	\$ 19,040,000	\$ 15,615,000
CFD No. 2 2014 Special Tax Bonds	7,570,000	7,440,000
Total Non-committal Debt Issues:	<u>\$ 26,610,000</u>	<u>\$ 23,055,000</u>

Note 13: 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, 2019, the lease payment to the General Fund totaled \$1,204,000. 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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13: Operating Lease (Continued)

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

	2020	2021	2022	2023	2024
Base Rent Payment	\$ 1,374,000	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400	\$ 1,511,400
Rent Increase*	137,400	151,140	151,140	151,140	151,140
Total Annual Rent Payment	<u>\$ 1,511,400</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>	<u>\$ 1,662,540</u>

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

Note 14: City Employees' Retirement Plans

a. Defined Benefit Pension Plan – Miscellaneous and Safety Plan

General Information about the Pension Plans

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	6.835%	6.000%
Required employer contribution rates	23.034%	23.034%

* Closed to new entrants

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 14: City Employees' Retirement Plans (Continued)

	Safety Plan	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	3% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9.204%	11.000%
Required employer contribution rates	56.624%	56.624%

* Closed to new entrants

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms of the Plans:

Description	Number of members	
	Miscellaneous Plan	Safety Plan
Active members	363	203
Transferred members	301	70
Terminated members	192	39
Retired members and beneficiaries	621	423
Total	1,477	735

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, 2019, the contributions that were recognized as a reduction to the net pension liability were \$3,880,635 and \$10,729,928 for the Miscellaneous and Safety Plans, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: City Employees' Retirement Plans (Continued)**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The total pension liabilities in the June 30, 2017 actuarial valuations were rolled forward to June 30, 2018 and were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
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 Benenfit Increase	Contract COLA up to 2.00% 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, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

In 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes to the discount rate.

Discount Rate

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

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

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 14: City Employees' Retirement Plans (Continued)**

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

The table 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%
	<u>100.00%</u>		

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

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

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: 6/30/2018 (Valuation Date of 6/30/17)	\$ 286,811,198	\$ 213,822,106	\$ 72,989,092
Changes recognized for the Measurement Period:			
Service Cost	4,018,130	-	4,018,130
Interest on the Total Pension Liability	19,980,940	-	19,980,940
Difference between Expected and Actual Experience	(817,761)	-	(817,761)
Changes of Assumptions	(1,127,539)	-	(1,127,539)
Net Plan to Plan Resource Movement	-	(518)	518
Contribution from the Employer	-	3,880,635	(3,880,635)
Contributions from Employees	-	2,857,654	(2,857,654)
Net Investment Income	-	17,972,220	(17,972,220)
Benefit Payments including Refunds of Employee Contributions	(14,842,526)	(14,842,526)	-
Administrative Expense	-	(333,194)	333,194
Other Miscellaneous Income/(Expense)	-	(632,741)	632,741
Net changes during 2017-18	7,211,244	8,901,530	(1,690,286)
Balance at: 6/30/2019 (Measurement Date of 6/30/18)	\$ 294,022,442	\$ 222,723,636	\$ 71,298,806

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: City Employees' Retirement Plans (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
Safety Plan:			
Balance at: 6/30/2018 (Valuation Date of 6/30/17)	\$ 480,774,890	\$ 311,652,471	\$ 169,122,419
Changes recognized for the Measurement Period:			
Service Cost	7,276,694	-	7,276,694
Interest on the Total Pension Liability	33,741,761	-	33,741,761
Difference between Expected and Actual Experience	2,515,633	-	2,515,633
Changes of Assumptions	(1,878,673)	-	(1,878,673)
Net Plan to Plan Resources Movement	-	(757)	757
Contribution from the Employer	-	10,729,928	(10,729,928)
Contributions from Employees	-	3,605,789	(3,605,789)
Net Investment Income	-	26,311,505	(26,311,505)
Benefit Payments including Refunds of Employee Contributions	(26,274,949)	(26,274,949)	-
Administrative Expense	-	(485,640)	485,640
Other Miscellaneous Income/(Expense)	-	(921,927)	921,927
Net changes during 2017-18	15,380,466	12,963,949	2,416,517
Balance at: 6/30/2019 (Measurement Date of 6/30/18)	\$ 496,155,356	\$ 324,616,420	\$ 171,538,936
Total Plans:	\$ 790,177,798	\$ 547,340,056	\$ 242,837,742

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

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	\$ 108,957,350	\$ 237,977,544	\$ 346,934,894
Current Discount Rate	7.15%	7.15%	
Net Pension Liability	\$ 71,298,806	\$ 171,538,936	\$ 242,837,742
1% Increase	8.15%	8.15%	
Net Pension Liability	\$ 40,097,126	\$ 117,073,796	\$ 157,170,922

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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14: City Employees' Retirement Plans (Continued)

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

For the year ended June 30, 2019, the City recognized pension expense of \$9,931,980 and \$20,354,399 for the Miscellaneous and Safety Plans, respectively. At June 30, 2019, 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	\$ 4,795,120	\$ -	\$ 12,126,025	\$ -	\$ 16,921,145	\$ -
Difference between expected and actual experience	-	(998,191)	1,886,725	(894,316)	1,886,725	(1,892,507)
Change in Assumptions	4,507,862	(709,932)	12,806,614	(1,409,005)	17,314,476	(2,118,937)
Net difference between projected and actual earnings on pension plan investments	708,537	-	918,093	-	1,626,630	-
Total	\$ 10,011,519	\$ (1,708,123)	\$ 27,737,457	\$ (2,303,321)	\$ 37,748,976	\$ (4,011,444)

The \$4,795,120 and \$12,126,025 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, 2020. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous		Safety		Total	
Year ended June 30:	Deferred Outflows/(Inflows) of Resources		Deferred Outflows/(Inflows) of Resources		Deferred Outflows/(Inflows) of Resources	
2020	\$ 6,170,731		\$ 10,866,796		\$ 17,037,527	
2021	161,829		6,445,841		6,607,670	
2022	(2,211,259)		(3,093,756)		(5,305,015)	
2023	(613,025)		(910,770)		(1,523,795)	
	\$ 3,508,276		\$ 13,308,111		\$ 16,816,387	

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, 2019, the City's payroll covered by the plan was \$128,788. The City made employer contributions of \$64,394 (3.75% of current covered payroll), and employees contributed \$64,394 (3.75% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 15: Post-Employment Healthcare Plan**Plan Description**

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

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

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

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

Employees Covered

As of the 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, 2018, the City's contribution, including implicit subsidy, was \$912,454.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 15: Post-Employment Healthcare Plan (Continued)**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, 2018 and to develop the net OPEB liability at the beginning of the measurement period on June 30, 2017, 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	3.75%
Payroll Growth	Payroll growth is based on the CalPERS Salary Scale for Miscellaneous, Police, and Fire CalPERS salary scale for any employees hired at age 30 for purposes of allocating Service Costs under the Entry Age Normal cost method.
Mortality Rate (1)	Scale BB projected to 2028
Healthcare Cost-trade Rate	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

Discount Rate

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

Changes in the 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	Net OPEB Liability/(Assets)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (valuation date 1/1/2017)	\$ 35,970,833	\$ -	\$ 35,970,833
Changes recognized over the measurement period:			
Service Cost	1,184,811	-	1,184,811
Interest	1,324,045	-	1,324,045
Difference between expected and actual experience	(7,029,124)	-	(7,029,124)
Difference between expected and actual return on assets	-	1,842	(1,842)
Changes of assumptions	-	-	-
Contributions - employer	-	1,388,227	(1,388,227)
Expected investment income	-	1,844	(1,844)
Benefit Payments	(1,338,227)	(1,338,227)	-
Administrative expense	-	-	-
Investment Experience	-	-	-
Net Changes	(5,858,495)	53,686	(5,912,181)
Balance at June 30, 2019 (measurement date 06/30/2018)	\$ 30,112,338	\$ 53,686	\$ 30,058,652

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 15: Post-Employment Healthcare Plan (Continued)

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, 2018:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB Liability	\$ 33,132,630	\$ 30,058,652	\$ 27,411,723

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, 2018:

	1% Decrease (3.25%)	Current Healthcare Cost Trend Rates (4.25%)	1% Increase (5.25%)
Net OPEB Liability	\$ 26,927,707	\$ 30,058,652	\$ 33,847,076

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

For the fiscal year ended June 30, 2019, the City recognized net OPEB expense of \$231,200. As of fiscal year ended June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to net OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contribution subsequent to measurement date	\$ 912,454	\$ -
Difference between expected and actual experience	-	(6,091,907)
Difference between expected and actual return on assets	-	(1,474)
Total	\$ 912,454	\$ (6,093,381)

* Amount is cash benefit payments in fiscal year 2018-19.

The \$912,454 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 15: Post-Employment Healthcare Plan (Continued)

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

Year ended June 30:	Deferred (Inflows) of Resources
2020	\$ (812,549)
2021	(812,549)
2022	(812,549)
2023	(812,549)
2024	(812,549)
Thereafter	(2,030,636)
	<u>\$ (6,093,381)</u>

Note 16: 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.

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, 2019, is \$28,967,000 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, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 16: Risk Management (Continued)

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

	Public Liability	Workers' Compensation	Total
Unpaid claims, June 30, 2017	\$ 8,089,000	\$ 17,809,000	\$ 25,898,000
Incurred claims (including IBNRs)	2,153,887	432,613	2,586,500
Claim payments	(584,887)	(948,613)	(1,533,500)
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	(689,744)	(3,204,195)	(3,893,939)
Unpaid claims, June 30, 2019	<u>\$ 9,854,000</u>	<u>\$ 19,113,000</u>	<u>\$ 28,967,000</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, 2019, the outstanding balance was \$167,173. Settlement debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 39,031	\$ 8,969	\$ 48,000
2021	41,439	6,561	48,000
2022	43,994	4,006	48,000
2023	42,709	1,291	44,000
Total	<u>\$ 167,173</u>	<u>\$ 20,827</u>	<u>\$ 188,000</u>

Note 17: Commitments and Contingencies

As of June 30, 2019, 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.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 17: Commitments and Contingencies (Continued)**

The following material construction commitments existed at June 30, 2019:

Project Name	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitments	Water Fund	Sewer Fund
El Rancho Area Infrastructure Improvements	\$ 1,855,039	\$ 827,237	\$ 1,027,802	\$ 1,027,802	\$ -
Water Production Equipment Upgrade & Rehabilitation	878,478	69,217	809,261	809,261	-
Valencia Drive Reconstruction	2,255,000	801,603	1,453,397	604,323	849,074
Lawrence/Santa Fe Sewer Improvements	1,244,634	551,335	693,299	-	693,299

Note 18: Fund Balance Classifications

The fund balances of the City's governmental funds as of June 30, 2019 are presented below:

	General	Grants Administration	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable					
Prepayments	\$ 6,528	\$ -	\$ -	\$ -	\$ 6,528
Restricted					
Street improvement projects	-	-	-	9,863,960	9,863,960
Park projects	-	-	-	5,878,950	5,878,950
Traffic safety program	-	-	-	15,451	15,451
Police narcotics	-	-	-	793,572	793,572
Housing	-	-	-	13,243,350	13,243,350
AQMD activities	-	-	-	610,500	610,500
Debt Service	-	-	-	205,907	205,907
Storm drain system projects	-	-	-	4,260,578	4,260,578
Refuse collection	-	-	-	1,979,867	1,979,867
Street maintenance	-	-	-	3,767,788	3,767,788
PEG	692,992	-	-	-	692,992
Library	693,445	-	-	-	693,445
Assigned					
Contingency reserve	9,513,445	-	-	-	9,513,445
Street projects	5,647,643	-	-	-	5,647,643
Building permits	225,189	-	-	-	225,189
Laguna Lake	270,000	-	-	-	270,000
Unassigned	5,431,932	(188,700)	(20,501,245)	-	(15,258,013)
Total Fund Balances	\$ 22,481,174	\$ (188,700)	\$ (20,501,245)	\$ 40,619,923	\$ 42,411,152

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency

The California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Fullerton that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-04.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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	\$ 10,187,660
Restricted cash and investments	6,228,625
Cash and investments with fiscal agent	3,732,700
	<u>\$ 20,148,985</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. Payments to the Successor Agency from the repayment account shall commence on the sufficient fund date. The outstanding balance at June 30, 2019, is \$5,684,987.

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, 2019, the outstanding balances are \$1,049,028.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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, 2019, is \$891,484.

School Expansion Loans:

The Fullerton School District (Maple) was issued a 25-year loan for \$440,442 for the purpose of assisting in the expansion cost of the school. This loan is a non interest bearing loan. The balance due at June 30, 2019, is \$220,221.

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, 2019, 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 of Fullerton and Fullerton Interfaith Emergency Services, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$630,000 with accrued interest of \$101,598, totaling \$731,598 at June 30, 2019.

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. The outstanding principal balance is \$8,972,000 with accrued interest of \$1,279,596, totaling \$10,251,596 at June 30, 2019.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City of Fullerton and Fullerton Family Housing Partners, LP, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$7,200,000 with accrued interest of \$516,724, totaling \$7,716,724 at June 30, 2019.

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 of Fullerton and Richman Park Housing Partners LP, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$4,402,564 with accrued interest of \$218,458 totaling \$4,621,022 at June 30, 2019.

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 of Fullerton and Fullerton Supportive Housing, LP, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$3,000,001 with accrued interest of \$201,121, totaling \$3,201,122 at June 30, 2019.

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, 2019.

Total Loans Receivable is \$35,263,532.

