



MEMORANDUM

To: Mayor and Members of the City Council

Submitted by: Eddie Manfro, Interim City Manager
Steven Avalos, Interim Director of Administrative Services

Prepared by: Toni Smart, Deputy Director of Administrative Services

Date: February 12, 2026

Subject: Fiscal Year 2024-25 Annual Comprehensive Financial Report (ACFR) and Update on General Fund

The purpose of this Memo is to provide an overview of the Annual Comprehensive Financial Report (ACFR) for fiscal year ending June 30, 2025 (FY 2024-25) and update on the City's General Fund in advance of the agenda item on February 17, 2026. The FY 2024-25 ACFR document is included as Attachment 1 to this memo and is now available on the City's website.

The ACFR reports on the City's year-end financials for all Citywide funds including the governmental funds, fiduciary funds, enterprise funds, and all internal services funds. This memo will focus on the General Fund, as this is the City's chief operating fund that supports traditional municipal services and provides: an overview of the General Fund's year end position for FY 2024-25 and its operating surplus (deficit), comparison of changes in fund balance against prior year end 2023-24 ACFR, and discussion of the General Fund's ending fund balance and its designations.

FY 2024-25 General Fund Ending Fund Balance

As reflected in the FY 2024-25 ACFR, the General Fund reported revenues of \$136.6 million and expenditures of \$144.0 million, resulting in an operating deficit of \$7.4 million, as discussed below. After including all transfers in and out, the net change in fund balance reflects an operating deficit of \$5.7 million.

For FY 2024-25, the General Fund total fund balance reduced from \$38.6 million to \$30.0 million to end the fiscal year. As result, the General Fund contingency reserve lowered to 14 percent, below the City Council's established reserves target of 17 percent. This reduction was primarily attributable to the following factors: (1) a \$5.7 million operating deficit recorded in FY 2024-25, (2) certain restricted funds, such as General Plan Update permit fees and Downtown Parking Program revenue, shifting from unassigned fund balance to committed or restricted fund balances, and (3) a reduction to General Fund balance related to the correction of a prior-year accounting error (*discussed below*).

Transfers, which are generally one-time in nature, fluctuate from year to year. In FY 2024-25, net transfers totaled \$1.7 million. Transfers In included \$0.7 million from the American Rescue Plan Act (ARPA) Fund for revenue replacement and other financing transfers related to lease and subscription financing. These transfers were offset by Transfers Out primarily for capital projects, including \$2.6 million to the Infrastructure Fund for critical street rehabilitation and various City

facility improvement projects, \$1.2 million for additional street improvements, and \$1.7 million transferred to the Internal Service Fund (ISF) for Information Technology infrastructure projects.

FY 2024-25 v. 2023-24 Actual Ending Fund Balance

This section provides a comparison of the General Fund’s current-year (FY 2024-25) and prior-year (FY 2023-24) ending fund balances and related changes.

The General Fund ended FY 2024-25 with a fund balance of \$30.0 million. Table 1 below summarizes the comparison of the FY 2024-25 and FY 2023-24 General Fund balances.

Table 1 – Comparison of FY Ending 2024-25 and FY Ending 2023-24 General Fund Balance

General Fund Balance per ACFR	FY 2024-25	FY 2023-24
Beginning Fund Balance	\$38,656,835	\$33,487,199
<i>Restatements-correction of an error</i>	<i>(2,900,768)</i>	<i>-</i>
Re-Stated Beginning Fund Balance	\$35,756,067	\$33,487,199
Revenues	136,604,460	123,608,312
Expenditures	(144,051,221)	(123,978,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,446,761)	(369,688)
Other Financing Sources (Uses):		
Transfers In	1,017,328	7,261,334
Transfers Out	(5,552,858)	(1,872,125)
Lease financing	1,574,566	-
Subscription Financing	4,690,150	150,115
Proceeds for sale of capital assets	3,266	-
Total Other Financing Sources (Uses):	1,732,452	5,539,324
Changes in Fund Balances	(5,714,309)	5,169,636
Ending Fund Balance	\$30,041,758	\$38,656,835

The major revenues and expenditures and other financing sources (uses) differences from the prior year are as follows:

Revenues:

Total revenues in the General Fund totaled \$136.6 million ending FY 2024-25, which increased by \$13.0 million compared to FY 2023-24. Property tax revenues increased by \$5.2 million in FY 2024-25 compared to FY 2023-24, driven by assessed property value growth of 6.23 percent and a 2 percent increase in base-year property values. In addition, \$1.9 million of current- and prior-year General Plan update revenue that had previously been recorded as a liability was recognized as revenue in FY 2024-25. Miscellaneous reimbursements and rebates increased by \$1.7 million due to a one-time receipt for an IRS Energy Credit associated with the City’s energy modernization project.

Expenditures:

Total expenditures in the General Fund totaled \$144.1 million ending FY 2024-25, which increased by \$20.1 million compared to FY 2023-24. However, this increase includes \$6.3 million

of 'non-operating' lease and subscription financing costs as required by GASB financial reporting. When comparing operating costs, expenditures totaled \$137.8 million and the increases were primarily attributable to higher salary and benefit costs resulting from negotiated labor agreements and CalPERS retirement increases, as well as increased maintenance and support costs due to inflationary pressures on goods and services.

Other Financing Sources (Uses) or Transfers In (Out):

- American Rescue Plan Act (ARPA): In FY 2024-25, \$0.7 million was transferred from the ARPA Fund to the General Fund to support government operations, and \$275,251 was transferred from the Traffic Safety Fund.
- Subscription Financing: Subscription financing increased by \$4.5 million related to the Police Department's Axon subscription for evidence management, records management, dispatch, and other cloud-based software services.
- Transfers Out: Transfers out increased in FY 2024-25 compared to FY 2023-24, primarily due to higher transfers for capital improvement projects totaling \$3.9 million, compared to \$1.7 million in the prior fiscal year, and a \$1.7 million transfer to the Internal Service Fund (ISF) for Information Technology services. These transfers are summarized in **Table 1**.

The General Fund ended FY 2024-25 with a fund balance of \$30.0 million, representing a decrease of \$8.6 million from the prior fiscal year of \$38.6 million.

General Fund Balance 'Re-statement – Correction of a Prior-year Accounting Error'

In FY 2025-26, Fiscal Services completed a reconciliation and cash balance projection for the Successor Agency Fund (Fund 89) in response to concerns that the ending cash balance may be insufficient to meet future debt service obligations. To review Staff's reconciliation and obtain an independent opinion, the Administrative Services Department engaged the City's external auditors, LSL, to perform an "Agreed-Upon Procedures (AUP)" to confirm the accuracy of the work performed and recommend actions to be taken.

The reconciliation identified a prior-year accounting error that had remained in both the General Fund and the Successor Agency Fund since February 2022. The error related to assets originally recorded in the Successor Agency Fund. In 2020, these assets were transferred to the General Fund and subsequently transferred back to the Successor Agency in February 2022. These transactions incorrectly included cash transfers totaling \$2,900,768 between the General Fund and the Successor Agency Fund that should not have occurred.

As a result of the error, General Fund cash and fund balance were overstated by \$2,900,768, while Successor Agency cash and net position were understated by the same amount since FY 2021-22. LSL's completed ROPS AUP (Attachment 2) verified Staff's reconciliation completed in FY 2025-26 and validated the incorrect entries. As a result, a correcting entry was recommended and recorded in the FY 2024-25 financial statements. The correction is presented in the FY 2024-25 ACFR as a 'Restatements-correction of an error', reducing the General Fund beginning fund balance by \$2,900,768 and increasing the Successor Agency fund balance by this same amount.

General Fund – Fund Balance by Category

The table below provides a snapshot and break out of ending General Fund balance by category for both FY 2024-25 and FY 2023-24.

Table 2 – Breakdown of General Fund - Fund Balance

Fund Balance	General Fund FY 2024-25	General Fund FY 2023-24
<i>Nonspendable:</i>		
Inventories	0	6,528
Prepays	185,831	396,115
Total Nonspendable	185,831	402,643
<i>Restricted:</i>		
Library – Foundation and Friends	617,926	881,091
115 Trust Funds – Pension	703,277	637,739
General Plan Updates	1,855,329	-
Donations	401,623	373,494
Total Restricted	3,578,155	1,892,325
<i>Committed:</i>		
Capital Projects	3,277,873	3,277,873
Downtown Parking	802,289	-
Total Committed	4,528,440	3,277,873
<i>Assigned:</i>		
Contingency Reserve	19,827,681	21,075,598
Building Permit Software	126,533	70,041
Street Projects	1,415,548	1,627,126
Police Department Retention	379,570	189,785
Total Assigned	21,749,332	22,962,550
Unassigned	0	10,121,444
Ending Fund Balance	\$30,041,758	\$38,656,835

As of June 30, 2025, the General Fund reported a reported a year-end total fund balance of \$30.0 million, representing a decrease of \$8.6 million from the prior fiscal year. The following fund balance designations or categories within the General Fund are outlined below.

Nonspendable fund balance totaled \$0.2 million in FY 24-25, compared to \$0.4 million in the prior fiscal year. The decrease in the nonspendable fund balance is primarily attributable to lower prepaid expenditures compared to the previous fiscal year.

Restricted fund balance totaled \$3.6 million, compared to \$1.9 million in the prior year. Restricted fund balance represents resources that can only be used for specific purposes imposed by external parties or enabling legislation. In FY 2024-25, \$1.9 million of current and prior-year General Plan update revenue previously reported as a liability was recognized as revenue and is restricted or set aside for General Plan update activities.

Committed fund balance totaled \$4.5 million, compared to \$3.3 million in the prior year. Committed fund balance includes amounts that may be used only for specific purposes pursuant to formal action taken by the City Council. Per Ordinance No. 3284, secured property tax and sales tax revenues in excess of a designated baseline are set aside in a dedicated Infrastructure Fund to support infrastructure improvements. As of June 30, 2025, \$3.3 million was committed for infrastructure purposes. In addition, \$802,289 in net nighttime paid parking revenue was committed for reinvestment in downtown operations in FY 2024-25, consistent with City Council Resolution No. 2019-81.

Assigned fund balance totaled \$21.7 million in FY 24-25, compared to \$23.0 million in the prior year. Assigned fund balance represents amounts designated by City Council for specific purposes. Per City Council policy, unassigned balances can be designated as contingency reserves at a minimum of 10 percent with a target reserve level of 17 percent. In FY 2024-25, the contingency reserve lowered to \$19.8 million (from \$21.0 million in prior year) and is due to: the \$5.7 million operating deficit recorded in FY 2024-25, the previously mentioned \$2.9 million General Fund balance re-statement, and shifting of restricted or committed funds. The General Fund contingency reserve is now at a 14.4 percent reserve level for FY 2024-25, slightly below its 17 percent target but above its 10 percent minimum.

Remaining assigned balances support specific fee-based projects, such as building permit software implementation and Police Department retention funds' initiatives, or City Council designated or set aside funds for street improvements. These can vary from year to year.

Unassigned fund balance represents the residual General Fund balance in excess of all other fund designations that are available for future appropriation at the discretion of City Council. As of the end of FY 2024-25, the unassigned fund balance was \$0. This is primarily due to the City's \$5.7 million operating deficit and \$2.9 million accounting correction and fund balance re-statement. However, this is also the result of shifting \$2.8 million to restricted funds, including General Plan Update revenues (\$1.8 million) and Downtown Parking Program net proceeds (\$0.8 million), from unassigned fund balance to assigned or committed fund balance designations.

Auditor Communications

This Memo also includes Auditor Communications' reports that are internal documents for City Council and management review. This includes the Auditor Communication Letter and the Independent Auditors' Report on Internal Control.

Auditor Communication Letter

The Audit Communication Letter (Attachment 3) is an internal document that provides the City Council communications with regard to significant audit matters, difficulty encountered in performing the audit, any disagreements with management, and describes new accounting standards. The letter also identifies corrected and uncorrected misstatements, which are identified in Independent Auditors' Report on Internal Control, and identifies future GASB standards and pronouncements. The Auditor Communication Letter attests that there were no material issues with the audit process, no difficulties or disagreements with management and audit process was performed correctly and on time.

Independent Auditors' Report on Internal Control

The Independent Auditors' Report on Internal Control (Attachment 4) is also an internal document that describes the misstatements identified in Audit Communication Letter, communicates any identified deficiencies in internal control and provides management's response to correct the issues. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, detected, and corrected on a timely basis.

For FY 2024-25, the auditors identified: *two material weaknesses* and *one significant deficiency*. The first material weakness related to a \$2.9 million restatement resulting from a prior-year accounting error, which was discussed and presented in greater detail above. As indicated in above section of Memo, this has been corrected and reflected in the City's financial statements and ACFR for year ending June 30, 2025 (FY 2024-25).

The second material weakness resulted from an account coding error associated with the implementation of the Tyler Munis system. Specifically, the billing code setup did not reference the appropriate fund for a water service charge. Although the billing activity related to water services, revenue and receivables were incorrectly recorded in the Sewer Fund. As a result, a correcting entry of \$3,032,288 was required to reclassify revenues and receivables between the funds, increasing Water Fund balances and decreasing Sewer Fund balances.

The Water Enterprise Fund and Sewer Fund are correctly reflected in the final FY 2024-25 ACFR. In addition, the billing codes have been corrected in the Tyler Munis enterprise system, and water and sewer receivables and revenues are now recording correctly.

The significant deficiency related to several capital projects that were initially recorded as capitalizable assets, but were later determined not to meet the capitalization criteria. Consequently, these projects were removed from the capital asset activity. However, the removals included costs incurred in prior fiscal years. *ASD staff will work with Public Works engineering staff to improve its capital accounting in FY 25-26 and onward.*

Next Steps

In closing, the FY 2024-25 ACFR agenda report and document will be presented to City Council for receive-and-file action at the upcoming February 17, 2026 City Council meeting. The FY 2024-25 ACFR agenda report will provide year-end financial information for all Citywide governmental funds, including the General Fund, all business activities (enterprise funds) and fiduciary funds.

Based on the final FY 2024-25 ACFR financial results, Staff will present the City's updated financial position for the General Fund as part of the FY 2025-26 Second Quarter (Q2) / Mid-Year Financial Report. The Q2 Financial Report will be presented at a March 2026 City Council meeting.