CITY OF FULLERTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: 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, 2019, is as follows:

	Beginning Balance	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	575,817	-	(8,871)	566,946
Leasehold Improvements	546,500	-	-	546,500
Infrastructure	8,406,796	-	-	8,406,796
Total capital assets being depreciated	13,705,213	-	(8,871)	13,696,342
Less accumulated depreciation				
Buildings	(108,774)	(9,310)	-	(118,084)
Improvements other than Buildings	(2,159,256)	(191,925)	-	(2,351,181)
Machinery and equipment	(575,816)	-	8,871	(566,945)
Leasehold Improvements	(327,900)	(27,325)	-	(355,225)
Infrastructure	(548,687)	(280,227)	-	(828,914)
Total accumulated depreciation	(3,720,433)	(508,787)	8,871	(4,220,349)
Total capital assets being depreciated, net	9,984,780	(508,787)	-	9,475,993
Successor Agency capital assets, net	\$ 15,458,259	\$ (508,787)	\$ -	\$ 14,949,472

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Fiduciary Activities:</u>					
Public Offerings:					
Tax Allocation Bonds	\$ 78,595,000	\$ -	\$ (6,625,000)	\$ 71,970,000	\$ 7,155,000
Total	78,595,000	-	(6,625,000)	71,970,000	\$ 7,155,000
Unamortized bond premium	2,473,291	-	(318,370)	2,154,921	
Unamortized bond discount	(67,838)	-	8,306	(59,532)	
Total Long-Term Debt	\$ 81,000,453	\$ -	\$ (6,935,064)	\$ 74,065,389	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019
Note 19: 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 \$92,914,538 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 \$11,960,542 and the debt service obligation on the bonds was \$11,003,992.

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

On December 1, 2005, the City of Fullerton Public Financing Authority issued 2005 Tax Allocation Revenue Bonds in the amount of \$74,600,000. Issuance of the debt was for the purpose of financing certain capital improvements in the Orangefair Project Area, Central Fullerton Project Area and East Fullerton Project Area. The 2005 Tax Allocation Revenue Bonds are secured by the tax revenues to be derived from each project area. Bond repayment commenced on March 1, 2006, with interest rates ranging from 3.75% to 5.00%. The final maturity date is September 1, 2027. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2019, the outstanding balance was \$46,805,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 3,765,000	\$ 2,698,953	\$ 6,463,953
2021	4,575,000	2,489,648	7,064,648
2022	4,805,000	2,258,159	7,063,159
2023	5,040,000	2,014,205	7,054,205
2024	5,290,000	1,755,430	7,045,430
2025-2028	23,330,000	3,858,065	27,188,065
Total	<u>\$ 46,805,000</u>	<u>\$ 15,074,460</u>	<u>\$ 61,879,460</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, 2019
Note 19: 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 of Fullerton. The 2010 Tax Allocation Housing Bonds are secured by the tax increment revenues. Bond repayment commenced on March 1, 2011, with interest rates ranging from 3.00% to 6.63%. The final maturity date is September 1, 2026. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2019, the outstanding balance was \$17,170,000.

Bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,780,000	\$ 994,045	\$ 2,774,045
2021	1,880,000	891,051	2,771,051
2022	1,985,000	780,947	2,765,947
2023	2,100,000	663,168	2,763,168
2024	2,225,000	533,078	2,758,078
2025-2027	7,200,000	703,089	7,903,089
Total	<u>\$ 17,170,000</u>	<u>\$ 4,565,378</u>	<u>\$ 21,735,378</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 City of Fullerton Public Financing Authority, which bonds are secured by the 1998 Financing Agreement, to purchase municipal bond debt service reserve insurance policy for the bonds, and to provide for the costs of issuing the Bonds. The 2015 Tax Allocation Refunding Bonds are secured by the tax increment revenues. Bond repayment commenced on March 1, 2016, with interest rates ranging from 3.00% to 5.00%. The final maturity date is March 1, 2025. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. At June 30, 2019, the outstanding balance was \$7,995,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 19: 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
2020	\$ 1,610,000	\$ 351,450	\$ 1,961,450
2021	970,000	295,000	1,265,000
2022	1,015,000	245,375	1,260,375
2023	1,065,000	193,375	1,258,375
2024	1,125,000	138,625	1,263,625
2024-2025	2,210,000	80,875	2,290,875
Total	<u>\$ 7,995,000</u>	<u>\$ 1,304,700</u>	<u>\$ 9,299,700</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 of Fullerton's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 16.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Note 1: Budgetary Comparison Information

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

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

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 76,169,530	\$ 76,169,530	\$ 78,393,907	\$ 2,224,377
Licenses and permits	1,955,710	1,955,710	2,783,564	827,854
Intergovernmental	505,280	567,159	918,441	351,282
Charges for services	8,125,511	10,413,137	9,340,500	(1,072,637)
Use of money and property	4,514,252	5,045,626	6,171,974	1,126,348
Fines and forfeitures	1,190,200	1,190,200	1,415,167	224,967
Miscellaneous	660,572	660,572	1,502,966	842,394
Total Revenues	93,121,055	96,001,934	100,526,519	4,524,585
Expenditures:				
Current:				
General government				
Council	509,683	582,047	582,047	-
City Manager	843,477	786,046	773,536	12,510
City Clerk	583,528	583,528	472,121	111,407
Administrative Services Finance	1,926,906	1,926,906	1,856,149	70,757
Human Resources	871,078	871,078	661,598	209,480
General Government	(1,290,000)	(1,264,900)	435,085	(1,699,985)
Public safety				
Fire	20,202,269	23,376,230	23,342,093	34,137
Police	46,784,827	46,790,515	44,256,388	2,534,127
Community development	5,557,796	5,557,796	5,283,962	273,834
Human and leisure				
Parks and Recreation	6,045,159	6,049,634	6,051,615	(1,981)
Library	4,159,746	4,205,225	3,840,067	365,158
Public works	6,867,696	6,909,206	6,254,014	655,192
Capital outlay	55,700	471,039	398,638	72,401
Debt service:				
Principal retirement	9,190	306,864	306,135	729
Total Expenditures:	93,127,055	97,151,214	94,513,448	2,637,766
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(6,000)	(1,149,280)	6,013,071	7,162,351
Other Financing Sources				
Transfers in	300,000	448,458	396,351	(52,107)
Transfers out	(2,625,000)	(6,635,889)	(621,000)	6,014,889
Proceeds from sale of assets	6,000	6,000	2,411,313	2,405,313
Total Other Financing Sources (Uses):	(2,319,000)	(6,181,431)	2,186,664	8,368,095
Net Change in Fund Balances	(2,325,000)	(7,330,711)	8,199,735	15,530,446
Fund Balances, Beginning of Year	14,281,439	14,281,439	14,281,439	-
Fund Balances, End of Year	\$ 11,956,439	\$ 6,950,728	\$ 22,481,174	\$ 15,530,446

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
GRANTS ADMINISTRATION
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 2,536,244	\$ 5,748,008	\$ 3,431,581	\$ (2,316,427)
Miscellaneous	70,000	116,581	40,462	(76,119)
Total Revenues	2,606,244	5,864,589	3,472,043	(2,392,546)
Expenditures:				
Current:				
General government	-	45,000	45,000	-
Public safety	394,839	1,590,749	1,179,427	411,322
Community development	1,402,752	2,168,389	1,088,736	1,079,653
Parks and recreation	430,721	449,039	449,039	-
Public works	-	71,505	36,145	35,360
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	18,375	12,725	12,725	-
Total Expenditures:	2,746,687	4,837,407	3,311,072	1,526,335
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(140,443)	1,027,182	160,971	(866,211)
Other Financing Sources				
Transfers out	(505,500)	(979,463)	(177,831)	801,632
Total Other Financing Sources (Uses):	(505,500)	(979,463)	(177,831)	801,632
Net Change in Fund Balances	(645,943)	47,719	(16,860)	(64,579)
Fund Balances, Beginning of Year	(171,842)	(171,842)	(171,842)	-
Fund Balances, End of Year	\$ (817,785)	\$ (124,123)	\$ (188,702)	\$ (64,579)

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)

	2015	2016	2017	2018	2019
Total Pension Liability					
Service Cost	\$ 3,583,900	\$ 3,434,664	\$ 3,436,150	\$ 4,028,019	\$ 4,018,130
Interest on total pension liability	18,104,876	18,544,020	19,021,926	19,457,971	19,980,940
Differences between expected and actual experience	-	(3,523,723)	(2,713,807)	(1,691,562)	(817,761)
Changes in assumptions	-	(4,406,198)	-	15,777,516	(1,127,539)
Benefit payments, including refunds of employee contributions	(12,422,994)	(12,931,194)	(13,105,760)	(13,600,494)	(14,842,526)
Net change in total pension liability	9,265,782	1,117,569	6,638,509	23,971,450	7,211,244
Total pension liability - beginning	245,817,888	255,083,670	256,201,239	262,839,748	286,811,198
Total pension liability - ending (a)	255,083,670	256,201,239	262,839,748	286,811,198	294,022,442
Plan fiduciary net position					
Net Plan to Plan Resource Movement	-	(715)	-	-	(518)
Contributions - employer	1,748,110	2,087,882	2,831,939	3,455,877	3,880,635
Contributions - employee	3,340,171	2,852,024	2,961,557	3,207,458	2,857,654
Net investment income	31,546,084	4,617,716	994,336	21,919,922	17,972,220
Benefit payments	(12,422,994)	(12,931,194)	(13,105,760)	(13,600,494)	(14,842,526)
Administrative expense	-	(231,434)	(125,288)	(294,007)	(333,194)
Other miscellaneous income/(expense)	-	-	-	-	(632,741)
Net change in plan fiduciary net position	24,211,371	(3,605,721)	(6,443,216)	14,688,756	8,901,530
Plan fiduciary net position - beginning	184,970,916	209,182,287	205,576,566	199,133,350	213,822,106
Plan fiduciary net position - ending (b)	209,182,287	205,576,566	199,133,350	213,822,106	222,723,636
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$45,901,383	\$50,624,673	\$63,706,398	\$72,989,092	\$71,298,806
Plan fiduciary net position as a percentage of the total pension liability	82.01%	80.24%	75.76%	74.55%	75.75%
Covered payroll	\$23,126,621	\$24,121,530	\$24,160,809	\$25,506,709	\$25,445,697
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	198.48%	209.87%	263.68%	286.16%	280.20%

(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 five years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF FULLERTON

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

	2015	2016	2017	2018	2019
MISCELLANEOUS CLASSIC:					
Actuarially Determined Contribution	\$ 3,340,087	\$ 4,049,309	\$ 4,352,761	\$ 3,880,635	\$ 4,795,120
Contribution in Relation to the Actuarially Determined Contributions	(3,340,087)	(4,049,309)	(4,352,761)	(3,880,635)	(4,795,120)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$24,121,530	\$24,160,809	\$25,506,709	\$25,445,697	\$17,563,749
Contributions as a Percentage of Covered Payroll	13.85%	16.76%	17.07%	15.25%	27.30%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Post-retirement mortality rates include 20 years of projected ongoing mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF FULLERTON

SAFETY PLAN

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

	2015	2016	2017	2018	2019
Total Pension Liability					
Service Cost	\$ 6,428,794	\$ 6,159,575	\$ 6,139,343	\$ 7,137,610	\$ 7,276,694
Interest on total pension liability	29,880,228	30,783,877	31,849,067	32,652,041	33,741,761
Differences between expected and actual experience	-	(3,274,488)	(590,872)	(1,625,395)	2,515,633
Changes in assumptions	-	(7,450,669)	-	27,036,186	(1,878,673)
Benefit payments, including refunds of employee contributions	(20,933,019)	(21,964,313)	(22,872,497)	(24,235,721)	(26,274,949)
Net change in total pension liability	15,376,003	4,253,982	14,525,041	40,964,721	15,380,466
Total pension liability - beginning	405,655,143	421,031,146	425,285,128	439,810,169	480,774,890
Total pension liability - ending (a)	421,031,146	425,285,128	439,810,169	480,774,890	496,155,356
Plan fiduciary net position					
Net Plan to Plan Resource Movement	-	-	-	-	(757)
Contributions - employer	6,363,818	7,227,836	8,358,879	10,074,802	10,730,240
Contributions - employee	3,664,440	3,711,794	3,747,337	3,864,941	3,605,789
Net investment income	46,137,412	6,738,820	1,497,136	32,030,653	26,311,505
Benefit payments	(20,933,019)	(21,964,313)	(22,872,497)	(24,235,721)	(26,274,949)
Administrative expense	-	(341,647)	(182,711)	(428,677)	(485,640)
Other miscellaneous income/(expense)	-	-	-	-	(922,239)
Net change in plan fiduciary net position	35,232,651	(4,627,510)	(9,451,856)	21,305,998	12,963,949
Plan fiduciary net position - beginning	269,193,188	304,425,839	299,798,329	290,346,473	311,652,471
Plan fiduciary net position - ending (b)	304,425,839	299,798,329	290,346,473	311,652,471	324,616,420
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$116,605,307	\$125,486,799	\$149,463,696	\$169,122,419	\$171,538,936
Plan fiduciary net position as a percentage of the total pension liability	72.30%	70.49%	66.02%	64.82%	65.43%
Covered payroll	\$ 23,106,870	\$ 23,105,917	\$ 22,949,957	\$ 23,799,967	\$ 24,764,981
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	504.63%	543.09%	651.26%	710.60%	692.67%

(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 five years are shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF FULLERTON

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

	2015	2016	2017	2018	2019
SAFETY CLASSIC:					
Actuarially Determined Contribution	\$ 8,728,482	\$ 9,941,060	\$11,291,024	\$10,729,928	\$12,126,025
Contribution in Relation to the Actuarially Determined Contributions	(8,728,482)	(9,941,060)	(11,291,024)	(10,729,928)	(12,126,025)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$23,105,917	\$22,949,957	\$23,799,967	\$24,764,981	\$15,588,854
Contributions as a Percentage of Covered Payroll	37.78%	43.32%	47.44%	43.33%	77.79%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality

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

CITY OF FULLERTON

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

	2018	2019
OPEB Liability		
Service cost	\$ 1,913,643	\$ 1,184,811
Interest on the total OPEB liability	1,288,253	1,324,045
Difference between expected and actual experience	-	(7,029,124)
Changes in assumptions	-	-
Changes in benefit terms	-	-
Benefit payments	(1,584,473)	(1,338,227)
Net change in total OPEB liability	1,617,423	(5,858,495)
Total OPEB liability - beginning	34,353,410	35,970,833
Total OPEB liability - ending	\$ 35,970,833	\$ 30,112,338
 Plan Fiduciary Net Position		
Contribution - employer	\$ -	\$ 1,388,227
Expected investment income	-	1,844
Difference between expected and actual return on assets	-	1,842
Benefit payments	-	(1,338,227)
Administrative expense	-	-
Net change in plan fiduciary net position	-	53,686
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	-	53,686
 Total OPEB Liability/(Assets) - ending (a) - (b)	\$ 35,970,833	\$ 30,058,652
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.18%
 Covered-employee payroll	\$ 47,763,989	\$ 53,294,857
 Net OPEB liability as a percentage of Covered-employee payroll	75.31%	56.50%

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

Notes to Schedule: None

Changes in assumptions: None

CITY OF FULLERTON

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

	2018	2019
Actuarially Determined Contribution	\$ 1,388,227	\$ 1,287,092
Contribution in Relation to the Actuarially Determined Contributions	(1,388,227)	(912,454)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 374,638</u>
Covered-employee payroll	\$ 53,294,857	\$ 55,541,742
Contributions as a percentage of covered-employee payroll	2.60%	2.32%

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

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2019 were from the June 20, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level Percent of Pay, 30-years
Investment Rate of Return	3.75%
Payroll Growth	Payroll growth is based on the CalPERS Salary Scale for Miscellaneous, Police, and Fire CalPERS salary scale for any employees hired at age 30 for puposes of allocating Service Costs under the Entry Age Normal cost method
Mortality	Rates based on statistics taken from the CalPERS Experience Study Report adopted in 2014 and include a margin for mortality improvement based on Scale BB projected to 2028.
Healthcare cost-trend rates	Adjusted in future years ranging from 4.25% to 6.50%

CITY OF FULLERTON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
Assets:				
Pooled cash and investments	\$ 5,805,524	\$ 4,040,432	\$ -	\$ 5,878,950
Receivables:				
Accounts	11,167	-	-	-
Notes and loans	-	-	-	-
Other accrued revenue	485,526	240,470	15,451	-
Total Assets	\$ 6,302,217	\$ 4,280,902	\$ 15,451	\$ 5,878,950
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 119,852	\$ 18,707	\$ -	\$ -
Accrued liabilities	13,790	1,617	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	133,642	20,324	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	15,451	-
Parks and recreation	-	-	-	5,878,950
Public works	6,168,575	4,260,578	-	-
Debt service	-	-	-	-
Refuse collection	-	-	-	-
Housing	-	-	-	-
Total Fund Balances	6,168,575	4,260,578	15,451	5,878,950
Total Liabilities and Fund Balances	\$ 6,302,217	\$ 4,280,902	\$ 15,451	\$ 5,878,950

CITY OF FULLERTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
Assets:				
Pooled cash and investments	\$ 787,906	\$ 912,978	\$ 559,265	\$ 2,768,943
Receivables:				
Accounts	1,745	902,255	-	515,371
Notes and loans	-	-	-	-
Other accrued revenue	6,294	1,138,291	51,235	618,352
Total Assets	\$ 795,945	\$ 2,953,524	\$ 610,500	\$ 3,902,666
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,482	\$ 973,657	\$ -	\$ 44,186
Accrued liabilities	891	-	-	90,692
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	2,373	973,657	-	134,878
Fund Balances:				
Restricted for:				
Community development projects	-	-	610,500	-
Public safety	793,572	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	3,767,788
Debt service	-	-	-	-
Refuse collection	-	1,979,867	-	-
Housing	-	-	-	-
Total Fund Balances	793,572	1,979,867	610,500	3,767,788
Total Liabilities and Fund Balances	\$ 795,945	\$ 2,953,524	\$ 610,500	\$ 3,902,666

CITY OF FULLERTON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds		Debt Service Funds	Total Nonmajor Governmental Funds
	Measure M2	Housing	Debt Service Reserve	
Assets:				
Pooled cash and investments	\$ 3,343,640	\$ 1,401,860	\$ 205,907	\$ 25,705,405
Receivables:				
Accounts	-	4,393	-	1,434,931
Notes and loans	-	11,842,239	-	11,842,239
Other accrued revenue	370,826	5,474	-	2,931,919
Total Assets	\$ 3,714,466	\$ 13,253,966	\$ 205,907	\$ 41,914,494
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 16,738	\$ 8,027	\$ -	\$ 1,182,649
Accrued liabilities	-	489	-	107,479
Unearned revenues	2,343	-	-	2,343
Deposits payable	-	2,100	-	2,100
Total Liabilities	19,081	10,616	-	1,294,571
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	610,500
Public safety	-	-	-	809,023
Parks and recreation	-	-	-	5,878,950
Public works	3,695,385	-	-	17,892,326
Debt service	-	-	205,907	205,907
Refuse collection	-	-	-	1,979,867
Housing	-	13,243,350	-	13,243,350
Total Fund Balances	3,695,385	13,243,350	205,907	40,619,923
Total Liabilities and Fund Balances	\$ 3,714,466	\$ 13,253,966	\$ 205,907	\$ 41,914,494

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CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
Revenues:				
Intergovernmental	\$ 5,445,337	\$ -	\$ -	\$ -
Charges for services	11,167	2,175,490	-	3,858,420
Investment income	133,117	-	-	-
Fines and forfeitures	-	-	243,262	-
Miscellaneous	162,631	-	-	-
Total Revenues	5,752,252	2,175,490	243,262	3,858,420
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	2,237,697	472,162	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	2,237,697	472,162	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,514,555	1,703,328	243,262	3,858,420
Other Financing Sources (Uses):				
Transfers out	(2,932,434)	(856,815)	(247,893)	(2,790,476)
Loss on disposition of land held for resale	-	-	-	-
Total Other Financing Sources (Uses)	(2,932,434)	(856,815)	(247,893)	(2,790,476)
Net Change in Fund Balances	582,121	846,513	(4,631)	1,067,944
Fund Balances, Beginning of Year	5,586,454	3,414,065	20,082	4,811,006
Fund Balances, End of Year	\$ 6,168,575	\$ 4,260,578	\$ 15,451	\$ 5,878,950

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
Revenues:				
Intergovernmental	\$ 560,537	\$ -	\$ 208,778	\$ -
Charges for services	995	11,660,900	-	5,590,018
Investment income	17,378	-	20,054	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	578,910	11,660,900	228,832	5,590,018
Expenditures:				
Current:				
General government	-	-	-	96,445
Public safety	82,877	-	-	97,570
Community development	-	-	27,144	-
Human and leisure	-	-	-	-
Public works	-	-	-	4,847,868
Refuse collection	-	11,165,613	-	-
Capital outlay	-	-	-	10,716
Total Expenditures	82,877	11,165,613	27,144	5,052,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	496,033	495,287	201,688	537,419
Other Financing Sources (Uses):				
Transfers out	-	(18,041)	(265,906)	(326,930)
Loss on disposition of land held for resale	-	-	-	-
Total Other Financing Sources (Uses)	-	(18,041)	(265,906)	(326,930)
Net Change in Fund Balances	496,033	477,246	(64,218)	210,489
Fund Balances, Beginning of Year	297,539	1,502,621	674,718	3,557,299
Fund Balances, End of Year	\$ 793,572	\$ 1,979,867	\$ 610,500	\$ 3,767,788

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Debt Service Fund	Total
	Measure M2	Housing	Debt Service Reserve	Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 2,469,923	\$ -	\$ -	\$ 8,684,575
Charges for services	-	-	-	23,296,990
Investment income	74,153	298,383	-	543,085
Fines and forfeitures	-	-	-	243,262
Miscellaneous	-	9,500	-	172,131
Total Revenues	2,544,076	307,883	-	32,940,043
Expenditures:				
Current:				
General government	-	-	-	96,445
Public safety	-	-	-	180,447
Community development	-	201,507	-	228,651
Human and leisure	138,926	-	-	138,926
Public works	90,159	-	-	7,647,886
Refuse collection	-	-	-	11,165,613
Capital outlay	-	-	-	10,716
Total Expenditures	229,085	201,507	-	19,468,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,314,991	106,376	-	13,471,359
Other Financing Sources (Uses):				
Transfers out	(1,322,672)	-	-	(8,761,167)
Loss on disposition of land held for resale	-	(3,406,569)	-	(3,406,569)
Total Other Financing Sources (Uses)	(1,322,672)	(3,406,569)	-	(12,167,736)
Net Change in Fund Balances	992,319	(3,300,193)	-	1,303,623
Fund Balances, Beginning of Year	2,703,066	16,543,543	205,907	39,316,300
Fund Balances, End of Year	\$ 3,695,385	\$ 13,243,350	\$ 205,907	\$ 40,619,923

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 5,983,207	\$ 5,983,207	\$ 5,445,337	\$ (537,870)
Charges for services	-	-	11,167	11,167
Use of money and property	46,000	46,000	133,117	87,117
Miscellaneous	-	-	162,631	162,631
Total Revenues	6,029,207	6,029,207	5,752,252	(276,955)
Expenditures:				
Current:				
Public works	2,387,122	2,387,122	2,237,697	149,425
Total Expenditures:	2,387,122	2,387,122	2,237,697	149,425
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	3,642,085	3,642,085	3,514,555	(127,530)
Other Financing Sources				
Transfers out	(3,125,000)	(8,784,330)	(2,932,434)	5,851,896
Total Other Financing Sources (Uses):	(3,125,000)	(8,784,330)	(2,932,434)	5,851,896
Net Change in Fund Balances	517,085	(5,142,245)	582,121	5,724,366
Fund Balances, Beginning of Year	5,586,454	5,586,454	5,586,454	-
Fund Balances, End of Year	\$ 6,103,539	\$ 444,209	\$ 6,168,575	\$ 5,724,366

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
DRAINAGE CAPITAL OUTLAY
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 2,030,000	\$ 2,030,000	\$ 2,175,490	\$ 145,490
Total Revenues	2,030,000	2,030,000	2,175,490	145,490
Expenditures:				
Current:				
Public works	539,981	539,981	472,162	67,819
Total Expenditures:	539,981	539,981	472,162	67,819
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,490,019	1,490,019	1,703,328	213,309
Other Financing Sources				
Transfers out	(1,050,000)	(2,928,868)	(856,815)	2,072,053
Total Other Financing Sources (Uses):	(1,050,000)	(2,928,868)	(856,815)	2,072,053
Net Change in Fund Balances	440,019	(1,438,849)	846,513	2,285,362
Fund Balances, Beginning of Year	3,414,065	3,414,065	3,414,065	-
Fund Balances, End of Year	\$ 3,854,084	\$ 1,975,216	\$ 4,260,578	\$ 2,285,362

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Fines and forfeitures	\$ 300,000	\$ 300,000	\$ 243,262	\$ (56,738)
Total Revenues	300,000	300,000	243,262	(56,738)
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	300,000	243,262	(56,738)
Other Financing Sources				
Transfers out	(300,000)	(300,000)	(247,893)	52,107
Total Other Financing Sources (Uses):	(300,000)	(300,000)	(247,893)	52,107
Net Change in Fund Balances	-	-	(4,631)	(4,631)
Fund Balances, Beginning of Year	20,082	20,082	20,082	-
Fund Balances, End of Year	\$ 20,082	\$ 20,082	\$ 15,451	\$ (4,631)

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
 PARK DWELLING
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 4,422,600	\$ 4,422,600	\$ 3,858,420	\$ (564,180)
Total Revenues	4,422,600	4,422,600	3,858,420	(564,180)
Expenditures:				
Current:				
Public works	111,040	111,040	-	111,040
Total Expenditures:	111,040	111,040	-	111,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,311,560	4,311,560	3,858,420	(453,140)
Other Financing Sources				
Transfers out	(1,474,000)	(7,620,556)	(2,790,476)	4,830,080
Total Other Financing Sources (Uses):	(1,474,000)	(7,620,556)	(2,790,476)	4,830,080
Net Change in Fund Balances	2,837,560	(3,308,996)	1,067,944	4,376,940
Fund Balances, Beginning of Year	4,811,006	4,811,006	4,811,006	-
Fund Balances, End of Year	\$ 7,648,566	\$ 1,502,010	\$ 5,878,950	\$ 4,376,940

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 560,537	\$ 460,537
Charges for services	-	-	995	995
Use of money and property	920	920	17,378	16,458
Total Revenues	100,920	100,920	578,910	477,990
Expenditures:				
Current:				
Public safety	77,090	135,090	82,877	52,213
Total Expenditures:	77,090	135,090	82,877	52,213
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	23,830	(34,170)	496,033	530,203
Net Change in Fund Balances	23,830	(34,170)	496,033	530,203
Fund Balances, Beginning of Year	297,539	297,539	297,539	-
Fund Balances, End of Year	\$ 321,369	\$ 263,369	\$ 793,572	\$ 530,203