Attachments:

1. Attachment 1 – FY 2024-25 ACFR document
2. Attachment 2 – LSL ROPS AUP
3. Attachment 3 – Auditor Communication Letter
4. Attachment 4 – Independent Auditors' Report on Internal Control

cc: Daisy Perez, Deputy City Manager
Department Heads

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

FOR FISCAL YEAR ENDING JUNE 30, 2025

City of Fullerton, California



CITY OF FULLERTON, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT

CITY OF FULLERTON, CALIFORNIA
 Annual Comprehensive Financial Report
 For the Year Ended June 30, 2025

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CITY OF FULLERTON

City Manager's Office

December 23, 2025

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

On behalf of the City of Fullerton, we are pleased to present the Fiscal Year (FY) 2024-25 Annual Comprehensive Financial Report (ACFR). This report serves to verify that all financial data has been prepared in accordance with all compliance requirements of the Governmental Accounting Standards Board (GASB), as well as to provide an update to City Council and the citizens of Fullerton on the status of the City's financial position.

The City of Fullerton's financial statements were audited by LSL, 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, 2025, 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, 2025, 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 also requires that management deliver a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). The City of Fullerton's MD&A immediately follows 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.

THE EDUCATION COMMUNITY

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ECONOMIC CONDITION AND OUTLOOK

Fullerton is 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. There are approximately over 237,000 average boardings a year, making the Fullerton Train Station a leading transit hub in Orange County. Encompassing 22.4 square miles, the City has a population of 141,469, 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. As of November 2018, City Council members began to be elected by district within five electoral districts in the city. In April 2022, the Fullerton City Council completed its redistricting process and adopted a new district boundary map, which established a new election sequencing. The City operates as a “Council-Manager” form of government, in which the City Council appoints a City Manager to oversee the day-to-day operations of the City. Services provided by the City include police and fire protection, community & economic 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.

Major employers in Fullerton include California State University, Fullerton, Providence St. Jude Medical Center, Fullerton Joint Union High School District, Raytheon Systems Company, Fullerton College, and the City of Fullerton. The City has over 9,712 active business licenses which allows businesses to operate within the City and form the basis of our local economy. The City’s unemployment rate was 4.1% in FY 2024-25, below the state average of 5.4%, and positive indicator of the City’s economic health.

Named “The Education Community”, the City of Fullerton is home to many educational institutions, award-winning schools, and is a 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 62,520 students. The City benefits from a strong higher-education footprint—including California State University, Fullerton, one of the largest universities in the state—which contributes significantly to local employment, talent development, research activity, and consumer spending. Fullerton maintains a diversified tax base consisting of residential, commercial, and industrial properties. Increased assessed valuations have enabled property tax revenue to remain resilient, exceeding the adopted budget levels. Sales tax revenue remained flat in FY 2024-25 compared to the prior year. Tariffs, higher-than-anticipated interest rates, and global economic uncertainty contributed to cautious consumer spending which resulted in stagnant sales tax revenue compared to the prior year. Franchise fees, which are a percentage of gross receipts received from electrical, gas, refuse, cable TV, and internet service providers for doing business within the City have demonstrated positive growth in FY 2024-25, primarily due to an increase in electric and gas receipts.

The Federal government provided states and local agencies across the nation with economic relief from the COVID pandemic through the American Rescue Plan Act (ARPA). The City was allocated \$32.7 million and has been actively applying ARPA funds toward various City Council approved projects and priorities. In FY 2021-22, the City obligated funds toward improvements of the City’s street infrastructure, water main replacements, and revenue replacement funds to stabilize government finances. ARPA funds also provided other forms of assistance to the community, by assisting residents through a utility subsidy grant program and other various

initiatives, including addressing homelessness issues and aid to non-profit organizations. The City has fully obligated its ARPA allocation in compliance with the US Treasury deadline of December 31, 2024. In FY 2024-25, the City spent a total of \$8.2 million on ARPA-related projects. \$6.8 million was spent on street rehabilitation projects, \$0.9 million on revenue replacement for budgeted services, \$0.3 million on water infrastructure projects, and \$0.2 million on various city-wide programs and services. The City must fully expend all obligated ARPA funds by December 31, 2026.

The City is committed to further development of its long-range strategic and financial planning efforts, as well as continual assessment and identification of further revenue enhancement and operational efficiency opportunities to support financial stability in the fiscal years to come.

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 framework of internal controls have 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 budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, proprietary funds, and fiduciary funds are calculated using the appropriations limit and included in the annual 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 levels.

To ensure diligent fiscal monitoring and provide fiscal transparency, staff presents quarterly financial reports to the City Council. These financial reports demonstrate the City's revenues and expenditures progress throughout the year and may also include additional budget appropriation requests and amendments, in which the City Council can amend the operating budget during the fiscal year. The City also maintains an encumbrance accounting system as another method of accomplishing budgetary control. Encumbrances set aside and reserve funds for a specific purpose or contractual obligation to help ensure appropriated budgets are not overspent and aid departments in budget monitoring efforts. Budgetary control is the responsibility of each respective department, which is supported by the Administrative Services Department oversight and monitoring of citywide and departmental budgets throughout the year.

Financial Policies

General Fund Balanced Budget

It is the City's policy to adopt a balanced budget in the General Fund, where operating revenues are equal to, or exceed operating expenditures. In FY 2024-25, the City adopted a balanced budget, supported by ongoing revenues and \$9.4 million in excess of 17% contingency reserves.

The City's General Fund balance, including all assigned and unassigned balances, are discussed below. With future economic uncertainty, reserves may be applied in future fiscal years to support municipal operations.

General Fund Reserve

To ensure that adequate funds are 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 (assigned) as contingency reserves.

As of June 30, 2025, the City's General Fund balance, comprised of non-spendable, restricted, committed, assigned, and unassigned balances, totaled \$30.0 million, of which \$0 is considered unassigned. Of the \$30.0 million, the assigned fund balance for contingency reserves is \$19.8 million (approx. 14%) in FY 2024-25; which remains within the City's reserve policy of 10% but does not meet the City's goal of 17% of General Fund expenditures. This is primarily attributed to \$2.9 million accounting correction inadvertently recorded to the General Fund in 2022, and now transferred back to the Successor Agency which is reflected in the FY 2024-25 financial statements; and \$5.7 million operating deficit as expenditures have exceeded revenues in FY 2024-25. As a result, this has reduced the General Fund unassigned fund balance to \$0 and its contingency reserves to 14%.

Going forward, with expenditures expected to outpace revenue growth, it is unlikely that the City will be able to meet the 17% contingency reserve goal.

Debt Management

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

Purchasing

The City's Purchasing Policy, Administrative Policy No. 4.1.2, regulates its centralized purchasing system for the City to achieve the procurement of goods and services from the lowest responsible bidders based on price, specifications, product evaluation, and delivery. The purchasing policy of the City is developed to comply with state and federal procurement laws, promotes an open and competitive process to purchase / procure goods and services without prejudice, and is geared to ensure accountability and establish strong internal controls to ensure purchases are made appropriately and within budget. A review of the City's Purchasing policy and related procedures are done every few years, with the goals of implementing best purchasing practices to achieve improved efficiency, greater transparency, and ease of understanding.

Long-Term Financial Planning

As part of the City's financial planning efforts, the City develops and employs financial planning tools such as financial forecasts, which include a five-year General Fund financial plan. The City also employs a five-year Capital Improvement Plan (CIP) for its capital project planning efforts. Financial forecasts are sound, financial planning tools that provide the City's financial outlook over a number of fiscal years to project the City's fiscal condition in its efforts to address and manage fiscal sustainability and transparency.

Five-Year Financial Plan

Staff presents a Five-Year Financial Plan or Forecast for the General Fund to the City Council during the annual Budget Adoption process to aid the City Council in decision making for the new fiscal year. The financial planning model incorporates several economic factors such as (but not limited to): standard revenue inflators for its major revenues of property and sales taxes as well as other revenues, employee growth and CalPERS retirement factors, salary increases from negotiated and approved MOAs, and recession years and inflationary factors along with positive or negative financial trends which allows staff to reprioritize goals to stay within financial resources (revenues).

The General Fund Five-Year Financial Forecast was presented to the City Council on May 13, 2025, at the FY 2025-26 Budget Study Session. In FY 2025-26, the budget was adopted and, at the time, the General Fund was projected to maintain its 17% contingency reserve goal with the use of prior year's excess unassigned reserves. The financial forecast factors in labor increases from approved labor agreements, funds set aside for the Infrastructure Fund, funding for homelessness recovery services, which was previously supported with ARPA, and a one-time \$0.5 million General Fund contribution to the Capital Improvement Projects Fund towards street rehabilitation projects.

Beginning in FY 2026-27, due to expenditures outpacing revenues, the City will face significant challenges to meet its 17% reserves' goal and will struggle to meet its 10% minimum reserves in the years thereafter in its most recent financial forecast. The City has implemented various cost-containment strategies and improved cost recovery of revenues (i.e. 100% cost recovery of user fees) in FY 2024-25 and FY 2025-26 to aid short-term in balancing the budget. However, more long-term solutions, such as seeking revenue-generating opportunities to support / generate long-term fiscal sustainability are needed.

Ad Hoc Fiscal Sustainability Committee

On August 8, 2024, City Council approved the formation of the Ad Hoc Fiscal Sustainability Committee to assist the City in identifying long-term cost containment and/or revenue strategies towards fiscal stability. The committee was comprised of 5 members, who met regularly between December 2024 through April 2025, were tasked to evaluate the City's finances and make recommendations to improve the City's financial position. The committee members identified revenue-enhancing opportunities through add-on sales tax measure options. The committee voted 2-2-1 (with 1 member absent) to consider a 0.5% dedicated add-on sales tax for Infrastructure and 0.5% dedicated add-on sales tax for Public Safety. In addition, the committee voted 2-2-1 (with 1 member absent) to consider a 1% general add-on sales tax for City General purpose.

Five-Year Capital Improvement Plan (CIP)

The Five-Year Capital Improvement Plan (CIP) is the City's capital projects planning vehicle for infrastructure improvements throughout the City. The CIP Budget is adopted annually with the adopted budget, and capital projects are appropriated for the current year with a five-year projected funding plan for each project. The CIP identifies anticipated expenditures for infrastructure development with recommended projects and proposed funding sources. The City's Infrastructure and Natural Resources Advisory Committee (INRAC) contributes to the City's capital project efforts by reviewing the City's deferred maintenance, infrastructure, and street needs and makes recommendations to the City Council. Additionally, the City established a dedicated Infrastructure Fund to address these ongoing challenges.

The General Fund Financial Forecast and CIP financial plans are both utilized as important financial planning and mid-term, decision-making tools for City Management and City Council.

115 Pension and 115 OPEB Trusts

The City established Pension and OPEB Trusts to set aside funds to be used for specific benefit plan purposes, such as CalPERS contributions and post-employment benefits. In FY 2020-21, \$487,000 was transferred into the City's IRS Section 115 Pension Trust using one-time savings from the Police Department salaries and benefits. In FY 2018-19, \$50,000 was transferred into the City's IRS Section 115 OPEB Trust. The use of a 115 Trust helps the City segregate funds for essential functions. These funds, as they accumulate, can be utilized to help ease budgetary pressures from spikes in unfunded actuarial liabilities in the future.

Dedicated Infrastructure Fund

In addition, the City Council authorized the establishment of a dedicated Infrastructure Fund, effective in FY 2020-21, to allocate any supplemental or additional revenue from specific tax sources to prioritize local infrastructure improvement. In FY 2024-25, \$2.9 million was transferred to the Infrastructure Fund for vital street rehabilitation and American Disabilities Act improvement projects. It is anticipated that \$2 million to \$3 million will be allocated to this new fund annually. The Infrastructure Fund will enable the City to set aside funding dedicated for infrastructure to better meet the service needs of the community and support transparency. The fund was adopted as Ordinance No. 3284 and is codified in the Fullerton Municipal Code as Chapter 2.48.380.

MAJOR INITIATIVES

Overarching financial planning is the establishment and adherence to the City's overall strategic priorities. These priorities were developed during the 2017-18 fiscal year with the establishment of three strategic priority policy statements: Fiscal and Organizational Stability, Public Safety, and Infrastructure and City Assets. These strategic priority policy statements were more specifically defined through tactical goals and objectives that help ensure focus on established priorities.

In FY 2023-24 and with adoption of the FY 2025-26 Budget, the City's major policy priorities are revisited annually with the City Council to reaffirm and/or identify new priorities for the City. The three top priorities of Fiscal and Organizational Stability, Public Safety, Infrastructure continue to be identified as the top priorities for the City Council. In addition, community development and preservation, community engagement, organizational efficiencies and community events were identified as other important priorities for the City.

Notwithstanding, these current policy statements, which are listed on every City Council agenda item, include:

Fiscal and Organizational Stability

Fiscal and organizational stability objectives and goals include implementing financial stability and making sound financial decisions for the General Fund. Organizational stability initiatives include organizational reviews, fostering a positive and productive workplace, a fair and equitable collective bargaining process with all employee labor groups, and improvement of the employee performance review process. In FY 2023-24, the City Council approved multi-year agreements with structured salary increases for all employee labor groups. FY 2024-25 represents Year 2 of agreements for most labor groups. This has resulted in improved employee recruitments, higher retention rates, and has lowered vacancy rates to as low as 10%-12% citywide. All of which have contributed to improved programming and service delivery to our residents.

Revenues. The City's property tax revenue base continues to be resilient with the City's assessed valuations increasing steadily year-over-year, and overall property tax revenue projected to increase over the next year in FY 2025-26. Conversely, sales tax has slowed in recent years and has remained flat in FY 2024-25 compared to the prior year as consumers are spending cautiously. Sales Tax revenue is projected to show modest increase in FY 2025-26. The financial forecast highlights these trends in the upcoming fiscal years, in which revenues are being outpaced by expenditures. The City continues to examine strategies to generate new or additional revenues to achieve its fiscal stability objectives.

As discussed prior, the City set aside 14% General Fund contingency reserves to end FY 2024-25, a decrease from the previous year's goal of 17%.

Add-On Local Sales Tax Measure Options

The Ad Hoc Fiscal Sustainability Committee's financial recommendations, including both 0.5% dedicated for special purposes and 1% add-on general sales tax options, were presented to the City Council in May 2025. The City Council directed staff to assess placement of two (2) 0.5% dedicated add-on sales tax measures on next General Election ballot: one 0.5% dedicated for public safety and one 0.5% for infrastructure. If successful, this would generate additional revenue for both the General Fund and its infrastructure needs. In FY 2025-26, staff will continue its work with the Ad Hoc Fiscal Sustainability Committee to consider placing these potential ballot measures on the November 2026 general election ballot.

Public Safety

Public Safety is one of the top priorities for the City and constitutes over 70% of the General Fund budget. The City operates a full-service Fire Department dedicated to all the Fullerton residents and community. Further, the City bolstered its Fire operations with the hiring of key personnel, purchase of new equipment and vehicles to better serve the community. The Fire Department also conformed operations to optimize departmental efficiencies and implemented cost recovery efforts.

The Fullerton Police Department (FPD), along with the regional North Orange County Collaborative, have continued to work together over the last year to operate the Homeless Outreach and Proactive Engagement Center (HOPE Center). The HOPE Center serves as a command center for case workers, healthcare, and outreach providers who will work together to assist the unhoused population in the North Orange County region. The HOPE Center will also dispatch mobile homeless outreach units with healthcare professionals and homeless liaisons to bring resources to the community. The FPD has also continued to expand community engagement through various events like Coffee with A Cop, and Citizen's Academy which help to promote a safe community and increase community trust and collaboration.

Infrastructure and City Assets

The City's Infrastructure (e.g., roads, flood and sewer control, city buildings, information technology systems) is another top priority and readily acknowledged as needing significant repairs/upgrades requiring investment through additional funding. The City has already begun addressing this and have implemented several initiatives including: the establishment of an Infrastructure Fund that redirects 50% of all sales and secured property taxes above an annually established baseline level and allocates approximately \$2M-\$3M per year to infrastructure improvements, an assessment of building and maintenance and improvement needs, pavement management plan, water and sewer master plans and fee studies, and approved user fee increases to 100% cost recovery to ensure development/engineering and fire user fees are adequately charged for full cost recovery, as well as amended local zoning to apply transient occupancy taxes to short-term rental properties in the city.

Through these steps, the City is proactively investing in its Infrastructure, having budgeted \$32.2 million in the adopted Capital Improvements Project (CIP) budget for FY 2025-26. The street rehabilitation projects total \$8.2 million, which is comprised of \$3.7 million in SB1 gas tax funds, \$1.6 million in County Measure M2 local fair share funds, \$2.5 million in General Funds (including the Infrastructure funds), and \$350,000 in CDBG funds. The Adopted CIP Budget also includes \$16.1 million for water projects, \$1 million towards sewer improvements and \$4.8 million for traffic systems.

AWARD

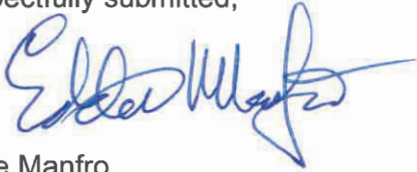
Fullerton's financial reporting efforts have been recognized by the Government Finance Officers Association (GFOA) with a Certificate of Achievement for Excellence Award for Financial Reporting in our annual comprehensive financial report for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this annual financial report would not have been possible without the efficient and dedicated services of the City's Management team, accounting, and finance staff, led by Deputy Director Toni Smart and Temporary Fiscal Services Manager Tammie Pickens. Appreciation is also extended to each City department for their cooperation and assistance throughout the fiscal year in the efficient administration of the City's finances. We also wish to extend our appreciation to the City Council for their leadership and support in providing sound financial guidance to the Fullerton Community.

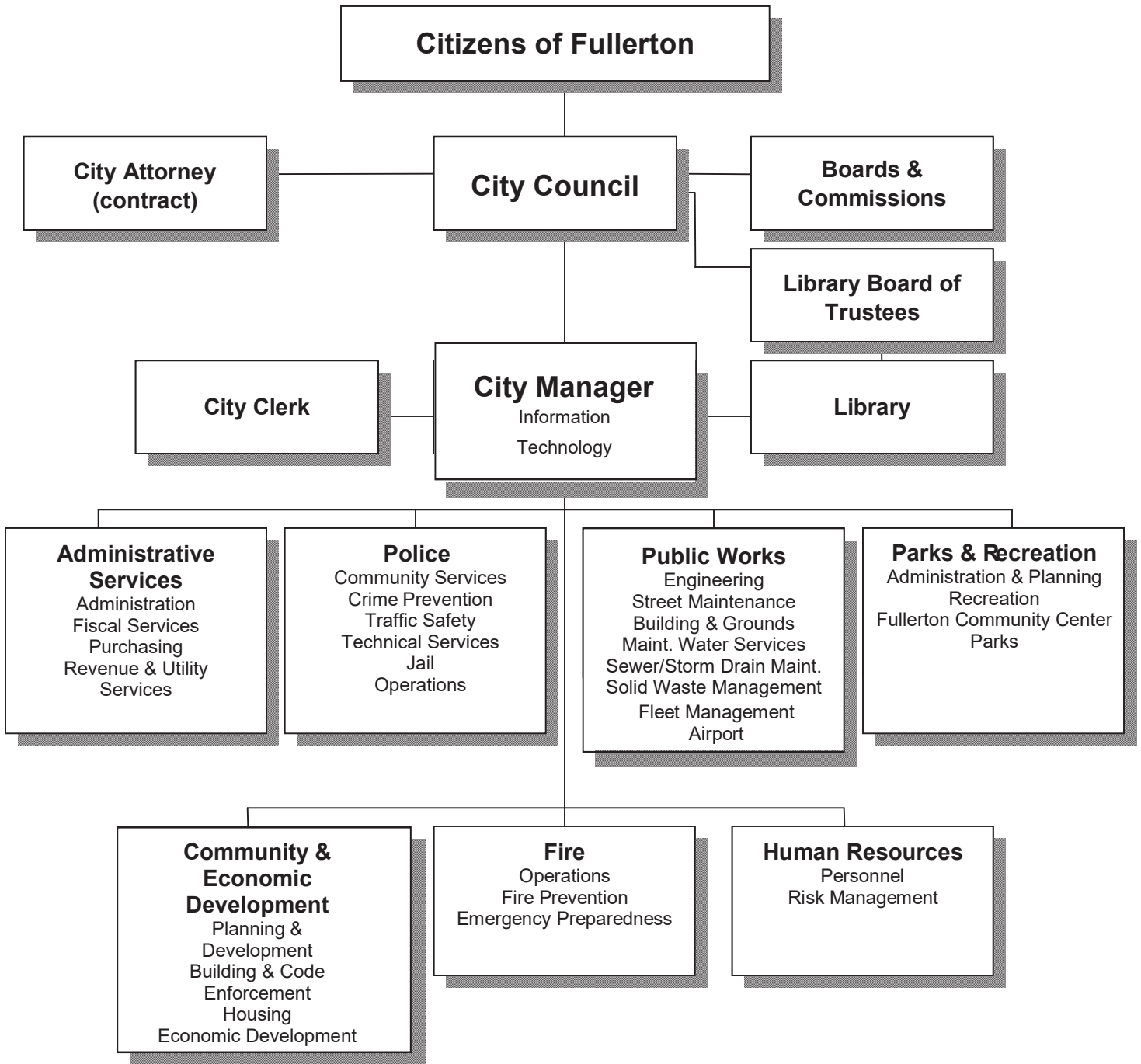
Respectfully submitted,



Eddie Manfro
Interim City Manager



Steven Avalos
Interim Director of Administrative Services



CITY OF FULLERTON CITY OFFICIALS

ELECTED OFFICIALS



MAYOR
FRED JUNG
DISTRICT 1



MAYOR PRO TEM
SHANA CHARLES
DISTRICT 3



COUNCIL MEMBER
NICK DUNLAP
DISTRICT 2



COUNCIL MEMBER
JAMIE VALENCIA
DISTRICT 4



COUNCIL MEMBER
AHMAD ZAHRA
DISTRICT 5

EXECUTIVE TEAM

INTERIM CITY MANAGER
EDDIE MANFRO

POLICE CHIEF
JONATHAN RADUS

INTERIM LIBRARY DIRECTOR
BEATRIZ SARMIENTO

FIRE CHIEF
ADAM LOESER

ACTING DIRECTOR OF HUMAN RESOURCES
LAURA GIANNETTI-MERCER

INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES
STEVEN AVALOS

DIRECTOR OF PUBLIC WORKS
STEPHEN BISE

DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT
SUNAYANA THOMAS

DEPUTY CITY MANAGER/ACTING DIRECTOR OF PARKS & RECREATION
DAISY PEREZ



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fullerton
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fullerton, California, (hereafter, the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of June 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary 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 accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025, 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 City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
December 23, 2025

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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, 2025. The City encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, by \$648.8 million (net position).
- The City's net position totaled \$648.8 million at June 30, 2025, representing an increase of \$22.8 million over the previous fiscal year primarily due to an increase in capital assets, park dwelling fees, and property tax revenue growth, offset by increases in labor and the cost of goods and services. Of the total net position, \$705.3 million is the City's net investment in capital assets, while \$54.0 million is restricted for specific governmental operations, leaving a (\$110.5) million negative unrestricted balance.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$64.9 million, a decrease of \$2.4 million compared with the prior fiscal year. The decrease is primarily the result of a \$2.9 million correction of a prior-year accounting error, as well as increases in salaries, employee benefits, and the cost of goods and services.
 - Within the governmental funds, the General Fund ended the year with a total fund balance of \$30.0 million, consisting of \$21.7 million in assigned (compared to \$23.0 for the prior year), \$3.6 million in restricted, \$4.5 million in committed, \$0.2 million in nonspendable, and \$0.0 million in unassigned fund balance. Unassigned fund balance totaled \$10.1 million in the prior year, reflecting a decrease of \$10.1 million.
 - The reduction in unassigned fund balance is primarily attributable to the \$2.9 million prior-year correction and a General Fund operating deficit of \$5.7 million as expenditures exceeded revenues. Assigned fund balance decreased by \$1.3 million, primarily due to a \$1.2 million reduction in contingency reserves, consistent with the decline in General Fund balance. This reduction lowered contingency reserves from 17% to 14% of General Fund expenditures, which remains within the City's reserve policy but reduces flexibility to respond to unforeseen events or economic disruptions.
- Long-term debt increased by \$3.4 million in fiscal year 2024-25 primarily due to an increase in subscription liabilities, including Axon software utilized by the Police Department.
- Capital assets increased by \$31.0 million (net of accumulated depreciation) due to various multi-year capital improvement projects, including significant construction in progress additions for water system and street/road infrastructure improvements.

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 are 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 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 government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, human and leisure services, and refuse collection. The business-type activities of the City include the water utility, sewer enterprise operations, airport, parking facilities, Brea Dam recreational facilities, and CNG station.

The government-wide financial statements include the City, Fullerton Public Financing Authority, and Housing Authority. Although these entities are legally separate, they function for all practical purposes as part of the City and, therefore, have been included as blended component units as an integral part of the primary government.

Fund financial statements. The statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds of the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund; the Grants Administration Special Revenue Fund; and the City Capital Projects Fund, all of which are considered major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City of Fullerton maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water utility, sewer enterprise, Brea Dam recreational facility operations, parking facilities, and Compressed Natural Gas (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 airport, water utility 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 \$648.8 million at the close of the most recent fiscal year. The City's net position increased by \$22.8 million from the previous year due to an increase in capital assets, park dwelling fees and property tax revenue growth, offset by increases in labor and the cost of goods and services.

Net Position

(\$ in thousands)	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
	Current and other assets	\$223,424	\$218,438	\$99,982	\$101,870	\$323,406
Capital assets	545,290	535,593	190,369	169,089	735,660	704,681
Total assets	768,715	754,030	290,351	270,958	1,059,066	1,024,989
Deferred Outflows	56,256	72,896	3,985	5,095	60,242	77,992
Long-term liabilities	364,593	361,342	28,802	30,070	393,395	391,412
Other liabilities	30,344	38,409	16,826	17,161	47,171	55,569
Total liabilities	394,937	399,751	45,629	47,231	440,566	446,982
Deferred Inflows	18,184	18,058	11,727	11,893	29,910	29,951
Net position:						
Net investment in capital assets	524,205	519,128	181,047	163,657	705,252	682,786
Restricted	53,758	43,545	269	280	54,027	43,824
Unrestricted	(166,113)	(153,556)	55,665	52,993	(110,448)	(100,563)
Restatements	-	-	-	-	-	-
Total net position	\$411,850	\$409,117	\$236,981	\$216,929	\$648,832	\$626,047

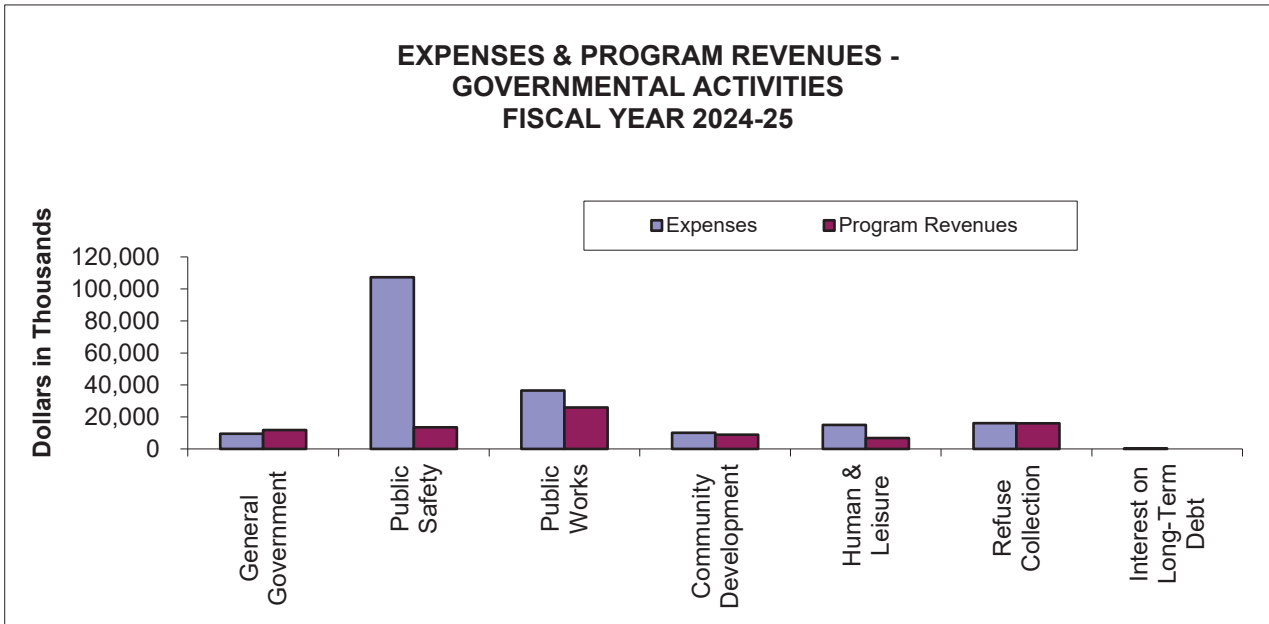
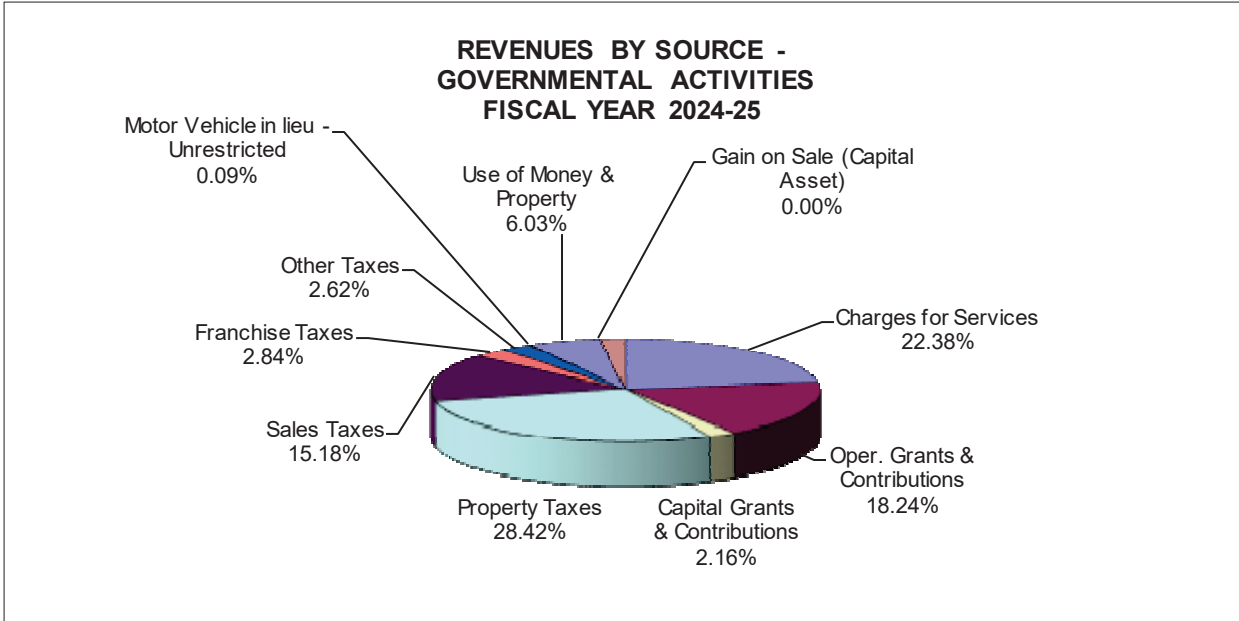
Changes in Net Position