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
 REFUSE COLLECTION
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 11,060,000	\$ 11,060,000	\$ 11,660,900	\$ 600,900
Total Revenues	11,060,000	11,060,000	11,660,900	600,900
Expenditures:				
Current:				
Refuse collection	10,880,678	10,880,678	11,165,613	(284,935)
Total Expenditures:	10,880,678	10,880,678	11,165,613	(284,935)
Excess (Deficiency) of Revenues Over (Under) Expenditures	179,322	179,322	495,287	315,965
Other Financing Sources				
Transfers out	-	(311,135)	(18,041)	293,094
Total Other Financing Sources (Uses):	-	(311,135)	(18,041)	293,094
Net Change in Fund Balances	179,322	(131,813)	477,246	609,059
Fund Balances, Beginning of Year	1,502,621	1,502,621	1,502,621	-
Fund Balances, End of Year	\$ 1,681,943	\$ 1,370,808	\$ 1,979,867	\$ 609,059

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 181,000	\$ 365,936	\$ 208,778	\$ (157,158)
Use of money and property	4,100	4,100	20,054	15,954
Total Revenues	185,100	370,036	228,832	(141,204)
Expenditures:				
Current:				
Community development	39,050	39,050	27,144	11,906
Total Expenditures:	39,050	39,050	27,144	11,906
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	146,050	330,986	201,688	(129,298)
Other Financing Sources				
Transfers out	-	(615,809)	(265,906)	349,903
Total Other Financing Sources (Uses):	-	(615,809)	(265,906)	349,903
Net Change in Fund Balances	146,050	(284,823)	(64,218)	220,605
Fund Balances, Beginning of Year	674,718	674,718	674,718	-
Fund Balances, End of Year	\$ 820,768	\$ 389,895	\$ 610,500	\$ 220,605

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
SANITATION
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 5,220,000	\$ 5,220,000	\$ 5,590,018	\$ 370,018
Total Revenues	5,220,000	5,220,000	5,590,018	370,018
Expenditures:				
Current:				
General government	89,430	96,935	96,445	490
Public safety	113,449	113,449	97,570	15,879
Public works	5,200,429	5,202,867	4,847,868	354,999
Capital outlay	18,320	18,320	10,716	7,604
Total Expenditures:	5,421,628	5,431,571	5,052,599	378,972
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(201,628)	(211,571)	537,419	748,990
Other Financing Sources				
Transfers out	(259,100)	(728,796)	(326,930)	401,866
Total Other Financing Sources (Uses):	(259,100)	(728,796)	(326,930)	401,866
Net Change in Fund Balances	(460,728)	(940,367)	210,489	1,150,856
Fund Balances, Beginning of Year	3,557,299	3,557,299	3,557,299	-
Fund Balances, End of Year	\$ 3,096,571	\$ 2,616,932	\$ 3,767,788	\$ 1,150,856

CITY OF FULLERTON

BUDGETARY COMPARISON SCHEDULE
MEASURE M2
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 2,357,858	\$ 2,364,487	\$ 2,469,923	\$ 105,436
Use of money and property	36,800	36,800	74,153	37,353
Total Revenues	2,394,658	2,401,287	2,544,076	142,789
Expenditures:				
Current:				
Parks and recreation	134,640	141,269	138,926	2,343
Public works	152,000	152,000	90,159	61,841
Total Expenditures:	286,640	293,269	229,085	64,184
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,108,018	2,108,018	2,314,991	206,973
Other Financing Sources				
Transfers out	(2,519,500)	(4,227,134)	(1,322,672)	2,904,462
Total Other Financing Sources (Uses):	(2,519,500)	(4,227,134)	(1,322,672)	2,904,462
Net Change in Fund Balances	(411,482)	(2,119,116)	992,319	3,111,435
Fund Balances, Beginning of Year	2,703,066	2,703,066	2,703,066	-
Fund Balances, End of Year	\$ 2,291,584	\$ 583,950	\$ 3,695,385	\$ 3,111,435

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
HOUSING
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ 190,250	\$ 190,250	\$ 298,383	\$ 108,133
Miscellaneous	-	-	9,500	9,500
Total Revenues	190,250	190,250	307,883	117,633
Expenditures:				
Current:				
Community development	174,846	677,410	201,507	475,903
Total Expenditures:	174,846	677,410	201,507	475,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,404	(487,160)	106,376	593,536
Other Financing Sources				
Loss on disposition of assets	-	(3,406,569)	(3,406,569)	-
Total Other Financing Sources (Uses):	-	(3,406,569)	(3,406,569)	-
Net Change in Fund Balances	15,404	(3,893,729)	(3,300,193)	593,536
Fund Balances, Beginning of Year	16,543,543	16,543,543	16,543,543	-
Fund Balances, End of Year	\$ 16,558,947	\$ 12,649,814	\$ 13,243,350	\$ 593,536

CITY OF FULLERTON

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 4,036,900	\$ 46,707,929	\$ 7,576,477	\$(39,131,452)
Charges for services	124,000	368,241	370,239	1,998
Use of money and property	-	-	180,243	180,243
Miscellaneous	-	333,516	242,723	(90,793)
Total Revenues	4,160,900	47,409,686	8,369,682	(39,040,004)
Expenditures:				
Current:				
Public works	-	2,652,421	2,652,421	-
Capital outlay	16,563,800	93,666,034	33,226,428	60,439,606
Total Expenditures:	16,563,800	96,318,455	35,878,849	60,439,606
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(12,402,900)	(48,908,769)	(27,509,167)	21,399,602
Other Financing Sources				
Transfers in	12,402,900	35,764,386	10,240,829	(25,523,557)
Total Other Financing Sources (Uses):	12,402,900	35,764,386	10,240,829	(25,523,557)
Net Change in Fund Balances	-	(13,144,383)	(17,268,338)	(4,123,955)
Fund Balances, Beginning of Year	(3,232,907)	(3,232,907)	(3,232,907)	-
Fund Balances, End of Year	\$ (3,232,907)	\$ (16,377,290)	\$ (20,501,245)	\$ (4,123,955)

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CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Totals
Assets and Deferred Outflows:				
Assets:				
Current:				
Cash and investments	\$ -	\$ -	\$ 194,121	\$ 194,121
Receivables:				
Accounts receivable	659	-	426	1,085
Inventory	42,126	-	-	42,126
Other accrued revenue receivable	2,542	4,786	-	7,328
Restricted:				
Cash with fiscal agent	302,541	-	-	302,541
Total Current Position	347,868	4,786	194,547	547,201
Noncurrent:				
Capital assets - net of accumulated depreciation	2,828,064	541,789	-	3,369,853
Total Noncurrent Position	2,828,064	541,789	-	3,369,853
Total Assets	3,175,932	546,575	194,547	3,917,054
Deferred Outflows of Resources:				
Deferred pension related items	50,057	4,004	2,003	56,064
Total Deferred Outflows of Resources	50,057	4,004	2,003	56,064
Total Assets & Deferred Outflows of Resources	\$ 3,225,989	\$ 550,579	\$ 196,550	\$ 3,973,118
Liabilities, Deferred Inflows, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 292,971	\$ 711	\$ 12,377	\$ 306,059
Accrued liabilities	7,117	546	142	7,805
Accrued interest	23,311	-	-	23,311
Due to other funds	287,045	21,768	-	308,813
Accrued compensated absences	5,710	-	-	5,710
Bonds, notes, and capital leases	125,000	-	-	125,000
Total Current Liabilities	741,154	23,025	12,519	776,698
Noncurrent:				
Accrued compensated absences	1,428	-	-	1,428
Net pension liability	356,494	28,520	14,260	399,274
Bonds, notes, and capital leases	1,711,445	-	-	1,711,445
Total Noncurrent Liabilities	2,069,367	28,520	14,260	2,112,147
Total Liabilities	2,810,521	51,545	26,779	2,888,845
Deferred Inflows of Resources:				
Deferred pension related items	8,541	683	342	9,566
Total Deferred Inflows of Resources	8,541	683	342	9,566
Net Position:				
Net investment in capital assets	994,057	541,789	-	1,535,846
Restricted for debt service	300,103	-	-	300,103
Unrestricted	(887,233)	(43,438)	169,429	(761,242)
Total Net Position	406,927	498,351	169,429	1,074,707
Total Liabilities, Deferred Inflows of Resources, and Net Pension	\$ 3,225,989	\$ 550,579	\$ 196,550	\$ 3,973,118

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Totals
Operating Revenues:				
Sales and service charges	\$ 2,510,570	\$ 12,264	\$ 221,644	\$ 2,744,478
Total Operating Revenues	2,510,570	12,264	221,644	2,744,478
Operating Expenses:				
Maintenance, operations, and administration	2,842,941	24,105	144,202	3,011,248
Depreciation expense	89,395	-	-	89,395
Total Operating Expenses	2,932,336	24,105	144,202	3,100,643
Operating Income (Loss)	(421,766)	(11,841)	77,442	(356,165)
Nonoperating Revenues (Expenses):				
Interest revenue	7,032	-	-	7,032
Interest expense	(88,480)	-	-	(88,480)
Total Nonoperating Revenues (Expenses)	(81,448)	-	-	(81,448)
Changes in Net Position	(503,214)	(11,841)	77,442	(437,613)
Net Position:				
Beginning of Year	910,141	510,192	91,987	1,512,320
End of Fiscal Year	\$ 406,927	\$ 498,351	\$ 169,429	\$ 1,074,707

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Totals
Cash Flows from Operating Activities:				
Cash received from customers	\$ 2,741,386	\$ 11,961	\$ 222,242	\$ 2,975,589
Cash paid to suppliers	-	(44)	(1,114)	(1,158)
Cash paid to employees for services	(2,746,400)	(26,731)	(195,607)	(2,968,738)
Net Cash Provided (Used) by Operating Activities	(5,014)	(14,814)	25,521	5,693
Cash Flows from Non-Capital Financing Activities:				
Repayment made to/received from other funds	208,562	14,814	-	223,376
Net Cash Provided by Non-Capital Financing Activities	208,562	14,814	-	223,376
Cash Flows from Capital and Related Financing Activities:				
Principal paid on capital debt	(120,000)	-	-	(120,000)
Interest paid on capital debt	(87,269)	-	-	(87,269)
Net Cash (Used) by Capital and Related Financing Activities	(207,269)	-	-	(207,269)
Cash Flows from Investing Activities:				
Interest received	7,032	-	-	7,032
Net Cash Provided by Investing Activities	7,032	-	-	7,032
Net Increase in Cash and Cash Equivalents	3,311	-	25,521	28,832
Cash and Cash Equivalents at Beginning of Year	299,230	-	168,600	467,830
Cash and Cash Equivalents at End of Year	\$ 302,541	\$ -	\$ 194,121	\$ 496,662
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (421,766)	\$ (11,841)	\$ 77,442	\$ (356,165)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	89,395	-	-	89,395
(Increase) decrease in accounts receivable	14,914	-	598	15,512
(Increase) decrease in other accrued revenue receivable	120,180	(303)	-	119,877
(Increase) decrease in inventory	(4,395)	-	-	(4,395)
Increase (decrease) in accounts payable	100,117	(44)	(1,114)	98,959
Increase (decrease) in accrued liabilities	(385)	40	86	(259)
Increase (decrease) in compensated absences	1,328	-	-	1,328
Increase (decrease) in net pension liability	95,598	(2,666)	(51,491)	41,441
Total Adjustments	416,752	(2,973)	(51,921)	361,858
Net Cash Provided (Used) by Operating Activities	\$ (5,014)	\$ (14,814)	\$ 25,521	\$ 5,693
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/(discounts)	\$ (2,483)	\$ -	\$ -	\$ (2,483)

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance
Assets and Deferred Outflows:				
Assets:				
Current:				
Cash and investments	\$ 22,393,258	\$ 5,598,625	\$ 21,719,044	\$ 1,439,837
Receivables:				
Accounts receivable	-	-	-	-
Prepaid items	4,000	-	-	-
Inventory	-	-	-	-
Other accrued revenue receivable	87,438	21,863	84,805	-
Restricted:				
Cash with fiscal agent	50	-	-	-
Total Current Assets	22,484,746	5,620,488	21,803,849	1,439,837
Noncurrent:				
Capital assets - net of accumulated depreciation	-	5,438,379	-	-
Total Noncurrent Assets	-	5,438,379	-	-
Total Assets	22,484,746	11,058,867	21,803,849	1,439,837
Deferred Outflows of Resources:				
Deferred pension related items	67,077	-	73,083	81,093
Deferred OPEB related items	-	-	-	-
Total Deferred Outflows of Resources	67,077	-	73,083	81,093
Total Assets & Deferred Outflows of Resources	\$ 22,551,823	\$ 11,058,867	\$ 21,876,932	\$ 1,520,930
Liabilities, Deferred Inflows, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 13,865	\$ 29,909	\$ 7,616	\$ 26,124
Accrued liabilities	3,874	-	4,103	4,555
Accrued interest	72,080	6,683	-	-
Claims payable	703,742	-	3,541,420	-
Bonds, notes, and capital leases	295,000	108,214	-	-
Total Current Liabilities	1,088,561	144,806	3,553,139	30,679
Noncurrent:				
Net pension liability	477,702	-	520,481	577,520
Net OPEB liability	-	-	-	-
Claims payable	9,150,258	-	15,571,580	-
Bonds, notes, and capital leases	5,280,341	343,164	-	-
Total Noncurrent Liabilities	14,908,301	343,164	16,092,061	577,520
Total Liabilities	15,996,862	487,970	19,645,200	608,199
Deferred Inflows of Resources:				
Deferred pension related items	11,445	-	12,470	13,835
Deferred OPEB related items	-	-	-	-
Total Deferred Inflows of Resources	11,445	-	12,470	13,835
Net Position:				
Net investment in capital assets	-	4,987,001	-	-
Unrestricted	6,543,516	5,583,896	2,219,262	898,896
Total Net Position	6,543,516	10,570,897	2,219,262	898,896
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,551,823	\$ 11,058,867	\$ 21,876,932	\$ 1,520,930