(\$ in thousands)

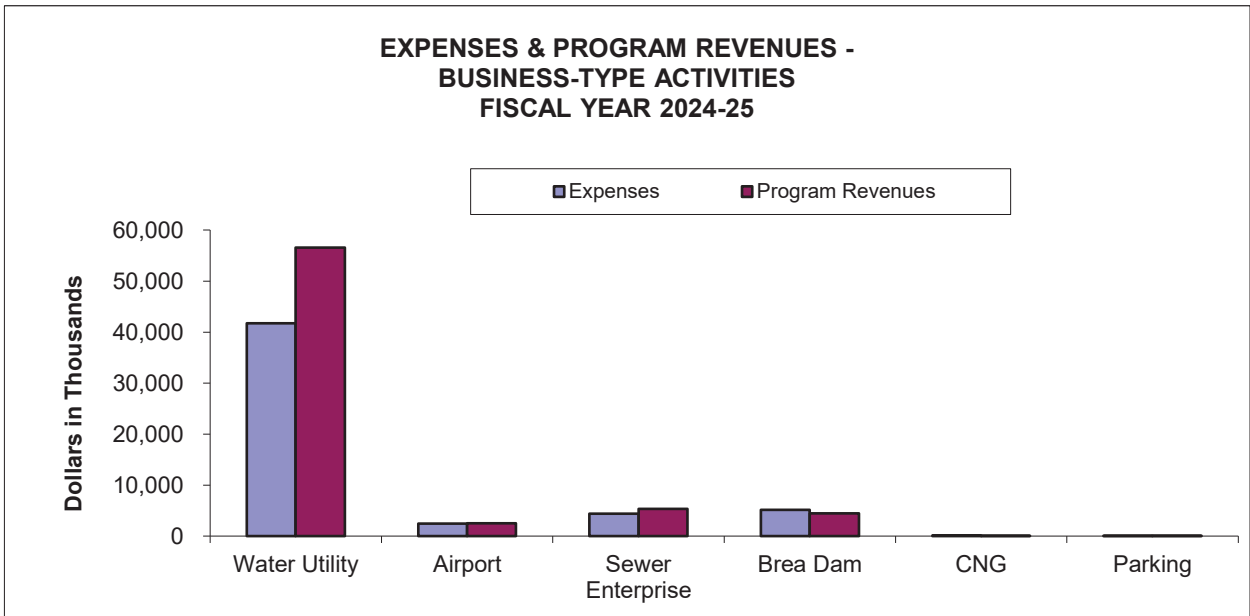
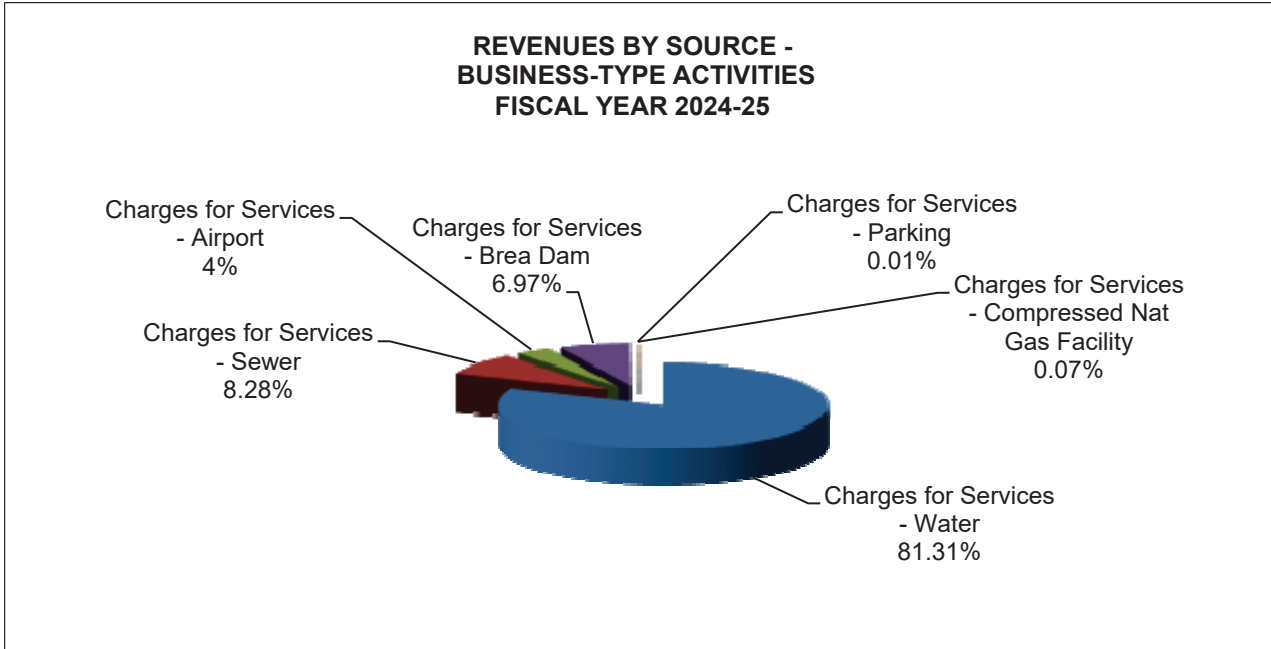
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>activities</u>		<u>activities</u>			
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$57,524	\$44,962	\$64,280	\$62,274	\$121,805	\$107,234
Operating grants and contributions	19,839	36,640	3,884	-	23,723	36,640
Capital grants and contributions	5,442	4,348	794	668	6,236	5,016
General revenues:						
Property taxes	62,307	57,095	165	124	62,472	57,219
Sales taxes	30,583	30,508	-	-	30,583	30,508
Franchise taxes	5,172	5,716	-	-	5,172	5,716
Other taxes	5,301	5,257	-	-	5,301	5,257
Motor vehicle in lieu – unrestricted	227	178	-	-	227	178
Use of Money & Property	13,374	12,118	3,363	3,296	16,737	15,413
Gain on sale of Cap Asset	3	-	-	-	-	-
Other	5,568	4,106	347	(359)	5,915	3,747
Special Items	-	-	-	-	-	-
Total revenues	205,343	200,927	72,832	66,002	278,176	266,929
Expenses:						
General government	9,437	15,603	-	-	9,437	15,603
Public safety	107,321	100,595	-	-	107,321	100,595
Public works	36,530	30,258	-	-	36,530	30,258
Community development	10,111	10,688	-	-	10,111	10,688
Human and leisure	14,934	13,399	-	-	14,934	13,399
Refuse collection	16,119	15,649	-	-	16,119	15,649
Interest on long-term debt	332	244	-	-	332	244
Water utility	-	-	41,721	32,755	41,721	32,755
Airport	-	-	2,461	4,198	2,461	4,198
Parking facilities	-	-	44	13	44	13
Brea Dam recreational facilities	-	-	5,162	4,163	5,162	4,163
Sewer enterprises	-	-	4,429	4,719	4,429	4,719
CNG	-	-	146	62	146	62
Total expenses	194,784	186,437	53,963	45,910	248,747	232,346
Excess (Deficiency) of Revenues Over	10,559	14,490	18,870	20,092	29,429	34,582
Special Items	-	-	-	-	-	-
Transfers	(1,516)	(450)	1,516	450	-	-
Change in net position	9,043	14,040	20,386	20,541	29,429	34,582
Net position - beginning	409,117	395,077	216,929	196,388	626,046	591,464
Restatements	(6,310)	-	(335)	-	(6,644)	-
Net position - beginning (restated)	402,807	395,077	216,595	196,388	619,402	591,465
Net position - ending	\$411,850	\$409,117	\$236,981	\$216,929	\$648,831	\$626,047

Governmental activities. The net position for governmental activities increased by \$2.7 million over the prior year. Total revenues reflect an increase of \$4.4 million from the prior year. This increase is related to \$4.3 million increase in park dwelling fees related to the Hub at Fullerton student oriented housing project and the recognition of \$1.9 million in current and prior year general plan update fee revenue and an increase in property tax revenue growth as property value in the City of Fullerton increased 6.23% from Fiscal Year 2023-24 due to an increase in prior year transfers of ownership and increase in property base year value of 2%. Revenue increases are offset by decreases in operating grants and contributions revenue from the prior year.

Total expenses increased by \$8.3 million from the prior year. The increase was primarily attributed to increases in negotiated labor bargaining agreements and increases in the cost of goods and services.



Business-type activities. The Business-type activities reported an increase in net position of \$20.0 million. Revenues reflect an increase of \$6.8 million, and expenses show an increase of \$8.0 million. The primary factor for increased revenue is due to a \$3.8 million State grant received for PFAS Management pertaining to synthetic chemicals and increases in water sales and refuse services fees. Expenses primarily increased for construction costs related to capital projects.



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. 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 \$64.9 million, a decrease of \$2.4 million in comparison with the prior year. Of that total, \$0.2 million is nonspendable which represents inventory and prepaid costs; \$53.8 million represents monies legally restricted by external agencies for debt service and specific programs or projects,

\$4.5 million is committed to city infrastructure projects, and \$21.7 million represents funds assigned by the City Council for a contingency reserve, street and road improvements, building permits and police retention for amounts seized as evidence. The remaining balance of negative \$(15.3) million is unassigned.

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 \$30.0 million. Of that amount, \$19.8 million was assigned to a contingency reserve, which is 14% of total General Fund expenditures. The General Fund's reserve policy is to maintain a minimum reserve equal to 10% and strive to reach a level of 17% of total General Fund expenditures each year. The contingency reserve was reduced from 17% in the prior year to 14% with unassigned fund balance of \$0.00 million. Revenues totaled \$136.6 million, while expenditures totaled \$144.0 million. The decrease in fund balance was primarily attributed to the \$2.9 million prior-year correction and a General Fund operating deficit of \$5.7 million. Revenues increased for property tax revenue growth as property value in the City of Fullerton increased 6.23% from FY 2023-24 due to an increase in prior year transfers of ownership and increase in property base year value of 2%. Revenue increases were offset by expenditure increases in labor and the cost of goods and services.

The Grants Administration Fund reflected a deficit fund balance of \$(0.4) million due to uncollected receivables as of June 30, 2025. This total represents a decrease in the deficit of \$1.4 million from the previous fiscal year. The decrease is attributed to grant funds received within the available 60 days after the end of the fiscal year for grant related expenditures. The timing of reimbursable grant monies resulted in the deficit fund balance of \$(0.4) million.

The Capital Projects Fund reported a deficit fund balance of \$(9.7) million, decrease of \$1.3 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 and timing of receipt of the funds can often overlap fiscal years.

Another sixteen non-major governmental funds are combined for reporting purposes in the government-wide statements and include the Gas Tax; Drainage Capital Outlay; Traffic Safety; Park Dwelling, Asset Seizure; Refuse Collection; Air Quality Improvement; Sanitation; Measure M2; Housing; FTV Cable – PEG Access; SB2/PLHA, American Rescue Plan Act, West Coyote Hills Endowment; Opioid Litigation Settlement Fund; 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. The eight internal service funds are also proprietary funds and include: liability insurance, vehicle replacement, workers' comp, group insurance, equipment maintenance, information technology, building maintenance, and facility capital repair.

Unrestricted net position of the enterprise funds totaled \$47.2 million at the end of the year: \$45.4 million for the Water Utility Fund, (\$0.5) million for the Airport Fund, \$4.5 million for the Sewer Fund, and a combined (\$2.2) million for the remaining nonmajor enterprise funds. The total increase in net position for these enterprise funds was \$19.3 million from the prior fiscal year.

Unrestricted net position of the internal service funds totaled \$43.5 million at the end of the year: \$10.4 million for Liability Insurance Fund, \$9.1 million for Vehicle Replacement Fund, \$16.2 million for Workers' Comp Fund, \$2.0 million for Group Insurance Fund, \$3.8 million for Equipment Maintenance Fund, (\$3.1) million for Information Technology Fund, \$2.6 million for Building Maintenance Fund, and \$2.5 million for Facility Capital Repair Fund.

Fiduciary funds. The City reports six fiduciary funds consisting of one Pension (and Other Employee Benefit Trust Fund), two Private Purpose Trust Funds, and three Custodial Funds.

The Retiree Health Insurance Program Fund is reported as a Pension (and Other Employee Benefit) Trust Fund and accounts for other post-employment benefits for eligible retirees. The fund's ending net position totaled \$0.09 million as of June 30, 2025.

The two Private Purpose Trust Funds include the Successor Agency Trust Fund, which accounts for all transactions associated with the Successor Agency to the Redevelopment Agency, and the Other Trust Fund, which accounts for reimbursements for the Frontier parking structure costs. Ending net position for these funds totaled \$38.8 million and \$5.7 million, respectively, as of June 30, 2025.

The three Custodial Funds include the Collections for Other Governments, Community Facilities District, and Assessment District funds, which account for amounts received for other governments and transactions associated with various Districts. These Custodia Funds have a combined net position of \$1.8 million as of June 30, 2025.

General Fund Budgetary Highlights

The General Fund ended the fiscal year with a fund balance of \$30.0 million, reflecting a decrease of \$8.6 million from the prior year. The decrease in fund balance is attributed to a \$5.7 million operating deficit, as well as a \$2.9 million prior-year correction. As compared to the prior year, total revenues increased by \$13.0 million, expenditures increased by \$20.1 million, and net other financing sources and uses decreased by \$3.8 million. The increase in revenue is primarily due to a 5.7% growth in property taxes, which is comparable with a 6.2% increase in the City's taxable assessed property values over the prior year. Expenditure increases were primarily due to the City Council approved labor agreements for Public Safety bargaining units and high inflation costs for goods and services.

The General Fund's fund balance was expected to decrease by \$8.7 million, reflective of a final adopted budget in which planned expenditures and other financing uses exceeded anticipated revenues and other financing sources. The actual change in fund balance from current year operations totaled \$5.7 million, a \$3.0 positive variance from the adopted budget. Actual revenues exceeded budgeted amounts by \$8.9 million, mostly due to the previously mentioned property tax growth. Actual expenditures were \$11.2 million higher than the final budgeted amounts, mostly attributed to higher-than-anticipated public safety costs for fire operations and police patrols.

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, 2025, totaled \$735.7 million (net of accumulated depreciation), an increase of \$31.0 million. The net increase primarily related to capital improvement projects, including the PFAS Management project, the Sunny Hills-Twilight Area Water Main Replacement, and the Orangethorpe Avenue Rehabilitation project, all of which were reported as construction in progress at the end of the current fiscal year. Additional information on the City's capital assets can be found in Note 6 of the Notes to the Financial Statements.

Capital Assets (net of depreciation)

(\$ in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>activities</u>		<u>activities</u>			
	2025	2024	2025	2024	2025	2024
Land	\$ 72,541	\$ 74,167	\$ 9,535	\$ 9,535	\$ 82,076	\$ 83,702
Buildings	75,591	65,720	5,844	6,006	81,435	71,726
Improvements other than buildings	43,926	42,252	69,934	67,269	113,861	109,521
Machinery and equipment	18,470	16,336	971	907	19,441	17,243
Leasehold improvements	27	54	-	-	27	54
Lease assets	2,024	596	-	-	2,024	596
Subscriptions asset	10,135	6,391	265	21	10,399	6,412
Infrastructure	297,954	203,765	59,557	57,160	357,511	260,925
Construction in progress	24,623	126,312	44,262	28,191	68,885	154,503
Total	\$ 545,290	\$ 535,593	\$ 190,369	\$ 169,089	\$ 735,660	\$ 704,682

Long-term debt. At the end of the current fiscal year, the City has total long-term debt outstanding of \$29.2 million, an increase of \$3.2 million primarily due to several new subscription agreements. The most significant subscription addition was with Axon to provide evidence, records, dispatch, and other cloud-based software services for the Police Department. Additional information on the City’s long-term debt can be found in Note 14 of the Notes to the Financial Statements.

Long-term Debt

(\$ in thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
Revenue bonds	\$ -	\$ -	\$ 4,776	\$ 5,257	\$ 4,776	\$ 5,257
Judgement obligation bonds	3,905	4,355	-	-	3,905	4,355
Notes, leases, and subscriptions payable	18,938	14,735	1,552	1,474	20,490	16,209
Total	\$ 22,843	\$19,090	\$ 6,328	\$ 6,731	\$ 29,171	\$ 25,821

Economic Factors and Next Year’s Budget

The City adopted a balanced Fiscal Year 2025-26 Annual Budget (All City Funds). For the General Fund, that included a combination of strategic cost containment measures and a limited use of available reserves. The FY 2025-26 Budget was developed consistent with the City Council’s top priorities of Public Safety, Infrastructure, and Organizational & Fiscal Sustainability, as well as other identified key policy areas, and highlighted the following significant assumptions:

- An \$8.2 million investment in street projects
- Enhanced public safety service levels with plans to transition to a new, in-house Ambulance Program and with continuation of the Police Department’s Operation Clean Streets initiative
- A lowered vacancy rate as a result of improved employee retention and recruitment efforts
- Budgeted funding for various community events and services
- Citywide cost containment reductions totaling \$7.2 million
- Use of one-time, excess General Fund reserves to balance the Fiscal Year 2025-26 budget

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, CALIFORNIA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 159,348,925	\$ 68,919,405	\$ 228,268,330
Receivables:			
Accounts	34,432,122	11,236,001	45,668,123
Taxes	392,242	-	392,242
Accrued interest	840,210	370,580	1,210,790
Leases	7,172,519	11,308,391	18,480,910
Notes and loans	26,528,557	-	26,528,557
Internal balances	(7,838,223)	7,838,223	-
Restricted assets:			
Cash held with fiscal agent	1,258,790	269,023	1,527,813
Inventories	306,974	40,220	347,194
Prepaid costs	982,311	-	982,311
Capital assets (not being depreciated)	97,163,349	53,797,522	150,960,871
Capital assets (net of accumulated depreciation/amortization)	448,127,021	136,571,661	584,698,682
Total assets	768,714,797	290,351,026	1,059,065,823
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	318,182	73,421	391,603
Pension deferrals	49,118,073	3,011,424	52,129,497
Other post-employment benefits deferrals	6,820,151	900,353	7,720,504
Total deferred outflows of resources	56,256,406	3,985,198	60,241,604
LIABILITIES			
Accounts payable	10,875,894	14,312,036	25,187,930
Accrued liabilities	3,374,209	225,816	3,600,025
Accrued interest	106,421	75,256	181,677
Pass-through payable	-	-	-
Unearned revenue	6,236,762	167,934	6,404,696
Deposits payable	6,876,685	2,045,350	8,922,035
Due to other governments	2,874,282	-	2,874,282
Noncurrent liabilities:			
Due within one year: bonds, loans, leases, SBITAs, claims, and compensated absences	9,016,078	3,533,169	12,549,247
Net OPEB liability	1,751,635	-	1,751,635
Due in more than one year:			
Net pension liability	275,557,704	16,546,687	292,104,391
Net OPEB liability	21,103,169	3,017,153	24,120,322
Bonds, loans, leases, SBITAs, claims, and compensated absences	57,164,116	5,705,366	62,869,482
Total liabilities	394,936,955	45,628,767	440,565,722
DEFERRED INFLOWS OF RESOURCES			
Leases	6,723,195	10,280,470	17,003,665
Pension deferrals	506,294	-	506,294
Other post-employment benefits deferrals	10,954,264	1,446,115	12,400,379
Total deferred inflows of resources	18,183,753	11,726,585	29,910,338
NET POSITION			
Net investment in capital assets	524,205,948	181,047,434	705,253,382
Restricted:			
Community development projects	3,069,393	-	3,069,393
Public safety	1,894,191	-	1,894,191
Public works	23,033,475	-	23,033,475
Parks and recreation	6,159,846	-	6,159,846
Capital projects	619,878	-	619,878
Debt service	205,907	269,023	474,930
Housing	12,441,090	-	12,441,090
Refuse collection	1,449,631	-	1,449,631
Opioid settlement	872,268	-	872,268
Library	617,926	-	617,926
Pension stabilization	703,277	-	703,277
Donations	835,595	-	835,595
General plan updates	1,855,329	-	1,855,329
Unrestricted	(166,113,259)	55,664,415	(110,448,844)
Total net position	\$ 411,850,495	\$ 236,980,872	\$ 648,831,367

See Notes to Financial Statements.

CITY OF FULLERTON, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2025

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ 9,437,125	\$ 1,633,936	\$ 10,117,944	\$ -
Public safety	107,321,173	11,456,357	2,025,177	-
Community development	10,111,256	8,499,363	366,424	-
Human and leisure	14,934,204	6,784,797	-	-
Public works	36,529,506	13,161,221	7,329,839	5,442,262
Refuse collection	16,119,085	15,988,733	-	-
Interest on long-term debt	331,835	-	-	-
Total governmental activities	194,784,184	57,524,407	19,839,384	5,442,262
Business-type activities:				
Airport	2,460,643	2,155,963	13,542	348,579
Brea Dam Facilities Recreational	5,162,050	4,480,596	-	-
Water Utility	41,721,341	52,265,826	3,870,288	445,217
Parking Facilities	44,272	8,000	-	-
Sewer Enterprise	4,428,742	5,325,144	-	-
Compressed Natural Gas Facility	145,517	44,885	-	-
Total business-type activities	53,962,565	64,280,414	3,883,830	793,796
Total primary government	\$ 248,746,749	\$ 121,804,821	\$ 23,723,214	\$ 6,236,058

General revenues and transfers:

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other
- Gain on sale of capital asset
- Transfers

Total general revenues and transfers

Change in net position

Net position-beginning

Restatements - correction of an error

Restatements - change in accounting principle

Net position-beginning, as restated

Net position-ending

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

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ 2,314,755	\$ -	\$ 2,314,755
(93,839,639)	-	(93,839,639)
(1,245,469)	-	(1,245,469)
(8,149,407)	-	(8,149,407)
(10,596,184)	-	(10,596,184)
(130,352)	-	(130,352)
(331,835)	-	(331,835)
(111,978,131)	-	(111,978,131)
-	57,441	57,441
-	(681,454)	(681,454)
-	14,859,990	14,859,990
-	(36,272)	(36,272)
-	896,402	896,402
-	(100,632)	(100,632)
-	14,995,475	14,995,475
(111,978,131)	14,995,475	(96,982,656)
62,307,371	164,744	62,472,115
30,583,316	-	30,583,316
5,172,170	-	5,172,170
5,301,080	-	5,301,080
226,850	-	226,850
13,374,289	3,362,607	16,736,896
5,568,000	346,948	5,914,948
3,266	-	3,266
(1,516,426)	1,516,426	-
121,019,916	5,390,725	126,410,641
9,041,785	20,386,200	29,427,985
409,118,316	216,929,453	626,047,769
(2,900,768)	-	(2,900,768)
(3,408,838)	(334,781)	(3,743,619)
402,808,710	216,594,672	619,403,382
\$ 411,850,495	\$ 236,980,872	\$ 648,831,367

CITY OF FULLERTON, CALIFORNIA
 Balance Sheet
 Governmental Funds
 June 30, 2025

		Special Revenue Funds	Capital Projects Fund
	General	Grants Administration	Capital Projects
ASSETS			
Cash and investments	\$ 20,713,021	\$ 1,226,309	\$ -
Receivables:			
Accounts	17,540,303	598,756	10,098,470
Taxes	392,242	-	-
Accrued interest	149,190	-	-
Leases	7,172,519	-	-
Notes and loans	-	14,731,704	-
Due from other funds	12,634,965	-	-
Prepaid costs	185,831	1,600	-
Restricted assets:			
Cash held with fiscal agents	843,741	380,397	-
Total assets	\$ 59,631,812	\$ 16,938,766	\$ 10,098,470
LIABILITIES			
Accounts payable	\$ 2,931,239	\$ 75,709	\$ 2,182,731
Accrued liabilities	3,109,038	22,110	23,789
Deposits payable	6,836,370	32,504	-
Due to other funds	-	-	6,847,131
Due to other governments	2,493,565	380,717	-
Unearned revenue	536,760	1,713,661	1,470,850
Total liabilities	15,906,972	2,224,701	10,524,501
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	6,959,887	15,114,989	9,241,347
Leases	6,723,195	-	-
Total deferred inflows of resources	13,683,082	15,114,989	9,241,347
FUND BALANCES (DEFICITS)			
Nonspendable	185,831	1,600	-
Restricted	3,578,155	-	-
Committed	4,528,440	-	-
Assigned	21,749,332	-	-
Unassigned (deficit)	-	(402,524)	(9,667,378)
Total fund balances (deficits)	30,041,758	(400,924)	(9,667,378)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 59,631,812	\$ 16,938,766	\$ 10,098,470

CITY OF FULLERTON, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and investments	\$ 37,622,479	\$ 59,561,809
Receivables:		
Accounts	6,145,612	34,383,141
Taxes	-	392,242
Accrued interest	266,004	415,194
Leases	-	7,172,519
Notes and loans	11,796,853	26,528,557
Due from other funds	-	12,634,965
Prepaid costs	-	187,431
Restricted assets:		
Cash held with fiscal agents	-	1,224,138
Total assets	<u>\$ 55,830,948</u>	<u>\$ 142,499,996</u>
LIABILITIES		
Accounts payable	\$ 4,721,019	\$ 9,910,698
Accrued liabilities	128,980	3,283,917
Deposits payable	2,100	6,870,974
Due to other funds	2,937,484	9,784,615
Due to other governments	-	2,874,282
Unearned revenue	2,496,459	6,217,730
Total liabilities	<u>10,286,042</u>	<u>38,942,216</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	596,389	31,912,612
Leases	-	6,723,195
Total deferred inflows of resources	<u>596,389</u>	<u>38,635,807</u>
FUND BALANCES (DEFICITS)		
Nonspendable	-	187,431
Restricted	50,179,651	53,757,806
Committed	-	4,528,440
Assigned	-	21,749,332
Unassigned (deficit)	(5,231,134)	(15,301,036)
Total fund balances (deficits)	<u>44,948,517</u>	<u>64,921,973</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 55,830,948</u>	<u>\$ 142,499,996</u>

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CITY OF FULLERTON, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$ 64,921,973
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	521,378,207
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.	
Deferred outflows-pension related	\$ 47,893,483
Deferred outflows-OPEB related	6,548,939
Deferred inflows-pension related	(506,294)
Deferred inflows-OPEB related	<u>(10,518,655)</u>
Total deferred outflows and inflows related to postemployment benefits	43,417,473
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.	31,912,612
Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.	54,095,753
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Long-term debt	(587,397)
Leases and SBITA	(5,892,241)
Compensated absences	(6,620,889)
Net pension liability	(268,829,042)
Net OPEB liability	<u>(21,945,954)</u>
Total long-term liabilities	<u>(303,875,523)</u>
Net position of governmental activities	<u>\$ 411,850,495</u>