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Assets and Deferred Outflows:				
Assets:				
Current:				
Cash and investments	\$ 5,089,620	\$ 910,782	\$ 699,682	\$ 2,063,030
Receivables:				
Accounts receivable	36,982	-	-	-
Prepaid items	-	-	-	-
Inventory	183,562	-	-	-
Other accrued revenue receivable	117	-	-	5,276
Restricted:				
Cash with fiscal agent	-	-	-	-
Total Current Assets	5,310,281	910,782	699,682	2,068,306
Noncurrent:				
Capital assets - net of accumulated depreciation	63,711	1,254,681	76,484	126,366
Total Noncurrent Assets	63,711	1,254,681	76,484	126,366
Total Assets	5,373,992	2,165,463	776,166	2,194,672
Deferred Outflows of Resources:				
Deferred pension related items	337,389	207,239	256,295	-
Deferred OPEB related items	14,599	-	-	-
Total Deferred Outflows of Resources	351,988	207,239	256,295	-
Total Assets & Deferred Outflows of Resources	\$ 5,725,980	\$ 2,372,702	\$ 1,032,461	\$ 2,194,672
Liabilities, Deferred Inflows, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 110,780	\$ 46,503	\$ 122,177	\$ -
Accrued liabilities	21,495	11,388	18,404	-
Accrued interest	23,687	-	-	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	189,897	-	-	-
Total Current Liabilities	345,859	57,891	140,581	-
Noncurrent:				
Net pension liability	2,402,770	1,475,885	1,825,249	-
Net OPEB liability	480,938	-	-	-
Claims payable	-	-	-	-
Bonds, notes, and capital leases	1,024,946	-	-	-
Total Noncurrent Liabilities	3,908,654	1,475,885	1,825,249	-
Total Liabilities	4,254,513	1,533,776	1,965,830	-
Deferred Inflows of Resources:				
Deferred pension related items	57,564	35,359	43,728	-
Deferred OPEB related items	97,495	-	-	-
Total Deferred Inflows of Resources	155,059	35,359	43,728	-
Net Position:				
Net investment in capital assets	63,711	1,254,681	76,484	126,366
Unrestricted	1,252,697	(451,114)	(1,053,581)	2,068,306
Total Net Position	1,316,408	803,567	(977,097)	2,194,672
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,725,980	\$ 2,372,702	\$ 1,032,461	\$ 2,194,672

CITY OF FULLERTON

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	Totals
Assets and Deferred Outflows:	
Assets:	
Current:	
Cash and investments	\$ 59,913,878
Receivables:	
Accounts receivable	36,982
Prepaid items	4,000
Inventory	183,562
Other accrued revenue receivable	199,499
Restricted:	
Cash with fiscal agent	50
Total Current Assets	60,337,971
Noncurrent:	
Capital assets - net of accumulated depreciation	6,959,621
Total Noncurrent Assets	6,959,621
Total Assets	67,297,592
Deferred Outflows of Resources:	
Deferred pension related items	1,022,176
Deferred OPEB related items	14,599
Total Deferred Outflows of Resources	1,036,775
Total Assets & Deferred Outflows of Resources	\$ 68,334,367
Liabilities, Deferred Inflows, and Net Position:	
Liabilities:	
Current:	
Accounts payable	\$ 356,974
Accrued liabilities	63,819
Accrued interest	102,450
Claims payable	4,245,162
Bonds, notes, and capital leases	593,111
Total Current Liabilities	5,361,516
Noncurrent:	
Net pension liability	7,279,607
Net OPEB liability	480,938
Claims payable	24,721,838
Bonds, notes, and capital leases	6,648,451
Total Noncurrent Liabilities	39,130,834
Total Liabilities	44,492,350
Deferred Inflows of Resources:	
Deferred pension related items	174,401
Deferred OPEB related items	97,495
Total Deferred Inflows of Resources	271,896
Net Position:	
Net investment in capital assets	6,508,243
Unrestricted	17,061,878
Total Net Position	23,570,121
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 68,334,367

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CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance
Operating Revenues:				
Charges for services	\$ 5,928,999	\$ 1,498,160	\$ 4,176,031	\$ 7,763,864
Miscellaneous	1,100	39,319	128,118	20,000
Total Operating Revenues	5,930,099	1,537,479	4,304,149	7,783,864
Operating Expenses:				
Maintenance, operations and administration	2,458,965	23,515	1,018,503	7,543,054
Claims expense	689,744	-	3,204,195	-
Depreciation expense	-	917,328	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	3,148,709	940,843	4,222,698	7,543,054
Operating Income (Loss)	2,781,390	596,636	81,451	240,810
Nonoperating Revenues (Expenses):				
Interest revenue	667,553	167,944	657,228	-
Interest expense	(302,298)	(15,864)	-	-
Total Nonoperating Revenues (Expenses)	365,255	152,080	657,228	-
Income (Loss) Before Transfers	3,146,645	748,716	738,679	240,810
Transfers out	-	(148,458)	-	-
Changes in Net Position	3,146,645	600,258	738,679	240,810
Net Position:				
Beginning of Year	3,396,871	9,970,639	1,480,583	658,086
End of Fiscal Year	\$ 6,543,516	\$ 10,570,897	\$ 2,219,262	\$ 898,896

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Operating Revenues:				
Charges for services	\$ 3,099,663	\$ 3,028,203	\$ 2,487,412	\$ 543,610
Miscellaneous	59,925	-	-	3,202
Total Operating Revenues	3,159,588	3,028,203	2,487,412	546,812
Operating Expenses:				
Maintenance, operations and administration	3,354,467	2,549,991	2,495,161	244,804
Claims expense	-	-	-	-
Depreciation expense	18,282	273,482	7,707	15,461
Miscellaneous	7,302	-	-	-
Total Operating Expenses	3,380,051	2,823,473	2,502,868	260,265
Operating Income (Loss)	(220,463)	204,730	(15,456)	286,547
Nonoperating Revenues (Expenses):				
Interest revenue	-	-	-	55,699
Interest expense	(59,527)	(656)	-	-
Total Nonoperating Revenues (Expenses)	(59,527)	(656)	-	55,699
Income (Loss) Before Transfers	(279,990)	204,074	(15,456)	342,246
Transfers out	(71,762)	(223,731)	-	(633,231)
Changes in Net Position	(351,752)	(19,657)	(15,456)	(290,985)
Net Position:				
Beginning of Year	1,668,160	823,224	(961,641)	2,485,657
End of Fiscal Year	\$ 1,316,408	\$ 803,567	\$ (977,097)	\$ 2,194,672

CITY OF FULLERTON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Totals
Operating Revenues:	
Charges for services	\$ 28,525,942
Miscellaneous	251,664
Total Operating Revenues	28,777,606
Operating Expenses:	
Maintenance, operations and administration	19,688,460
Claims expense	3,893,939
Depreciation expense	1,232,260
Miscellaneous	7,302
Total Operating Expenses	24,821,961
Operating Income (Loss)	3,955,645
Nonoperating Revenues (Expenses):	
Interest revenue	1,548,424
Interest expense	(378,345)
Total Nonoperating Revenues (Expenses)	1,170,079
Income (Loss) Before Transfers	5,125,724
Transfers out	(1,077,182)
Changes in Net Position	4,048,542
Net Position:	
Beginning of Year	19,521,579
End of Fiscal Year	\$ 23,570,121

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CITY OF FULLERTON

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019**

	Governmental Activities - Internal Service Funds			
	Liability Insurance	Vehicle Replacement	Workers' Comp	Group Insurance
Cash Flows from Operating Activities:				
Cash received from interfund services provided	\$ 5,909,372	\$ 1,531,775	\$ 4,298,368	\$ 7,795,511
Cash paid to suppliers	(2,273,232)	(18,939)	(811,258)	(7,291,802)
Cash paid to employee services	(51,356)	-	(76,266)	(199,932)
Cash paid to insurance claims	(493,744)	-	(1,384,195)	-
Net Cash Provided (Used) by Operating Activities	3,091,040	1,512,836	2,026,649	303,777
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	(148,458)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(148,458)	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(390,324)	-	-
Principal paid on capital debt	(285,000)	(181,688)	-	-
Interest paid on capital debt	(301,532)	(17,687)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(586,532)	(589,699)	-	-
Cash Flows from Investing Activities:				
Interest earned on investments	667,553	167,944	657,228	-
Net Cash Provided (Used) by Investing Activities	667,553	167,944	657,228	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,172,061	942,623	2,683,877	303,777
Cash and Cash Equivalents at Beginning of Year	19,221,247	4,656,002	19,035,167	1,136,060
Cash and Cash Equivalents at End of Year	\$ 22,393,308	\$ 5,598,625	\$ 21,719,044	\$ 1,439,837
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 2,781,390	\$ 596,636	\$ 81,451	\$ 240,810
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	-	917,328	-	-
(Increase) decrease in accounts receivable	-	-	-	11,647
(Increase) decrease in other accrued revenue receivable	(20,727)	(5,704)	(5,781)	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	(4,153)	4,576	6,313	(3,160)
Increase (decrease) in accrued liabilities	13	-	859	139
Increase (decrease) in claims and judgments	196,000	-	1,820,000	-
Increase (decrease) in net OPEB liability	-	-	-	-
Increase (decrease) in net pension liability	138,517	-	123,807	54,341
Total Adjustments	309,650	916,200	1,945,198	62,967
Net Cash Provided (Used) by Operating Activities	\$ 3,091,040	\$ 1,512,836	\$ 2,026,649	\$ 303,777
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/discounts	\$ (2,833)	\$ -	\$ -	\$ -

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Governmental Activities - Internal Service Funds			
	Equipment Maintenance	Information Technology	Building Maintenance	Facility Capital Repair
Cash Flows from Operating Activities:				
Cash received from interfund services provided	\$ 3,122,606	\$ 3,028,203	\$ 2,487,612	\$ 547,947
Cash paid to suppliers	(2,455,254)	(2,021,021)	(1,718,333)	(244,804)
Cash paid to employee services	(367,091)	(498,318)	(535,834)	-
Cash paid to insurance claims	-	-	-	-
Net Cash Provided (Used) by Operating Activities	300,261	508,864	233,445	303,143
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(71,762)	(223,731)	-	(633,231)
Net Cash Provided (Used) by Non-Capital Financing Activities	(71,762)	(223,731)	-	(633,231)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	7,302	-	-	-
Principal paid on capital debt	(185,157)	(293,966)	-	-
Interest paid on capital debt	(35,840)	(656)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(213,695)	(294,622)	-	-
Cash Flows from Investing Activities:				
Interest earned on investments	-	-	-	55,699
Net Cash Provided (Used) by Investing Activities	-	-	-	55,699
Net Increase (Decrease) in Cash and Cash Equivalents	14,804	(9,489)	233,445	(274,389)
Cash and Cash Equivalents at Beginning of Year	5,074,816	920,271	466,237	2,337,419
Cash and Cash Equivalents at End of Year	\$ 5,089,620	\$ 910,782	\$ 699,682	\$ 2,063,030
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (220,463)	\$ 204,730	\$ (15,456)	\$ 286,547
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	18,282	273,482	7,707	15,461
(Increase) decrease in accounts receivable	(36,982)	-	200	-
(Increase) decrease in other accrued revenue receivable	(117)	-	-	1,135
(Increase) decrease in inventory	(7,623)	-	-	-
(Increase) decrease in prepaid expense	4,900	-	-	-
Increase (decrease) in accounts payable	198	(3,507)	(3,935)	-
Increase (decrease) in accrued liabilities	(384)	4,180	3,403	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in net OPEB liability	(155,091)	-	-	-
Increase (decrease) in net pension liability	697,541	29,979	241,526	-
Total Adjustments	520,724	304,134	248,901	16,596
Net Cash Provided (Used) by Operating Activities	\$ 300,261	\$ 508,864	\$ 233,445	\$ 303,143
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premiums/discounts	\$ -	\$ -	\$ -	\$ -

CITY OF FULLERTON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Totals
Cash Flows from Operating Activities:	
Cash received from interfund services provided	\$ 28,721,394
Cash paid to suppliers	(16,834,643)
Cash paid to employee services	(1,728,797)
Cash paid to insurance claims	(1,877,939)
Net Cash Provided (Used) by Operating Activities	8,280,015
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(1,077,182)
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,077,182)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(383,022)
Principal paid on capital debt	(945,811)
Interest paid on capital debt	(355,715)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,684,548)
Cash Flows from Investing Activities:	
Interest earned on investments	1,548,424
Net Cash Provided (Used) by Investing Activities	1,548,424
Net Increase (Decrease) in Cash and Cash Equivalents	7,066,709
Cash and Cash Equivalents at Beginning of Year	52,847,219
Cash and Cash Equivalents at End of Year	\$ 59,913,928
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 3,955,645
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	1,232,260
(Increase) decrease in accounts receivable	(25,135)
(Increase) decrease in other accrued revenue receivable	(31,194)
(Increase) decrease in inventory	(7,623)
(Increase) decrease in prepaid expense	4,900
Increase (decrease) in accounts payable	(3,668)
Increase (decrease) in accrued liabilities	8,210
Increase (decrease) in claims and judgments	2,016,000
Increase (decrease) in net OPEB liability	(155,091)
Increase (decrease) in net pension liability	1,285,711
Total Adjustments	4,324,370
Net Cash Provided (Used) by Operating Activities	\$ 8,280,015
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of bond premiums/discounts	\$ (2,833)