CITY OF FULLERTON, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Projects Fund
	General	<i>Formerly Major Fund</i>		Capital Projects
		Grants Administration	American Rescue Plan Act	
REVENUES				
Taxes	\$ 98,191,767	\$ -	\$ -	\$ -
Franchise taxes	5,030,545	-	-	-
Licenses and permits	4,754,026	-	-	-
Intergovernmental	1,632,305	5,008,015	-	781,556
Charges for services	14,811,236	-	-	4,698
Investment earnings	6,284,686	-	-	-
Fines and forfeitures	1,733,243	-	-	-
Miscellaneous	4,166,652	16,192	-	591,210
Total revenues	136,604,460	5,024,207	-	1,377,464
EXPENDITURES				
Current:				
General government	7,923,302	1,018	-	-
Public safety	100,067,779	1,629,988	-	-
Community development	6,295,241	1,370,253	-	-
Human and leisure	11,473,008	97,286	-	-
Public works	11,176,081	81,411	-	543,281
Refuse collection	-	-	-	-
Capital outlay	6,130,379	34,588	-	20,557,334
Debt service:				
Principal retirement	961,008	-	-	-
Interest and fiscal charges	24,423	-	-	-
Total expenditures	144,051,221	3,214,544	-	21,100,615
Excess (deficiency) of revenues over (under) expenditures	(7,446,761)	1,809,663	-	(19,723,151)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,017,328	-	-	18,497,579
Transfer out	(5,552,858)	(350,000)	-	-
Lease financing	1,574,566	-	-	-
Subscriptions financing	4,690,150	-	-	-
Proceeds for sale of capital assets	3,266	-	-	-
Total other financing sources (uses)	1,732,452	(350,000)	-	18,497,579
Net change in fund balances	(5,714,309)	1,459,663	-	(1,225,572)
Fund balances (deficit)-beginning	38,656,835	(1,860,587)	1,425,827	(8,441,806)
Restatements - changes within the entity	-	-	(1,425,827)	-
Restatements - correction of an error	(2,900,768)	-	-	-
Fund balances (deficit)-beginning, as restated	35,756,067	(1,860,587)	-	(8,441,806)
Fund balances (deficit)-ending	\$ 30,041,758	\$ (400,924)	\$ -	\$ (9,667,378)

CITY OF FULLERTON, CALIFORNIA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Total Nonmajor Funds	Total Governmental Funds
REVENUES		
Taxes	\$ 141,625	\$ 98,333,392
Franchise taxes	-	5,030,545
Licenses and permits	-	4,754,026
Intergovernmental	22,086,193	29,508,069
Charges for services	29,588,350	44,404,284
Investment earnings	2,614,579	8,899,265
Fines and forfeitures	275,251	2,008,494
Miscellaneous	21,135	4,795,189
Total revenues	54,727,133	197,733,264
EXPENDITURES		
Current:		
General government	722,922	8,647,242
Public safety	366,322	102,064,089
Community development	2,131,120	9,796,614
Human and leisure	387,835	11,958,129
Public works	12,540,593	24,341,366
Refuse collection	16,407,122	16,407,122
Capital outlay	111,068	26,833,369
Debt service:		
Principial retirement	92,721	1,053,729
Interest and fiscal charges	6,449	30,872
Total expenditures	32,766,152	201,132,532
Excess (deficiency) of revenues over (under) expenditures	21,960,981	(3,399,268)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	19,514,907
Transfer out	(16,340,536)	(22,243,394)
Lease financing	91,300	1,665,866
Subscriptions financing	293,613	4,983,763
Proceeds for sale of capital assets	-	3,266
Total other financing sources (uses)	(15,955,623)	3,924,408
Net change in fund balances	6,005,358	525,140
Fund balances (deficit)-beginning	37,517,332	67,297,601
Restatements - changes within the entity	1,425,827	-
Restatements - correction of an error	-	(2,900,768)
Fund balances (deficit)-beginning, as restated	38,943,159	64,396,833
Fund balances (deficit)-ending	\$ 44,948,517	\$ 64,921,973

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CITY OF FULLERTON, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenses and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds:	\$	525,140
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.</p>		
Capital outlay	\$	27,148,362
Depreciation/amortization expense		(15,409,399)
Miscellaneous transactions and loss on disposal		<u>(1,768,180)</u>
Total adjustment		9,970,783
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,159,480
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Leases and subscriptions		(7,412,621)
Principal payments		<u>1,147,072</u>
Total adjustment		(6,265,549)
Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities.		8,605,882
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(136,840)
Changes in pension liabilities and related deferred outflows and inflows of resources		(7,792,528)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		<u>975,417</u>
Total adjustment		<u>(6,953,951)</u>
Change in net position of governmental activities	\$	<u>9,041,785</u>

CITY OF FULLERTON, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities		
	Airport	Water Utility	Sewer Enterprise
ASSETS			
Current assets:			
Cash and investments	\$ 2,177,327	\$ 57,667,727	\$ 7,160,606
Receivables:			
Accounts	233,349	9,542,618	1,410,051
Accrued interest	47,713	268,091	42,446
Leases	413,867	107,509	-
Prepaid costs	-	-	-
Inventory	-	-	-
Restricted:			
Cash held with fiscal agent	-	-	-
Total current assets	2,872,256	67,585,945	8,613,103
Noncurrent:			
Leases	8,834,834	1,122,308	-
Capital assets - net of accumulated depreciation/amortization	20,858,349	110,927,950	55,148,720
Total noncurrent assets	29,693,183	112,050,258	55,148,720
Total assets	32,565,439	179,636,203	63,761,823
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	73,421	-
Pension deferrals	263,462	2,006,146	624,068
Other post-employment benefits deferrals	61,110	598,869	219,858
Total deferred outflows of resources	324,572	2,678,436	843,926
LIABILITIES			
Current liabilities:			
Accounts payable	54,864	10,669,822	518,882
Accrued liabilities	17,046	147,133	48,644
Accrued interest payable	4,771	56,400	521
Unearned revenue	-	-	167,934
Deposits payable	90,829	1,946,811	708
Due to other funds	-	-	-
Claims and judgments - current	2,200,000	-	-
Compensated absences - current	59,831	430,623	160,286
Bonds, loans, leases, and subscriptions - current	64,027	414,170	13,596
Total current liabilities	2,491,368	13,664,959	910,571
Noncurrent liabilities:			
Claims and judgments - noncurrent	-	-	-
Compensated absences	3,842	20,017	2,956
Bonds, loans, leases, and subscriptions	1,185,405	3,587,689	7,484
Net pension liability	1,447,633	11,023,038	3,429,030
Net other post-employment benefits liability	204,783	2,006,854	736,761
Total noncurrent liabilities	2,841,663	16,637,598	4,176,231
Total liabilities	5,333,031	30,302,557	5,086,802
DEFERRED INFLOWS OF RESOURCES			
Leases	8,320,698	1,217,451	-
Other post-employment benefits deferrals	98,152	961,881	353,128
Total deferred inflows of resources	8,418,850	2,179,332	353,128
NET POSITION			
Net investment in capital assets	19,608,917	104,431,154	54,628,919
Restricted for debt service	-	-	-
Unrestricted	(470,787)	45,401,596	4,536,900
Total net position	\$ 19,138,130	\$ 149,832,750	\$ 59,165,819

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time

Net position of business-type activities

See Notes to Financial Statements.

CITY OF FULLERTON, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities		Governmental Activities
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,913,745	\$ 68,919,405	\$ 99,787,116
Receivables:			
Accounts	49,983	11,236,001	48,981
Accrued interest	12,330	370,580	427,455
Leases	31,996	553,372	-
Prepaid costs	-	-	794,880
Inventory	40,220	40,220	306,974
Restricted:			
Cash held with fiscal agent	269,023	269,023	34,652
Total current assets	<u>2,317,297</u>	<u>81,388,601</u>	<u>101,400,058</u>
Noncurrent:			
Leases	797,877	10,755,019	-
Capital assets - net of accumulated depreciation/amortization	3,434,164	190,369,183	23,912,163
Total noncurrent assets	<u>4,232,041</u>	<u>201,124,202</u>	<u>23,912,163</u>
Total assets	<u>6,549,338</u>	<u>282,512,803</u>	<u>125,312,221</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	73,421	318,182
Pension deferrals	117,748	3,011,424	1,224,590
Other post-employment benefits deferrals	20,516	900,353	271,212
Total deferred outflows of resources	<u>138,264</u>	<u>3,985,198</u>	<u>1,813,984</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,068,468	14,312,036	970,907
Accrued liabilities	12,993	225,816	92,730
Accrued interest payable	13,564	75,256	106,421
Unearned revenue	-	167,934	19,032
Deposits payable	7,002	2,045,350	-
Due to other funds	616,825	616,825	2,233,525
Claims and judgments - current	-	2,200,000	6,095,000
Compensated absences - current	32,889	683,629	-
Bonds, loans, leases, and subscriptions - current	157,747	649,540	1,958,107
Total current liabilities	<u>3,909,488</u>	<u>20,976,386</u>	<u>11,475,722</u>
Noncurrent liabilities:			
Claims and judgments - noncurrent	-	-	30,622,000
Compensated absences	-	26,815	-
Bonds, loans, leases, and subscriptions	897,973	5,678,551	14,404,560
Net pension liability	646,986	16,546,687	6,728,662
Net other post-employment benefits liability	68,755	3,017,153	908,850
Total noncurrent liabilities	<u>1,613,714</u>	<u>25,269,206</u>	<u>52,664,072</u>
Total liabilities	<u>5,523,202</u>	<u>46,245,592</u>	<u>64,139,794</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	742,321	10,280,470	-
Other post-employment benefits deferrals	32,954	1,446,115	435,609
Total deferred inflows of resources	<u>775,275</u>	<u>11,726,585</u>	<u>435,609</u>
NET POSITION			
Net investment in capital assets	2,378,444	181,047,434	19,097,847
Restricted for debt service	269,023	269,023	-
Unrestricted	(2,258,342)	47,209,367	43,452,955
Total net position	<u>\$ 389,125</u>	<u>228,525,824</u>	<u>\$ 62,550,802</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time		8,455,048	
Net position of business-type activities		<u>\$ 236,980,872</u>	

See Notes to Financial Statements.

CITY OF FULLERTON, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		
	Airport	Water Utility	Sewer Enterprise
OPERATING REVENUES			
Sales and service charges	\$ 2,155,963	\$ 52,510,843	\$ 5,337,697
Interfund service charges	-	-	-
Miscellaneous	-	95,140	3,310
Total operating revenues	2,155,963	52,605,983	5,341,007
OPERATING EXPENSES			
Maintenance, operations, and administration	1,877,744	17,042,311	3,493,662
Cost of water	-	23,431,364	-
Claims expense	-	-	-
Depreciation/amortization expense	588,581	1,897,682	1,023,214
Total operating expenses	2,466,325	42,371,357	4,516,876
Operating income (loss)	(310,362)	10,234,626	824,131
NONOPERATING REVENUES (EXPENSES)			
Taxes	164,744	-	-
Intergovernmental	13,542	3,870,288	-
Investment earnings	336,723	2,500,533	407,929
Interest expense	(42,726)	(181,629)	(521)
Gain (loss) on disposal of capital assets	(7,487)	(22,014)	-
Total nonoperating revenues (expenses)	464,796	6,167,178	407,408
Income (loss) before capital contributions and transfers	154,434	16,401,804	1,231,539
Capital contributions	348,579	445,217	-
Transfers in	-	1,554,426	-
Transfers out	-	(38,000)	-
Change in net position	503,013	18,363,447	1,231,539
Net position-beginning	18,667,387	131,653,540	57,992,338
Restatements - change in accounting principle	(32,270)	(184,237)	(58,058)
Net position-beginning	18,635,117	131,469,303	57,934,280
Net position-ending	\$ 19,138,130	\$ 149,832,750	\$ 59,165,819
Change in net position			
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			
Changes in net position of business-type activities			

CITY OF FULLERTON, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		Governmental Activities
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES			
Sales and service charges	\$ 4,533,481	\$ 64,537,984	\$ -
Interfund service charges	-	-	44,123,828
Miscellaneous	18,469	116,919	1,191,521
Total operating revenues	4,551,950	64,654,903	45,315,349
OPERATING EXPENSES			
Maintenance, operations, and administration	5,318,677	27,732,394	28,907,173
Cost of water	-	23,431,364	-
Claims expense	-	-	9,229,992
Depreciation/amortization expense	84,963	3,594,440	2,855,017
Total operating expenses	5,403,640	54,758,198	40,992,182
Operating income (loss)	(851,690)	9,896,705	4,323,167
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	164,744	-
Intergovernmental	-	3,883,830	-
Investment earnings	119,382	3,364,567	4,475,024
Interest expense	(54,259)	(279,135)	(300,963)
Gain (loss) on disposal of capital assets	-	(29,501)	(28,639)
Total nonoperating revenues (expenses)	65,123	7,104,505	4,145,422
Income (loss) before capital contributions and transfers	(786,567)	17,001,210	8,468,589
Capital contributions	-	793,796	-
Transfers in	-	1,554,426	1,761,633
Transfers out	-	(38,000)	(549,572)
Change in net position	(786,567)	19,311,432	9,680,650
Net position-beginning	1,235,908	209,549,173	52,870,152
Restatements - change in accounting principle	(60,216)	(334,781)	-
Net position-beginning	1,175,692		52,870,152
Net position-ending	\$ 389,125		\$ 62,550,802
Change in net position		19,311,432	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds		1,074,768	
Changes in net position of business-type activities		\$ 20,386,200	

CITY OF FULLERTON, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

Business-Type Activities

	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,374,973	\$ 52,169,298	\$ 5,849,343
Receipts from interfund charges	-	-	-
Payments to suppliers and service providers	(2,162,444)	(40,740,033)	(3,503,221)
Payments to employees for salaries and benefits	(85,113)	351,571	(302,909)
Payments of insurance claims	-	-	-
Other receipts (payments)	-	95,140	3,310
Net cash provided by (used for) operating activities	<u>127,416</u>	<u>11,875,976</u>	<u>2,046,523</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,554,426	-
Transfers to other funds	-	(38,000)	-
Principal paid on non-capital debt	-	-	-
Interest paid on on-capital debt	-	-	-
Payments from other funds on interfund borrowings	-	-	-
Payments to other funds on interfund borrowings	-	-	-
Taxes	164,744	-	-
Operating grants and contributions	13,542	3,870,288	-
Net cash provided by (used for) noncapital financing activities	<u>178,286</u>	<u>5,386,714</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	348,579	445,217	-
Acquisition and construction of capital assets	(2,453,869)	(24,401,420)	(1,980,666)
Principal paid on capital debt	(62,022)	(323,390)	-
Interest paid on capital debt	(40,258)	(216,022)	-
Proceeds from sales of assets	22,898	4,493,822	-
Net cash provided by (used for) capital and related financing activities	<u>(2,184,672)</u>	<u>(20,001,793)</u>	<u>(1,980,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	305,651	2,490,953	348,478
Net cash provided by (used for) investing activities	<u>305,651</u>	<u>2,490,953</u>	<u>348,478</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,573,319)</u>	<u>(248,150)</u>	<u>414,335</u>
Cash and cash equivalents-beginning	3,750,646	57,915,877	6,746,271
Cash and cash equivalents-ending	<u>\$ 2,177,327</u>	<u>\$ 57,667,727</u>	<u>\$ 7,160,606</u>

CITY OF FULLERTON, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,513,699	\$ 64,907,313	\$ -
Receipts from interfund charges	-	-	44,159,512
Payments to suppliers and service providers	(4,666,933)	(51,072,631)	(27,554,015)
Payments to employees for salaries and benefits	(330,509)	(366,960)	(4,226,397)
Payments of insurance claims	-	-	(3,132,992)
Other receipts (payments)	18,469	116,919	1,191,521
Net cash provided by (used for) operating activities	(465,274)	13,584,641	10,437,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,554,426	1,761,633
Transfers to other funds	-	(38,000)	(549,572)
Principal paid on non-capital debt	-	-	(450,000)
Interest paid on on-capital debt	(3,355)	(3,355)	(93,532)
Payments from other funds on interfund borrowings	143,630	143,630	-
Payments to other funds on interfund borrowings	-	-	(34,385)
Taxes	-	164,744	-
Operating grants and contributions	-	3,883,830	-
Net cash provided by (used for) noncapital financing activities	140,275	5,705,275	634,144
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	-	793,796	-
Acquisition and construction of capital assets	(389,550)	(29,225,505)	(5,294,513)
Principal paid on capital debt	(150,000)	(535,412)	(2,010,878)
Interest paid on capital debt	(56,742)	(313,022)	(195,359)
Proceeds from sales of assets	-	4,516,720	2,636,702
Net cash provided by (used for) capital and related financing activities	(596,292)	(24,763,423)	(4,864,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	122,171	3,267,253	4,385,514
Net cash provided by (used for) investing activities	122,171	3,267,253	4,385,514
Net increase (decrease) in cash and cash equivalents	(799,120)	(2,206,254)	10,593,239
Cash and cash equivalents-beginning	2,981,888	71,394,682	89,228,529
Cash and cash equivalents-ending	\$ 2,182,768	\$ 69,188,428	\$ 99,821,768

CITY OF FULLERTON, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

Business-Type Activities

	<u>Airport</u>	<u>Water Utility</u>	<u>Sewer Enterprise</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 2,177,327	\$ 57,667,727	\$ 7,160,606
Cash held with fiscal agent	-	-	-
Total cash and cash equivalents	<u>\$ 2,177,327</u>	<u>\$ 57,667,727</u>	<u>\$ 7,160,606</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (310,362)	\$ 10,234,626	\$ 824,131
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	588,581	1,897,682	1,023,214
(Increase) decrease in accounts receivable	469,589	(136,415)	377,782
(Increase) decrease in leases receivable	(190,971)	63,389	-
(Increase) decrease in inventories	-	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	(284,700)	(266,358)	(9,559)
Increase (decrease) in accrued liabilities	4,284	57,214	18,223
Increase (decrease) in deposits payable	(59,608)	(268,519)	133,864
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in compensated absences	12,205	1,548	21,256
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in pension items	(35,258)	332,492	(233,931)
Increase (decrease) in other post-employment benefits items	(66,344)	(39,683)	(108,457)
Total adjustments	<u>437,778</u>	<u>1,641,350</u>	<u>1,222,392</u>
Net cash provided by (used for) operating activities	<u>\$ 127,416</u>	<u>\$ 11,875,976</u>	<u>\$ 2,046,523</u>
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Unrealized gain/(loss) on fair value of investments	\$ 16,108	\$ 398,005	\$ 72,902
Amortization of deferred charge on refunding	-	(8,391)	-
Contributions of capital assets	348,579	445,217	-
Assets acquired through subscription arrangements	-	204,265	21,080
Amortization on bond discount/(premium)	-	38,615	-

CITY OF FULLERTON, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	<u>Business-Type Activities</u>		<u>Governmental Activities</u>
	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 1,913,745	\$ 68,919,405	\$ 99,787,116
Cash held with fiscal agent	269,023	269,023	34,652
Total cash and cash equivalents	\$ 2,182,768	\$ 69,188,428	\$ 99,821,768
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (851,690)	\$ 9,896,705	\$ 4,323,167
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	84,963	3,594,440	2,855,017
(Increase) decrease in accounts receivable	(2,603)	708,353	25,849
(Increase) decrease in leases receivable	(19,157)	(146,739)	-
(Increase) decrease in inventories	16,812	16,812	(50,190)
(Increase) decrease in prepaid items	-	-	(304,212)
Increase (decrease) in accounts payable	340,465	(220,152)	(1,351,319)
Increase (decrease) in accrued liabilities	5,812	85,533	35,493
Increase (decrease) in deposits payable	1,978	(192,285)	-
Increase (decrease) in unearned revenue	-	-	9,835
Increase (decrease) in compensated absences	(47,934)	(12,925)	-
Increase (decrease) in claims and judgments	-	-	6,097,000
Increase (decrease) in pension items	32,434	95,737	(747,918)
Increase (decrease) in other post-employment benefits items	(26,354)	(240,838)	(455,093)
Total adjustments	386,416	3,687,936	6,114,462
Net cash provided by (used for) operating activities	\$ (465,274)	\$ 13,584,641	\$ 10,437,629
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Unrealized gain/(loss) on fair value of investments	\$ 9,585	\$ 496,600	\$ 734,153
Amortization of deferred charge on refunding	-	(8,391)	-
Contributions of capital assets	-	793,796	-
Assets acquired through subscription arrangements	24,377	249,722	-
Amortization on bond discount/(premium)	(2,483)	36,132	39,773

CITY OF FULLERTON, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Pension (and Other Employee Benefit) Trust Fund	Retiree Health Insurance Program	Private Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,867,186	\$ 2,369,256
Restricted assets - cash and cash equivalents	-	-	5,710,737	-
Restricted investments:				
Mutual funds	-	-	37	-
Equity securities	88,951	-	-	-
Receivables:				
Taxes	-	-	-	23,364
Interest	-	-	4,139	-
Notes and loans	-	-	49,769,088	-
Prepaid costs	-	-	31,062	-
Land	-	-	5,240,695	-
Total assets	88,951	64,622,944	2,392,620	2,392,620
LIABILITIES				
Accounts payable	-	-	5,336	47,634
Accrued liabilities	-	-	667	-
Accrued interest	-	-	219,214	-
Due to bondholders	-	-	-	527,749
Noncurrent:				
Bonds payable - due within one year	-	-	5,045,000	-
Bonds payable - due in more than one year	-	-	14,839,240	-
Total liabilities	-	20,109,457	575,383	575,383
NET POSITION				
Restricted for:				
Restricted for post-employment benefits other than pensions	88,951	-	-	-
Restricted for individuals, organizations, and other governments	-	-	44,513,487	1,817,237
Total net position	\$ 88,951	\$ 44,513,487	\$ 1,817,237	\$ 1,817,237

CITY OF FULLERTON, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Pension (and Other Employee Benefit) Trust Fund	Retiree Health Insurance Program	Private Purpose Trust Funds	Custodial Funds
ADDITIONS				
Investment earnings:				
Investment earnings	\$ 8,782	\$ 674,693	\$ -	
Total investment earnings	8,782	674,693	-	
Taxes	-	6,803,908	-	
Miscellaneous	-	924,118	1,714,141	
Total additions	8,782	8,402,719	1,714,141	
DEDUCTIONS				
Administrative expenses	493	111,160	-	
Contractual services	-	67,200	-	
Interest expense	-	779,098	-	
Total deductions	493	957,458	-	
Net increase (decrease) in fiduciary net position	8,289	7,445,261	1,714,141	
Net position-beginning	80,662	37,068,226	103,096	
Net position-ending	\$ 88,951	\$ 44,513,487	\$ 1,817,237	

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

1. *Blended Component Units*

City of Fullerton Public Financing Authority

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

City of Fullerton Housing Authority

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Jointly Governed Organization*

North Orange County Cities Joint Power Authority

The City of and the City of Brea are members of the North Orange County Cities Joint Powers Authority, these activities are reported as a fiduciary fund. For more information on this Joint Exercise of Powers Agreement see Note 19.

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 a pension (and other employee benefits) trust fund, a private-purpose trust fund, and custodial funds. 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 various federal, state, and local grant programs.

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 Fullerton 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:

- Debt Service Fund accounts for the principal and interest payments of long-term liabilities for the city.
- 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 Pension (and Other Employee Benefit) Trust Fund accounts for the assets held in trust to pay for future benefits related to the City's post-employment healthcare plan.
- The Private Purpose Trust Funds account for the assets and liabilities of the former redevelopment agency and are 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, and for the assets and liabilities held by the City in a fiduciary capacity that do not meet the criteria of the former redevelopment agency.
- The Custodial Funds account for fiduciary activities not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Some of these fiduciary activities of the City include collections to be remitted to other governments, assessment districts, and community facilities districts, and the North Orange County Cities Joint Powers Authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Enterprise funds account for operations where the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and space rentals. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: (1) any activity that has issued debt backed solely by the fees and charges of the activity, (2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Water Utility Fund, the Airport Fund, the Sewer Fund, the Parking Facilities Fund, and the Brea Dam Recreation Facilities Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Cash and Investments

The City pools all available cash from all funds for the purpose of increasing income through investment activities. The City's cash and cash equivalents for the proprietary funds represents cash and investments, cash and investments with fiscal agents, and customer deposits with original maturities of three months or less held by the funds at fiscal year-end.

All investments are reported at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale), except for investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost. Those investments are short-term, highly liquid debt instruments including commercial paper, certificates of deposit, and agency obligations.

In accordance with GASB 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."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advances to other funds are offset by a fund balance nonspendable or restricted account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

3. Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Lewy date	July 1 to June 30
Due date	November 1, 1st Installment and March 1, 2nd installment
Collection date	December 10, 1st installment and April 10, 2nd installment

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes which are received from the county within 60 days after year-end.

4. Inventory, Prepaid Items, and Land Held for Resale

The City uses the consumption method to account for automotive parts and fuels inventory. Inventory is capitalized when purchased and is thereafter recorded as expenditure at the time the inventory item is consumed. Inventory assets are classified as nonspendable fund balance. The City used the purchases method for miscellaneous materials, supplies, utility department meters, pipe, valves, and fittings.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption 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, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), lease assets, and subscription assets, 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 (\$150,000 for certain groups of items in aggregate) 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. Lease and subscription assets are subject to a higher capitalization threshold, utilizing \$25,000. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Assets	Years
Building and improvements	20-50
Water system lines and mains	50-100
Vehicles, furniture, and equipment	3-20
Public domain infrastructure:	
Streets, highways, and alleys	30-50
Bridges	50
Storm drains	50
Sewers	75
Traffic signals	20
Lease Assets	Shorter of underlying asset's useful
Subscription Assets	life or term of agreement

6. Deferred Outflows/Inflows of Resources

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

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

The separate financial statement element of deferred inflows of resources represent an acquisition of net assets that applies to future periods which will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category: unavailable revenue, leases, and components of the calculations for the net pension and OPEB liabilities. Unavailable revenue exists only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds' balance sheet. The governmental funds typically report unavailable revenues for grant receipts which have been earned, but which are not received within the City's defined availability period (60 days); these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The recognition period differs depending on the source of the gain or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements

The City is a subscriber for a noncancellable subscription of information technology services. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

9. 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, 2025, will be liquidated from expendable available financial resources at June 30, 2025.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. 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.

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

11. 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 Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023, to June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023, to June 30, 2024

13. 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.

14. Fund Equity

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

- Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by the adoption of an ordinance.
- Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Director of Administrative Services is authorized to assign amounts to a specific purpose, which was established by the governing body in resolution.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

15. 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.

16. 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.

E. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

F. New GASB Pronouncements Effective in Future Fiscal Years

GASB Statement No. 103, Financial Reporting Model Improvements

The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement also requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, Disclosure of Certain Capital Assets

The requirements of this statement will provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

The notes to the required supplementary information, on the Excess of expenditures over appropriations, describes budgetary violations that occurred for the year ended June 30, 2025.

B. Deficit Fund Equity

At June 30, 2025, The City reported deficit fund equities in the following funds:

Fund Name	Fund Type	Deficit	Cause
Sanitation	Non-major special revenue fund	(1,352,605)	(a)
Grants Administration	Major special revenue fund	(400,924)	(a)
SB2 / PLHA	Non-major special revenue fund	(3,878,529)	(a)
Capital Projects	Major capital projects fund	(9,667,378)	(a)
Compressed Natural Gas Facility	Non-major enterprise fund	(259,773)	(b)

(a) Deficit due to timing differences between grants or other receipts and disbursements, and is expected to be eliminated through future grant or operational revenues.

(b) Deficit due to the costs of maintenance and operations. The deficit is expected to be eliminated through future operational revenues.

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 228,268,330
Restricted cash and investments	1,527,813

Fiduciary Funds:

Cash and investments	6,236,442
Restricted cash and investments	<u>5,799,725</u>

Total cash and investments	<u><u>\$ 241,832,310</u></u>
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CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2025, consist of the following:

Demand deposits	\$ 19,061,681
Cash on hand	54,954
Investments	221,619,734
Investments with fiscal agents	<u>1,095,941</u>
 Total cash and investments	 <u><u>\$ 241,832,310</u></u>

At June 30, 2025, the carrying amount of the City's deposits was \$12,830,085 and the bank balance was \$12,136,774. The \$693,311 difference represents outstanding deposits, checks, and other reconciling items.

A. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	40%
U.S. Federal instrumentalities	5 years	None	40%
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Collateralized Certificates of Deposit	5 years	25%	10%
Repurchase Agreements	1 year	25%	20%
Medium-Term Notes	5 years	30%	5%
Orange County Investment Pool	None	0%	0%
Asset Back Securities	5 years	20%	5%
Municipal Bonds	5 years	20%	5%
Supranational Debt	5 years	30%	5%
Money Market Funds	5 years	2%	10%
Local Agency Investment Fund (LAIF)	None	Lesser of \$50M or 60%	None

B. Investments Authorized by Debt Agreements

The above investments do not address investments of debt proceeds held by a bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate inherent in its portfolio by measuring the weighted average maturity of its portfolio.