CITY OF FULLERTON

COMBINING STATEMENT OF NET POSITION
ALL AGENCY FUNDS
JUNE 30, 2019

	Deposits Contributions	Community Facilities Districts	Assessment Districts	OPEB-PARS	Totals
Assets:					
Pooled cash and investments	\$ 1,345,056	\$ 782,393	\$ 380,396	\$ -	\$ 2,507,845
Restricted assets:					
Cash and investments with fiscal agents	67,704	-	-	56,754	124,458
Total Assets	\$ 1,412,760	\$ 782,393	\$ 380,396	\$ 56,754	\$ 2,632,303
Liabilities:					
Accounts payable	\$ 670,129	\$ -	\$ -	\$ -	\$ 670,129
Deposits payable	742,631	782,393	380,396	-	1,905,420
Due to external parties/other agencies	-	-	-	56,754	56,754
Total Liabilities	\$ 1,412,760	\$ 782,393	\$ 380,396	\$ 56,754	\$ 2,632,303

CITY OF FULLERTON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Deposits Contributions</u>				
Assets:				
Pooled cash and investments	\$ 966,097	\$ 1,495,437	\$ 1,116,478	\$ 1,345,056
Restricted assets:				
Cash and investments with fiscal agents	57,116	37,088	26,500	67,704
Total Assets	\$ 1,023,213	\$ 1,532,525	\$ 1,142,978	\$ 1,412,760
Liabilities:				
Accounts payable	\$ 11,836	\$ 1,192,685	\$ 534,392	\$ 670,129
Deposits payable	1,011,377	1,519,955	1,788,701	742,631
Total Liabilities	\$ 1,023,213	\$ 2,712,640	\$ 2,323,093	\$ 1,412,760
<u>Community Facilities Districts</u>				
Assets:				
Pooled cash and investments	\$ 698,545	\$ 1,817,307	\$ 1,733,459	\$ 782,393
Total Assets	\$ 698,545	\$ 1,817,307	\$ 1,733,459	\$ 782,393
Liabilities:				
Accounts payable	\$ -	\$ 1,733,378	\$ 1,733,378	\$ -
Deposits payable	698,545	1,817,318	1,733,470	782,393
Total Liabilities	\$ 698,545	\$ 3,550,696	\$ 3,466,848	\$ 782,393
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 372,001	\$ 8,395	\$ -	\$ 380,396
Total Assets	\$ 372,001	\$ 8,395	\$ -	\$ 380,396
Liabilities:				
Deposits payable	\$ 372,001	\$ 8,395	\$ -	\$ 380,396
Total Liabilities	\$ 372,001	\$ 8,395	\$ -	\$ 380,396
<u>OPEB-PARS</u>				
Assets:				
Restricted assets:				
Cash and investments with fiscal agents	\$ 53,686	\$ 3,203	\$ 135	\$ 56,754
Total Assets	\$ 53,686	\$ 3,203	\$ 135	\$ 56,754
Liabilities:				
Due to external parties/other agencies	\$ 53,686	\$ 3,203	\$ 135	\$ 56,754
Total Liabilities	\$ 53,686	\$ 3,203	\$ 135	\$ 56,754

CITY OF FULLERTON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 2,036,643	\$ 3,321,139	\$ 2,849,937	\$ 2,507,845
Restricted assets:				
Cash and investments with fiscal agents	110,802	40,291	26,635	124,458
Total Assets	\$ 2,147,445	\$ 3,361,430	\$ 2,876,572	\$ 2,632,303
Liabilities:				
Accounts payable	\$ 11,836	\$ 2,926,063	\$ 2,267,770	\$ 670,129
Deposits payable	2,081,923	3,345,668	3,522,171	1,905,420
Due to external parties/other agencies	53,686	3,203	135	56,754
Total Liabilities	\$ 2,147,445	\$ 6,274,934	\$ 5,790,076	\$ 2,632,303

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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	133
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	143
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	146
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	155
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	157
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				
	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities					
Net investment in capital assets	\$ 204,585	\$ 209,514	\$ 294,379	\$ 302,884	\$ 306,424
Restricted	83,982	143,490	31,905	31,113	30,585
Unrestricted	6,819	(40,874)	24,408	22,343	33,585
Total governmental activities net position	<u>\$ 295,386</u>	<u>\$ 312,130</u>	<u>\$ 350,692</u>	<u>\$ 356,340</u>	<u>\$ 370,594</u>
Business-type activities					
Net investment in capital assets	\$ 66,360	\$ 70,145	\$ 72,728	\$ 77,139	\$ 80,109
Restricted			1,125	885	556
Unrestricted	14,318	18,458	20,486	20,826	24,948
Total business-type activities net position	<u>\$ 80,678</u>	<u>\$ 88,603</u>	<u>\$ 94,339</u>	<u>\$ 98,850</u>	<u>\$ 105,613</u>
Primary government					
Net investment in capital assets	\$ 270,944	\$ 279,659	\$ 367,107	\$ 380,023	\$ 386,533
Restricted	83,982	143,490	33,030	31,998	31,141
Unrestricted	21,138	(22,416)	44,894	43,169	58,533
Total primary government net position	<u><u>\$ 376,064</u></u>	<u><u>\$ 400,733</u></u>	<u><u>\$ 445,031</u></u>	<u><u>\$ 455,190</u></u>	<u><u>\$ 476,207</u></u>

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

Fiscal Year				
2014-15	2015-16	2016-17	2017-18	2018-19
\$ 343,504	\$ 384,032	\$ 406,560	\$ 428,099	\$ 450,340
28,620	26,427	27,704	39,316	42,006
(128,432)	(122,478)	(123,501)	(169,976)	(170,220)
<u>\$ 243,692</u>	<u>\$ 287,981</u>	<u>\$ 310,763</u>	<u>\$ 297,439</u>	<u>\$ 322,126</u>
\$ 87,838	\$ 93,508	\$ 97,142	\$ 102,771	\$ 108,226
308	279	276	298	300
10,579	11,119	14,490	14,223	16,408
<u>\$ 98,725</u>	<u>\$ 104,906</u>	<u>\$ 111,908</u>	<u>\$ 117,292</u>	<u>\$ 124,934</u>
\$ 431,342	\$ 477,540	\$ 503,701	\$ 530,870	\$ 558,566
28,928	26,706	27,980	39,614	42,306
(117,853)	(111,358)	(109,010)	(155,753)	(153,812)
<u><u>\$ 342,417</u></u>	<u><u>\$ 392,887</u></u>	<u><u>\$ 422,671</u></u>	<u><u>\$ 414,731</u></u>	<u><u>\$ 447,060</u></u>

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Expenses					
Governmental activities:					
General government	\$ 20,233	\$ 4,584	\$ 13,682	\$ 11,135	\$ 3,607
Public safety	53,312	51,050	52,838	52,627	54,469
Public works	25,606	17,738	15,470	20,571	17,039
Community development	27,929	18,796	7,989	7,975	8,074
Human and leisure	8,838	7,869	9,098	9,729	10,661
Refuse collection	9,095	9,593	9,941	9,964	10,011
Interest on long-term debt	5,825	5,878	4,274	259	533
Total governmental activities net expenses	<u>150,838</u>	<u>115,508</u>	<u>113,292</u>	<u>112,260</u>	<u>104,394</u>
Business-type activities:					
Water utility	25,082	25,281	25,349	24,892	27,929
Airport	1,399	1,242	1,510	1,396	1,517
Parking facilities	24	26	19	25	51
Brea Dam recreational facilities	1,008	1,962	3,540	2,983	2,899
Compressed Natural Gas facility				65	412
Sewer enterprise	2,358	2,713	2,467	3,886	2,384
Total business-type activities net expenses	<u>29,871</u>	<u>31,224</u>	<u>32,885</u>	<u>33,247</u>	<u>35,192</u>
Total primary government expenses	<u>\$ 180,709</u>	<u>\$ 146,732</u>	<u>\$ 146,177</u>	<u>\$ 145,507</u>	<u>\$ 139,586</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,692	\$ 917	\$ 771	\$ 429	\$ 547
Public safety	6,775	5,465	5,320	4,823	5,140
Public works	6,685	6,513	6,824	7,259	7,723
Community development	1,446	6,317	3,012	3,681	4,529
Human and leisure	1,852	1,323	4,867	1,468	3,288
Refuse collection	9,381	9,911	10,432	10,170	10,255
Operating grants and contributions	8,799	7,683	9,675	8,033	8,990
Capital grants and contributions	7,522	16,300	24,087	16,206	35,283
Total governmental activities program revenues	<u>44,152</u>	<u>54,429</u>	<u>64,988</u>	<u>52,069</u>	<u>75,755</u>

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

Fiscal Year				
2014-15	2015-16	2016-17	2017-18	2018-19
\$ 4,983	\$ 1,799	\$ 1,594	\$ 6,862	\$ 5,675
55,089	57,569	65,249	75,773	76,743
18,598	23,129	26,944	28,183	24,726
8,583	5,539	6,687	8,761	10,645
11,110	11,741	11,670	12,670	13,065
10,077	10,181	10,384	10,394	10,878
554	431	378	358	391
<u>108,994</u>	<u>110,389</u>	<u>122,906</u>	<u>143,001</u>	<u>142,123</u>
26,929	24,991	27,268	30,290	27,806
1,445	1,492	1,526	1,667	1,831
29	28	28	45	23
2,745	2,764	2,857	2,770	2,945
522	458	396	274	140
3,375	3,076	3,495	3,735	3,384
<u>35,045</u>	<u>32,809</u>	<u>35,570</u>	<u>38,781</u>	<u>36,129</u>
<u>\$ 144,039</u>	<u>\$ 143,198</u>	<u>\$ 158,476</u>	<u>\$ 181,782</u>	<u>\$ 178,252</u>
\$ 1,553	\$ 820	\$ 778	\$ 1,305	\$ 1,222
5,066	5,035	5,071	5,179	7,209
7,691	7,300	8,195	9,717	11,587
4,085	3,810	4,548	4,515	4,850
8,400	1,547	4,399	1,809	5,387
10,449	10,569	10,788	10,894	11,661
8,820	8,473	13,748	8,897	9,035
39,543	29,053	22,761	23,180	27,752
<u>85,607</u>	<u>66,607</u>	<u>70,288</u>	<u>65,496</u>	<u>78,703</u>

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Business-type activities:					
Charges for services:					
Water utility	25,859	26,174	26,685	25,524	29,454
Airport	1,605	1,723	1,695	1,660	1,643
Parking facilities	37	32	28	25	-
Brea Dam recreational facilities	842	1,801	2,812	2,996	3,017
Compressed Natural Gas facility				95	510
Sewer enterprise	6,594	6,348	6,508	6,770	6,799
Operating grants and contributions					
Capital grants and contributions	551	153	555	520	79
Total business-type activities program revenues	35,488	36,231	38,283	37,590	41,502
Primary government program revenues	\$ 79,640	\$ 90,660	\$ 103,271	\$ 89,659	\$ 117,257
Net (Expense)/Revenue					
Governmental activities	\$ (106,686)	\$ (61,079)	\$ (48,304)	\$ (60,192)	\$ (28,638)
Business-type activities	5,618	5,007	5,398	4,344	6,309
Total primary government net expense	\$ (101,068)	\$ (56,072)	\$ (42,906)	\$ (55,848)	\$ (22,329)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 50,642	\$ 49,167	\$ 41,413	\$ 37,226	\$ 32,950
Sales taxes	15,269	17,176	18,876	19,704	20,582
Franchise fees	5,864	6,010	5,754	3,929	3,971
Unrestricted motor vehicle in-lieu taxes	418	633	69	130	
Unrestricted investment earnings	318				
Use of money and property		2,965	2,360	1,676	3,636
Miscellaneous	6,575	3,341	3,747	4,189	4,283
Transfers	101	(2,358)	(14)	(34)	(36)
Extraordinary item			14,802	(980)	(22,359)
Gain on sale of capital asset					
Total governmental activities	79,187	76,934	87,007	65,840	43,027
Business-type activities:					
Property taxes			118	63	93
Use of money and property		26	24	43	80
Miscellaneous		533	182	213	244
Transfers	(101)	2,358	14	34	36
Total business-type activities	(101)	2,917	338	353	453
Total primary government	\$ 79,086	\$ 79,851	\$ 87,345	\$ 66,193	\$ 43,480
Change in Net Position					
Governmental activities	\$ (27,499)	\$ 15,855	\$ 38,702	\$ 5,648	\$ 14,388
Business-type activities	5,517	7,924	5,736	4,697	6,763
Total primary government	\$ (21,982)	\$ 23,779	\$ 44,438	\$ 10,345	\$ 21,151

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

Fiscal Year				
2014-15	2015-16	2016-17	2017-18	2018-19
28,715	27,041	30,021	33,095	32,715
1,650	1,885	1,823	1,775	1,884
-	17	24	16	12
3,083	2,918	2,725	2,863	2,510
385	552	313	421	222
6,418	5,844	5,948	6,390	6,044
457	420	1,417	189	185
40,708	38,677	42,271	44,749	43,572
<u>\$ 126,315</u>	<u>\$ 105,284</u>	<u>\$ 112,559</u>	<u>\$ 110,245</u>	<u>\$ 122,275</u>
\$ (23,387)	\$ (43,783)	\$ (52,618)	\$ (77,505)	\$ (63,420)
5,663	5,869	6,701	5,968	7,443
<u>\$ (17,724)</u>	<u>\$ (37,914)</u>	<u>\$ (45,917)</u>	<u>\$ (71,537)</u>	<u>\$ (55,977)</u>
\$ 35,723	\$ 37,840	\$ 39,738	\$ 42,146	\$ 44,204
20,643	23,000	21,456	21,834	24,438
4,392	4,383	4,181	4,336	4,493
57	57	64	75	69
3,858	4,615	3,976	4,594	8,444
4,699	4,823	6,024	5,558	6,459
(36)	(36)	(36)	(290)	
	13,667			
			3,150	
<u>69,336</u>	<u>88,349</u>	<u>75,403</u>	<u>81,403</u>	<u>88,107</u>
105	104	110	98	87
39	41	38	40	45
366	132	117	166	67
36	36	36	290	
<u>546</u>	<u>313</u>	<u>301</u>	<u>594</u>	<u>199</u>
<u>\$ 69,882</u>	<u>\$ 88,662</u>	<u>\$ 75,704</u>	<u>\$ 81,997</u>	<u>\$ 88,306</u>
\$ 45,948	\$ 44,566	\$ 22,782	\$ 3,898	\$ 24,687
6,210	6,182	7,002	6,562	7,642
<u>\$ 52,158</u>	<u>\$ 50,748</u>	<u>\$ 29,784</u>	<u>\$ 10,460</u>	<u>\$ 32,329</u>

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
General Fund					
Reserved	\$ 300	\$ -	\$ -	\$ -	\$ -
Unreserved	8,913				
Nonspendable		138	43	20	11
Restricted					
Committed				7,422	7,679
Assigned					
Unassigned		10,862	9,551	8,164	7,888
Total general fund	<u>\$ 9,213</u>	<u>\$ 11,000</u>	<u>\$ 9,594</u>	<u>\$ 15,606</u>	<u>\$ 15,578</u>
All Other Governmental Funds					
Reserved	\$ 38,960	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	27,830				
Capital projects funds	67,480				
Debt service funds	7,881				
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
Capital projects funds		56,111			
Debt service funds		11,034			
Other governmental funds		11,940	11,443	10,960	10,361
Committed					
Special revenue funds					
Other governmental funds		12,754	12,831	11,320	13,849
Assigned					
Capital projects funds		1,753			
Unassigned					
Special revenue funds		(213)	(170)	(197)	(237)
Capital projects funds			(4,400)	(1,350)	(18,281)
Total all other governmental funds	<u>\$ 142,151</u>	<u>\$ 157,795</u>	<u>\$ 37,875</u>	<u>\$ 38,834</u>	<u>\$ 23,660</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				
2014-15	2015-16	2016-17	2017-18	2018-19
\$ -	\$ -	\$ -	\$ -	\$ -
13	11	68	290	7
7,967	8,743	9,139		1,386
			8,992	15,656
9,231	6,139	1,522	4,999	5,432
<u>\$ 17,211</u>	<u>\$ 14,893</u>	<u>\$ 10,729</u>	<u>\$ 14,281</u>	<u>\$ 22,481</u>
\$ -	\$ -	\$ -	\$ -	\$ -
17,943	17,769	17,921	21,355	
10,677	8,658	9,783	17,962	40,620
12,209	10,681	10,473		
9,520	10,227	9,445		
(97)	(39)	(77)	(172)	(189)
(1,528)	(4,187)	(10,441)	(3,233)	(20,501)
<u>\$ 48,724</u>	<u>\$ 43,109</u>	<u>\$ 37,104</u>	<u>\$ 35,912</u>	<u>\$ 19,930</u>

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

	Fiscal Years				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues					
Taxes	\$ 69,646	\$ 69,564	\$ 63,772	\$ 60,696	\$ 57,394
Franchise fees	5,864	6,010	5,754	3,929	3,971
Licenses and permits	1,393	1,607	1,608	1,434	1,766
Fines and forfeitures	2,901	2,665	2,156	1,686	1,586
Investment income	1,952	2,751	2,189	1,711	3,430
Intergovernmental	14,651	19,826	21,232	22,386	24,948
Charges for services	21,450	22,618	26,226	23,447	27,237
Other	6,027	622	1,693	2,066	1,448
Total revenues	<u>123,884</u>	<u>125,663</u>	<u>124,630</u>	<u>117,355</u>	<u>121,780</u>
Expenditures					
Current					
General government	4,138	3,590	3,959	6,572	4,577
Public safety	52,272	50,152	52,023	51,546	53,909
Public works	12,293	16,684	11,638	11,929	12,935
Community development	19,525	10,222	5,499	4,315	4,661
Human and leisure	8,318	7,493	7,951	8,545	9,205
Refuse collection	9,095	9,594	9,940	9,964	10,011
Debt service					
Principal retired	6,803	6,992	4,766	813	753
Interest and fiscal charges	5,803	6,071	3,494	255	217
ERAF/SERAF payments	6,671				
Pass through payment to taxing agencies	1,344	1,199			
Capital outlay	26,751	24,117	42,143	18,805	39,276
Total expenditures	<u>153,013</u>	<u>136,114</u>	<u>141,413</u>	<u>112,744</u>	<u>135,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,129)</u>	<u>(10,451)</u>	<u>(16,783)</u>	<u>4,611</u>	<u>(13,764)</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
SERAF payment		(1,373)			
Transfers in	31,804	18,006	14,233	11,415	6,845
Transfers out	(53,184)	(19,588)	(13,876)	(8,276)	(8,155)
Capital Leases					
Total other financing sources (uses)	<u>(21,380)</u>	<u>27,677</u>	<u>361</u>	<u>3,340</u>	<u>(1,303)</u>
Net change in fund balances	<u>(50,509)</u>	<u>17,226</u>	<u>(120,959)</u>	<u>6,971</u>	<u>(15,067)</u>
Fund balances - July 1	201,872	151,364	168,795	47,469	54,440
Restatements		205	(367)	0	(135)
Fund balances - June 30	<u>\$ 151,363</u>	<u>\$ 168,795</u>	<u>\$ 47,469</u>	<u>\$ 54,440</u>	<u>\$ 39,238</u>
Debt service as a percentage of noncapital expenditures	15.62%	12.75%	8.28%	1.10%	1.00%

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

Fiscal Years				
2014-15	2015-16	2016-17	2017-18	2018-19
\$ 60,558	\$ 65,275	\$ 66,134	\$ 68,810	\$ 73,901
4,392	4,383	4,181	4,335	4,493
2,283	1,877	2,037	2,284	2,784
1,751	1,628	1,513	1,674	1,658
3,595	4,156	3,897	4,399	6,895
68,498	34,616	31,140	42,575	20,611
31,870	24,449	28,913	26,383	33,008
1,284	948	1,820	1,624	1,958
<u>174,231</u>	<u>137,332</u>	<u>139,635</u>	<u>152,084</u>	<u>145,308</u>
5,396	5,197	5,230	4,466	4,922
55,877	61,631	64,986	65,519	68,958
13,209	14,337	17,927	15,428	16,590
4,982	5,746	6,717	6,763	6,601
9,400	10,047	9,876	9,980	10,480
10,078	10,183	10,385	10,737	11,166
764	712	722	519	806
180	103	29	18	13
47,912	37,338	37,012	38,426	33,636
<u>147,798</u>	<u>145,294</u>	<u>152,884</u>	<u>151,856</u>	<u>153,172</u>
<u>26,433</u>	<u>(7,962)</u>	<u>(13,249)</u>	<u>228</u>	<u>(7,864)</u>
12	53		(1,395)	(3,406)
			3,150	2,411
6,292	8,992	9,460	15,170	10,637
(6,040)	(8,739)	(8,853)	(14,793)	(9,560)
		2,473		
<u>264</u>	<u>306</u>	<u>3,080</u>	<u>2,132</u>	<u>82</u>
26,697	(7,656)	(10,169)	2,361	(7,782)
39,238	65,935	58,002	47,832	50,193
	(277)			
<u>\$ 65,935</u>	<u>\$ 58,002</u>	<u>\$ 47,833</u>	<u>\$ 50,193</u>	<u>\$ 42,411</u>
0.92%	0.75%	0.64%	0.47%	0.69%

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
2009-10	10,169,958	1,654,131	1,581,580	32,509	519,095	13,438,178	1.0575
2010-11	10,731,321	1,630,594	1,386,303	5,544	-	13,753,762	1.0604
2011-12	10,983,044	1,619,002	1,316,810	6,275	-	13,925,131	1.0545
2012-13	11,097,680	1,639,211	1,338,964	6,246	-	14,082,101	1.0614
2013-14	11,479,863	1,694,648	1,381,108	6,368	-	14,561,987	1.0568
2014-15	12,261,966	1,744,831	1,395,924	6,320	-	15,409,041	1.0543
2015-16	13,055,598	1,778,875	1,474,548	6,443	-	16,315,464	1.0649
2016-17	13,709,472	1,841,370	1,453,964	6,539	-	17,011,345	1.0798
2017-18	14,398,621	1,927,864	1,603,068	6,666	-	17,936,219	1.0816
2018-19	15,200,869	2,089,736	1,697,146	516	-	18,988,267	1.0785

*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	2018-19			2009-10		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kimberly-Clark Worldwide	\$ 176,502,947	1	0.88 %	\$ -		
FHF I Amerige Pointe LLC	117,300,000	2	0.59			
Advanced Group	116,279,186	3	0.58			
University House Fullerton LLC	92,551,441	4	0.46			
Corecare III	89,177,089	5	0.45			
Rreef America Reit II Corporation	88,730,487	6	0.44			
Fullerton Luxury Rentals LLC	79,184,220	7	0.40			
Aspect Acquisition LLC	74,899,005	8	0.37			
SFERS Real Estate Corporation	65,629,700	9	0.33			
ROIC Fullerton Crossroads LLC	64,000,000	10	0.32			
Kimberly-Clark Worldwide				160,649,067	1	1.10 %
Beckman Instruments Inc				92,293,456	2	0.63
Rreef America Reit II Corporation				76,836,844	3	0.52
CPT Parkside LP				71,743,117	4	0.49
Corecare III				67,998,840	5	0.46
Hughes Aircraft/Raytheon				61,420,595	6	0.42
Alcoa Global Fasteners Inc				59,892,607	7	0.41
SFERS Real Estate Corporation				57,984,935	8	0.40
Amerige Heights Apartments, LLC				56,330,418	9	0.38
Fullerton Metro Center LLC				49,407,559	10	0.34
	<u>\$ 964,254,075</u>		<u>4.82%</u>	<u>\$ 754,557,438</u>		<u>5.16%</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
2010	19,418,256	18,886,850	97.26	451,544	19,338,394	99.59
2011	19,555,934	19,085,309	97.59	311,715	19,397,024	99.19
2012	19,796,510	19,271,553	97.35	297,343	19,568,896	98.85
2013	19,978,708	19,625,807	98.23	209,533	19,835,340	99.28
2014	20,444,654	20,167,631	98.65	170,860	20,338,491	99.48
2015	21,759,590	21,412,516	98.40	162,109	21,574,625	99.15
2016	22,974,457	22,718,019	98.88	159,395	22,877,414	99.58
2017	23,839,526	23,583,249	98.92	141,968	23,725,217	99.52
2018	24,908,566	24,706,931	99.19	142,799	24,849,730	99.76
2019	26,273,796	25,981,413	98.89	N/A	25,981,413	98.89

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			
2009-10	96,387	3,119	5,000	7,875		5,763	118,144	2.78%	859
2010-11	121,116	2,165	4,500	7,690	100	5,270	140,841	3.36%	1,042
2011-12		1,283	4,000	10,115	60	4,758	20,216	0.48%	147
2012-13		970	3,500	9,820	24	4,225	18,539	0.45%	134
2013-14	6,990	717	3,000	9,230		2,969	22,906	0.55%	163
2014-15	6,725	453	2,500	8,940		2,523	21,141	0.49%	150
2015-16	6,455	2,733	2,000	8,485		2,059	21,732	0.51%	154
2016-17	6,135	4,208	1,500	8,766		1,575	22,184	0.51%	157
2017-18	5,858	4,799	1,000	8,236		1,071	20,964	0.46%	145
2018-19	5,575	3,832	500	7,691		546	18,144	NYA	126
	(2)								

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

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

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

NYA = Not Yet Available

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

Fiscal Year	City Direct Rate	Overlapping Rates							
		Fullerton Schools	Anaheim Schools	Brea Olinda Schools	Buena Park Schools	La Habra Schools	N. OC Community College	Placentia Yorba Linda Schools	Metro Water District
2009-10	1.0000	0.04085	0.05810	0.02285	0.01768	0.02168	0.01662	0.06166	0.00430
2010-11	1.0000	0.04280	0.06108	0.02426	0.01851	0.02301	0.01758	0.05804	0.00370
2011-12	1.0000	0.03710	0.08049	0.02367	0.01851	0.02320	0.01742	0.05846	0.00370
2012-13	1.0000	0.04239	0.08240	0.02365	0.01809	0.02644	0.01902	0.06203	0.00350
2013-14	1.0000	0.03971	0.08468	0.02470	0.01662	0.02746	0.01704	0.06525	0.00350
2014-15	1.0000	0.03721	0.05279	0.02528	0.04793	0.02612	0.01704	0.05822	0.00350
2015-16	1.0000	0.03447	0.09175	0.02292	0.01628	0.02546	0.03043	0.05665	0.00350
2016-17	1.0000	0.05091	0.08720	0.02298	0.03570	0.02719	0.02885	0.05475	0.00350
2017-18	1.0000	0.05237	0.06713	0.02325	0.03455	0.03058	0.02927	0.05529	0.00350
2018-19	1.0000	0.05025	0.09303	0.02370	0.03034	0.03084	0.02829	0.05261	0.00350

Total Direct Tax Rate

Fiscal Year	City Direct Rate	Fullerton Schools	N. OC Community College	Total Direct Tax Rate
2009-10	1.0000	0.04085	0.01662	1.0575
2010-11	1.0000	0.04280	0.01758	1.0604
2011-12	1.0000	0.03710	0.01742	1.0545
2012-13	1.0000	0.04239	0.01902	1.0614
2013-14	1.0000	0.03971	0.01704	1.0568
2014-15	1.0000	0.03721	0.01704	1.0543
2015-16	1.0000	0.03447	0.03043	1.0649
2016-17	1.0000	0.05091	0.02885	1.0798
2017-18	1.0000	0.05237	0.02927	1.0816
2018-19	1.0000	0.05025	0.02829	1.0785

Source: Orange County Assessor Tax Rate Table

City of Fullerton
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

(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	\$ 135,888	0.72%	\$ 98
Subtotal, overlapping debt			\$ 98
City of Fullerton direct debt			9,907
Total direct and overlapping debt			\$ 10,005

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				
	2010	2011 (1)	2012 (1)	2013 (1)	2014 (1)
Debt limit	\$ 2,093,591	\$ 2,063,064	\$ 2,088,770	\$ 2,112,315	\$ 2,184,298
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>\$ 2,093,591</u>	<u>\$ 2,063,064</u>	<u>\$ 2,088,770</u>	<u>\$ 2,112,315</u>	<u>\$ 2,184,298</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 2018-19

Assessed value	\$ 18,988,267
Add back: exempt real property	<u>-</u>
Total Assessed Value	\$ 18,988,267
Debt limit (15% of total assessed value)	\$ 2,848,240
Debt applicable to limit:	<u>0</u>
Legal debt margin	<u>\$ 2,848,240</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				
2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)
\$ 2,311,356	\$ 2,447,320	\$ 2,551,702	\$ 2,690,433	\$ 2,848,240
0	0	0	0	0
<u>\$ 2,311,356</u>	<u>\$ 2,447,320</u>	<u>\$ 2,551,702</u>	<u>\$ 2,690,433</u>	<u>\$ 2,848,240</u>
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	
2015	\$ 3,913,333	\$ 185,000	\$ 273,786	\$ 458,786	8.53
2016	4,125,954	350,000	273,662	623,662	6.62
2017	4,826,465	360,000	263,012	623,012	7.75
2018	3,670,038	370,000	252,063	622,063	5.90
2019	6,036,975	380,000	240,813	620,813	9.72

(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	
2010	69,637,972	165,000	24,660	189,660	367.17
2011	71,000,575	170,000	15,195	185,195	383.38
2012	71,311,364	180,000	5,175	185,175	385.10
2013	N/A	0	0	0	N/A
2014	N/A	0	0	0	N/A
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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	
2010	15,886,598	750,000	164,600	914,600	17.37
2011	15,686,568	775,000	140,756	915,756	17.13
2012	10,534,514 (2)	508,800	73,120	581,920	18.10
2013	-	825,000	84,869	909,869	0.00
2014	-	850,000	52,400	902,400	0.00
2015	-	885,000	17,700	902,700	0.00
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	N/A	0	0	0	N/A

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

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

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

*2003 COP fully retired in FY 14/15

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

City of Fullerton
Revenue Bond Coverage

1999 Refunding Revenue Bonds (2)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Debt Service Requirements			
		Principal	Interest	Total	Coverage
2010	11,679,487	460,000	106,614	566,614	20.61
2011	12,880,794	480,000	87,754	567,754	22.69
2012	N/A	0	0	0	N/A
2013	N/A	0	0	0	N/A
2014	N/A	0	0	0	N/A
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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			
		Principal	Interest	Total	Coverage
2010	15,886,598	607,916	1,132,471	1,740,387	9.13
2011	15,686,568	606,296	1,167,841	1,774,137	8.84
2012	10,534,514 (2)	0	381,194	381,194	27.64
2013	-	594,517	1,245,870	1,840,387	0.00
2014	-	597,421	1,285,716	1,883,137	0.00
2015	-	592,167	1,323,221	1,915,388	0.00
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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			
		Principal	Interest	Total	Coverage
2010	2,960,072	180,000	369,662	549,662	5.39
2011	3,269,046	185,000	363,956	548,956	5.96
2012	3,655,147	190,000	357,625	547,625	6.67
2013	2,954,820	200,000	350,800	550,800	5.36
2014	3,889,609	200,000	343,550	543,550	7.16
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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
2010	19,314,711	1,575,000	3,735,471	5,310,471	3.64
2011	18,251,819	1,595,000	3,672,986	5,267,986	3.46
2012	10,534,514 (2)	1,635,000	1,874,135	3,509,135	3.00
2013	-	1,675,000	3,517,230	5,192,230	0.00
2014	-	1,735,000	3,438,852	5,173,852	0.00
2015	-	1,765,000	3,362,661	5,127,661	0.00
2016	-	3,245,000	3,371,173	6,616,173	0.00
2017	-	3,210,000	3,209,063	6,419,063	0.00
2018	-	3,285,000	3,046,688	6,331,688	0.00
2019	-	3,415,000	2,878,488	6,293,488	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
2010	19,314,711	110,000	36,233	146,233	132.08
2011	18,251,819	115,000	31,185	146,185	124.85
2012	10,534,514 (2)	60,531	12,896	73,427	143.47
2013	-	130,000	20,068	150,068	0.00
2014	-	135,000	13,710	148,710	0.00
2015	-	140,000	7,014	147,014	0.00
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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
2010	19,314,711	105,000	50,728	155,728	124.03
2011	18,251,819	115,000	45,000	160,000	114.07
2012	10,534,514 (2)	40,659	38,682	79,341	132.78
2013	-	125,000	32,028	157,028	0.00
2014	-	135,000	25,034	160,034	0.00
2015	-	140,000	17,442	157,442	0.00
2016	-	150,000	9,540	159,540	0.00
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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
2011	\$ 12,880,794	\$ -	\$ 496,138	\$ 496,138	25.96
2012	10,534,514 (3)	1,330,000	1,506,628	2,836,628	3.71
2013	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

(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
2011	\$ 15,686,568	\$ -	\$ 66,956	\$ 66,956	234.28
2012	10,534,514 (3)	0	95,863	95,863	109.89
2013	-	95,000	191,726	286,726	0.00
2014	-	100,000	185,550	285,550	0.00
2015	-	105,000	179,050	284,050	0.00
2016	-	105,000	172,226	277,226	0.00
2017	-	110,000	165,400	275,400	0.00
2018	-	115,000	158,250	273,250	0.00
2019	-	120,000	150,776	270,776	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
2011	\$ 15,686,568	\$ 410,000	\$ 23,451	\$ 433,451	36.19
2012	10,534,514 (2)	420,000	26,400	446,400	23.60
2013	-	440,000	36,000	476,000	0.00
2014	-	460,000	18,400	478,400	0.00
2015	N/A	0	0	0	N/A
2016	N/A	0	0	0	N/A
2017	N/A	0	0	0	N/A
2018	N/A	0	0	0	N/A
2019	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)
2010	137,459 (4)	4,256,693	30,967	10.9%
2011	135,468	4,196,121	30,975	10.3%
2012	137,481	4,193,583	30,503	9.2%
2013	138,251	4,135,502	29,913	7.6%
2014	140,131	4,166,515	29,733	7.1%
2015	141,042	4,290,957	30,428	5.6%
2016	141,042	4,228,814	29,731	4.7%
2017	141,042	4,311,756	29,898	4.3%
2018	144,214	4,533,852	31,744	3.2%
2019	144,214	NYA	NYA	3.0%

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
- (4) 2010 Census

*Based on Orange County personal income data.

NYA = Not Yet Available

City of Fullerton
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2019			2010		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment*</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
California State University, Fullerton	3,450	1	4.86%	3,821	1	5.28%
St. Jude Medical Center	2,153	2	3.03%	2,928	2	4.04%
Raytheon Systems Co.	1,320	3	1.86%	1,446	3	2.00%
City of Fullerton	709	4	1.00%	631	9	0.87%
Arconic Fastening Systems	680	5	0.96%			
St. Jude Heritage Health	604	6	0.85%			
Kimberly-Clark	440	7	0.62%			
Vista Paint Corporation	440	8	0.62%			
Morningside of Fullerton	403	9	0.57%			
Meridian Sports Club	345	10	0.49%			
Fullerton School District				1,286	4	1.78%
Fullerton College				1,094	5	1.51%
Fullerton Joint Union High School Dist.				1,078	6	1.49%
Alcoa Fastening Systems				975	7	1.35%
Albertson's Regional Corporate				800	8	1.10%
Kraft Foods				550	10	0.76%
Total	<u>10,544</u>		<u>14.85%</u>	<u>14,609</u>		<u>20.18%</u>

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

Source: A to Z Databases from Fullerton Public Library

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

Department	2009-10 Total Positions	2010-11 Total Positions	2011-12 Total Positions	2012-13 Total Positions	2013-14 Total Positions
City Council	6.0	6.0	6.0	6.0	6.0
City Manager	9.0	6.8	8.0	7.0	6.5
Administrative Svcs.	41.3	38.7	39.0	37.3	32.3
Human Resources	10.7	9.2	9.7	8.7	8.9
Fire	95.0	92.0	92.0	90.0	90.0
Police	234.0	213.0	213.0	214.0	210.0
Community Dev.	37.0	31.0	31.0	27.0	27.0
Engineering	41.0	34.0	35.0	35.0	
Maintenance Svcs.	177.5	157.0	159.0	160.0	
Public Works					200.0
Parks & Recreation	29.0	25.0	26.0	21.0	21.0
Library	30.4	25.4	25.4	25.4	23.8
Redevelopment**	7.0	7.0	0.0	0.0	0.0
<i>Subtotal</i>	717.9	645.1	644.1	631.4	625.5
Part-Time Hours	199,748	166,922	193,766	192,762	177,294
Full-Time Equivalents	96.0	80.3	93.2	92.7	85.2
<i>TOTAL POSITIONS</i>	<u>813.9</u>	<u>725.4</u>	<u>737.3</u>	<u>724.1</u>	<u>710.7</u>

** 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

2014-15 Total Positions	2015-16 Total Positions	2016-17 Total Positions	2017-18 Total Positions	2018-19 Total Positions
6.0	6.0	6.0	6.0	6.0
6.5	7.0	7.0	6.5	6.5
33.0	33.0	33.0	33.0	33.0
8.9	8.9	8.9	8.9	8.9
92.0	92.0	92.0	92.0	89.0
211.0	212.0	212.0	217.0	218.0
29.0	28.0	28.0	28.0	28.0
199.5	200.0	200.0	198.0	198.0
22.0	22.0	22.0	21.0	21.0
23.8	23.8	23.8	23.8	23.8
0.0	0.0	0.0	0.0	0.0
631.7	632.7	632.7	634.2	632.2
177,389	165,840	165,920	165,255	159,639
85.3	79.7	79.8	79.4	76.7
717.0	712.4	712.5	713.6	708.9

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

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

*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

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
13,801	13,730	13,544	13,700	13,700	13,700
13,969	13,910	13,773	13,664	13,649	13,695
18,890	35,335	35,335	23,000	23,000	23,000
38,128	38,948	40,235	40,439	39,343	39,030
459	376	0	0	0	0
391	391	400	544	500	500 *
2,011	1,420	1,438	2,349	1,752	1,749
87,649	104,110	104,725	93,696	91,944	91,674

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

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

Sources: City of Fullerton Budget Division and various City departments

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

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
47,292	48,637	50,628	52,527	52,332	49,647
16,645	16,925	17,635	18,059	16,346	15,363
5,350	5,212	7,573	3,878	4,078	2,394
35,371	35,551	37,613	36,658	27,993	28,980
11,646	17,500	18,813	18,250	17,992	16,132
9,494	8,201	8,725	8,298	8,088	8,448
4,700	4,205	4,437	3,806	3,717	2,678
31,544	31,795	31,307	31,427	31,923	31,913
25.4	22.9	20.9	20.6	23.2	20.5
2,554	4,439	4,597	4,657	4,604	4,607
249,744	209,009	215,312	236,257	*	*
				362.6	356.5
2,600	2,166	1,711	2,167	2,438	2,222
151	150	151	151	153	154
96	60	80	77	68	56
1,038	2,695	2,500	2,564	2,988	3,023
403,016	344,120	316,667	348,336	327,223	365,246
38,399	40,504	36,044	36,864	34,870	35,783
13,542	13,500	14,975	14,005	8,436	9,587
29,500	39,500	42,000	45,000	49,500	57,625
152,000	152,000	170,000	240,000	250,000	268,000
23,987	23,987	29,265	21,734	21,435	23,328

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

Function:	2009-10	2010-11	2011-12	2012-13
Public Safety				
Police stations	1	1	1	1
Number of patrol units	36	36	26	26
Fire stations	6	6	6	6
Number of ladder trucks	2	2	2	2
Number of fire engines	9	10	10	11
Highways and streets				
Miles of streets	276	291	290	290
Traffic Signals	147	148	150	150
Streetlights	7,263	7,263	7,263	7,263
Water				
Number of water wells	11	11	11	11
Number of reservoirs	15	15	15	15
Miles of lines & mains	429	420	422	420
Sewer				
Miles of sanitary sewers	312.00	321.00	325.00	324.00
Miles of storm drains	71.21	71.21	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	351,580	241,058	241,058	241,058

Sources: City of Fullerton Budget Division and various City departments

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

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	1	1	1	1	1
30	31	34	31	33	32
6	6	6	6	6	6
2	2	2	2	2	2
11	11	11	11	11	11
290	290	285	285	285	285
151	150	151	151	153	154
7,275	7,275	6,900	6,900	6,700	6,700
11	11	11	10	10	10
15	15	15	15	15	15
423	423	423	423	423	423
320.00	322.40	323.30	320.00	325.00	325.00
71.20	71.20	71.20	71.20	71.70	71.70
67	67	67	67	67	67
683	683	683	683	683	683
2	2	2	2	2	2
241,058	210,597	210,597	210,597	179,914	212,665

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