The investment maturities of the City's portfolio as of June 30, 2025, 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	\$ 41,429,662	\$ -	\$ -	\$ 41,429,662
California CLASS	64,266,458	-	-	64,266,458
US Government Treasury Notes	1,050,259	79,530,130	22,125,837	102,706,226
Corporate Notes	3,263,282	7,440,885	-	10,704,167
Municipal Issuances	857,889	789,671	82,503	1,730,063
Money Market Mutual Funds	783,158	-	-	783,158
Total Investments	<u>111,650,708</u>	<u>87,760,686</u>	<u>22,208,340</u>	<u>221,619,734</u>
Investments with Fiscal Agents:				
PARS OPEB Trust Fund:				
Equity Securities	88,952	-	-	88,952
PARS Section 115 Pension Trust Fund:				
Equity Securities	703,277	-	-	703,277
Money Market Mutual Funds	303,712	-	-	303,712
Total Investments with Fiscal Agents	<u>1,095,941</u>	<u>-</u>	<u>-</u>	<u>1,095,941</u>
Total	<u>\$ 112,746,649</u>	<u>\$ 87,760,686</u>	<u>\$ 22,208,340</u>	<u>\$ 222,715,675</u>

As of June 30, 2025, the City's investments included the following callable investments exposed to interest rate risk:

Issuer	Next Call Date	Yield to Call	Maturity Date	Fair Value
Eli Lilly Co	1/9/2027	0.0395	2/9/2027	\$ 1,643,154
Home Depot Inc	8/30/2026	0.0407	9/30/2026	509,989
Home Depot Inc	8/15/2025	0.0478	9/15/2025	144,849
Pepsico Inc	10/10/2026	0.041	11/10/2026	663,253
Total				<u>\$ 2,961,245</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

E. Disclosures Relating to Credit Risk

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

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:

	Total as of June 30, 2025	Minimum Legal Rating	AAA	AA- to AA+	A- to A+	Not Subject to Credit Risk Disclosure
Investments:						
Local Agency Investment Fund	\$ 41,429,662	N/A	\$ -	\$ -	\$ -	\$ 41,429,662
California CLASS	64,266,458	N/A	-	-	-	64,266,458
US Government Treasury Notes	102,706,226	N/A	-	102,706,226	-	-
Corporate Notes	10,704,167	A	-	2,580,103	8,124,064	-
Municipal Issuances	1,730,063	N/A	275,316	1,454,747	-	-
Money Market Mutual Funds	783,158	AAA	783,158	-	-	-
Total Investments	221,619,734		1,058,474	106,741,076	8,124,064	105,696,120
Investments with Fiscal Agents:						
PARS OPEB Trust Fund:						
Equity Securities	88,952	N/A	-	-	-	88,952
PARS Section 115 Pension Trust Fund:						
Equity Securities	703,277	N/A	-	-	-	703,277
Money Market Mutual Funds	303,712	AAA	303,712	-	-	-
Total Investments with Fiscal Agents	1,095,941		303,712	-	-	792,229
Total	\$ 222,715,675		\$ 1,362,186	\$ 106,741,076	\$ 8,124,064	\$ 106,488,349

F. Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, US Treasury notes, mutual funds, and external investment pools) that represented 5% or more of total City investments in FY 2025.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, none of the City's deposits or investments were exposed to custodial credit risk. As of June 30, 2025, \$1,616,799 in investments are purchased and held by the bond trustee.

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata shares of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

I. Allocation of Interest Income among Funds

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

J. Restricted Cash and Investments

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

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

K. Fair Value Measurement and Application

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

The City has the following recurring fair value measurements as of June 30, 2025:

	Total as of June 30, 2025	Not Measured at Fair Value	Level 1	Level 2
Investments:				
Local Agency Investment Fund	\$ 41,429,664	\$ 41,429,664	\$ -	\$ -
California CLASS	64,266,458	64,266,458	-	-
US Government Treasury Notes	102,706,225	-	-	102,706,225
Corporate Notes	10,704,167	-	-	10,704,167
Municipal Issuances	1,730,062	-	-	1,730,062
Money Market Mutual Funds	783,158	-	783,158	-
Total Investments	221,619,734	105,696,122	783,158	115,140,454
Investments with Fiscal Agents:				
PARS OPEB Trust Fund:				
Equity Securities	88,952	-	-	88,952
PARS Section 115 Pension Trust Fund:				
Equity Securities	703,277	-	-	703,277
Money Market Mutual Funds	303,712	-	303,712	-
Total Investments with Fiscal Agents	1,095,941	-	303,712	792,229
Total	\$ 222,715,675	\$ 105,696,122	\$ 1,086,870	\$ 115,932,683

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 4: ACCOUNTS RECEIVABLE

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

Component	Governmental Activities					
	General Fund	Grants		Nonmajor Governmental Funds	Internal Service Funds	Total
		Administration	Capital Projects			
Accounts	\$ 3,438,060	\$ 446,028	\$ 4,207,982	\$ 406,257	\$ 48,981	\$ 8,547,308
Unbilled accounts	13,757,220	152,728	5,890,488	3,086,192	-	22,886,628
Water, sanitation, and trash	18,178	-	-	2,653,163	-	2,671,341
Parks and recreation	69,316	-	-	-	-	69,316
Bank return items	257,529	-	-	-	-	257,529
Total	\$ 17,540,303	\$ 598,756	\$ 10,098,470	\$ 6,145,612	\$ 48,981	\$ 34,432,122

Component	Business-Type Activities				
	Airport	Water Utility	Sewer Enterprise	Nonmajor Enterprise Funds	Total
Unbilled accounts	75,990	4,378,607	660,548	33,333	5,148,478
Water, sanitation, and trash	-	5,131,481	706,782	363	5,838,626
Total	\$ 233,349	\$ 9,542,618	\$ 1,410,051	\$ 49,983	\$ 11,236,001

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, 2025, is \$11,434,684.

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 outstanding balance at June 30, 2025, is \$362,169.

The Housing Fund notes and loans receivable total \$11,796,853.

NOTE 5: NOTES AND LOANS RECEIVABLE (CONTINUED)

Grants Administration Fund

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

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

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

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

The rehabilitation loans are recorded in the Grants Administration Fund as Notes Receivable and Deferred Revenue. 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, 2025, is \$1,357,786.

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

On July 19, 1994, an Owner Participation Agreement was issued for the acquisition and rehabilitation of affordable rental housing projects located at Garnet Lane Apartments at a simple interest rate of 3%. These loans are due in 30 years commencing July 19, 2025. 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 \$774,847, totaling \$1,619,791 at June 30, 2025.

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 the HOME Investment Partnerships Program for the project located at 436 & 442 W. Valencia Drive. The 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 \$316,910, totaling \$761,191 at June 30, 2025.

NOTE 5: NOTES AND LOANS RECEIVABLE (CONTINUED)

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 the HOME Investment Partnerships Program for the project located at 461 West Avenue for \$308,065 at a simple interest rate of 3%. Repayments are due in installment amounts, starting December 14, 2001. The installments are equal to the percentage of the “net operating income after debt service,” if any, for the period from the note date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The outstanding principal balance is \$308,065 with accrued interest of \$220,838 totaling \$528,903 at June 30, 2025.

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

On October 28, 1994, the disposition and development agreement/Home program participation agreement was entered into between Interfaith Housing Development Corporation and the City. A 30-year loan was granted for the 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 \$751,613, totaling \$916,613 at June 30, 2025.

F. Neighborhood Services (HOME Fund – Notes Receivable)

On November 5, 1996, an owner participation and HOME Program Participation Agreement was entered into between the City and La Habra Neighborhood Housing Services, Inc., in which a loan was granted for the acquisition and rehabilitation of an affordable rental housing project serving very low-income households through funds the City received from HOME Investment Partnership Program for the project located at Garnet Lane Apartments “B” up to \$565,000 at a simple interest rate of 3%. Repayments are due in installments every August 1, starting August 1, 1998. The installments are equal to the percentage of the “net operating income after debt service,” if any, for the period from the note date through the end of the full calendar year preceding the first installment payment that is equal to the percentage of the total costs of acquiring the site and developing the project, that is financed by the City. The note matures on November 27, 2026, at which time the loan will become due in full. The outstanding principal balance is \$565,000 with accrued interest of \$484,655 totaling \$1,049,655 at June 30, 2025.

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

On November 23, 2010, the City agreed to loan \$1,750,000 as a purchase assistance loan for the Roberta Apartments, which was later amended to an additional \$269,560 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 \$434,748, totaling \$2,454,308 at June 30, 2025.

NOTE 5: NOTES AND LOANS RECEIVABLE (CONTINUED)

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 on April 11, 2012. The outstanding principal balance is \$1,537,007 with accrued interest of \$824,365, totaling \$2,361,372 at June 30, 2025.

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

On February 17, 2004, the City agreed to loan \$550,000 as a purchase assistance loan for the 3810 and 3830 Franklin Avenue Apartments. An additional loan was granted for \$953,337 on July 31, 2006. The loan matures over 30 years with a simple interest rate of 3% annually. The loan began loan reductions as forgiveness starting September 19, 2007, of \$55,000 annually. Any unpaid portion will be payable on the Maturity Date. The outstanding principal balance is \$522,504 with accrued interest of \$623,260 totaling \$1,145,764 at June 30, 2025.

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 \$82,594, totaling \$229,257 at June 30, 2025.

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

On July 23, 2014, the City agreed to loan \$185,136 as a purchase assistance loan for the 2007 Oxford Avenue Apartments. The loan matures over 15 years with no interest. The loan is subject to loan reductions should the borrower be following various Affordable Housing requirements. The outstanding balance at June 30, 2025 is \$185,136.

J. HOME Rehabilitation program

The City uses HOME grant funding to offer interest free deferred loans to low- and moderate-income owner/occupants. Deferred loans are payable upon the sale or transfer of the property and are reviewed every fifteen years to ensure that income qualifications are met. The outstanding balance at June 30, 2025, is \$761,688.

K. DAP – Down Payment Assistance Program

The down payment assistance program is funded by HOME Grants. The loans are given in amounts not to exceed \$45,000 per applicant. The loans are payable after 15 years interest free. The outstanding balance at June 30, 2025, is \$154,166.

NOTE 5: NOTES AND LOANS RECEIVABLE (CONTINUED)

L. 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 outstanding balance at June 30, 2025, was \$206,074.

M. 1600 Commonwealth L.P. (HOME Loan)

On May 31, 2025, the City agreed to loan \$1,000,000 for the 1650 W Commonwealth Ave & 203 S Basque Ave construction project. The loan matures in 55 years from the date of recordation of the Certificate of Occupancy (COO) for the project and carries an interest rate of 3%. Annual payments of 50% of the residual receipts will commence once both the City Land and Bonds Loans are paid in full. At the end of the term, the outstanding balance will be due and payable. The loan is secured with a third trust deed and includes affordability restrictions associated with the HOME Loan for 20 years from the COO. As of June 30, 2025, the outstanding balance of the loan is \$1,000,000.

The Grants Administration Fund notes and loans receivable total \$14,731,704.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Adjustments*	Beginning Balance, Adjusted	Transfers of CIP	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/ amortized:							
Land	\$ 74,167,187	\$ (1,149,525)	\$ 73,017,662	\$ -	\$ -	\$ (476,906)	\$ 72,540,756
Construction in progress	126,312,442	-	126,312,442	(121,794,424)	20,939,699	(835,124)	24,622,593
Total capital assets, not being depreciated/amortized	200,479,629	(1,149,525)	199,330,104	(121,794,424)	20,939,699	(1,312,030)	97,163,349
Capital assets, being depreciated/ amortized:							
Buildings	96,356,567	-	96,356,567	11,703,699	-	-	108,060,266
Improvements other than buildings	87,418,872	-	87,418,872	5,211,157	106,423	(88,926)	92,647,526
Machinery and equipment	44,522,715	-	44,522,715	2,572,664	2,065,356	(3,061,424)	46,099,311
Leasehold improvements	1,837,445	-	1,837,445	-	-	-	1,837,445
Machinery and equipment - lease assets	1,006,126	-	1,006,126	-	1,931,264	-	2,937,390
Subscription assets	7,293,254	-	7,293,254	-	5,115,635	(14,482)	12,394,407
Infrastructure	403,042,560	-	403,042,560	102,306,904	-	(1,284,973)	504,064,491
Total capital assets, being depreciated/ amortized	641,477,539	-	641,477,539	121,794,424	9,218,678	(4,449,805)	768,040,836
Less accumulated depreciation/ amortization for:							
Buildings	(30,636,990)	-	(30,636,990)	-	(1,832,516)	-	(32,469,506)
Improvements other than buildings	(45,167,137)	-	(45,167,137)	-	(3,642,938)	88,926	(48,721,149)
Machinery and equipment	(28,186,637)	-	(28,186,637)	-	(2,440,973)	2,998,467	(27,629,143)
Leasehold improvements	(1,782,795)	-	(1,782,795)	-	(27,325)	-	(1,810,120)
Machinery and equipment - lease assets	(410,180)	-	(410,180)	-	(506,586)	3,398	(913,368)
Subscription assets	(902,434)	-	(902,434)	-	(1,565,381)	208,025	(2,259,790)
Infrastructure	(199,278,492)	-	(199,278,492)	-	(8,248,697)	1,416,450	(206,110,739)
Total accumulated depreciation/ amortization	(306,364,665)	-	(306,364,665)	-	(18,264,416)	4,715,266	(319,913,815)
Total capital assets being depreciated/ amortized, net	335,112,874	-	335,112,874	121,794,424	(9,045,738)	265,461	448,127,021
Governmental activities capital assets, net	\$ 535,592,503	\$ (1,149,525)	\$ 534,442,978	\$ -	\$ 11,893,961	\$ (1,046,569)	\$ 545,290,370

*Noted the adjustment relates to prior year disposals which were inadvertently omitted from capital asset disposals.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6: CAPITAL ASSETS (CONTINUED)

Governmental activities depreciation/amortization expense for capital assets for the year ended June 30, 2025, is as follows:

General government	\$ 126,571
Public safety	1,631,715
Public works	10,495,243
Community development	211,406
Human and leisure	2,944,464
Liability insurance	229
Vehicle replacement	1,558,526
Information technology	1,260,347
Building maintenance	3,997
Worker's Compensation	2,463
Group Insurance	18,257
Facility capital repair	<u>11,198</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 18,264,416</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6: 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/ amortized:					
Land	\$ 9,535,034	\$ -	\$ -	\$ -	\$ 9,535,034
Construction in progress	28,191,223	(7,551,744)	24,477,002	(853,993)	44,262,488
Total capital assets, not being depreciated/amortized	<u>37,726,257</u>	<u>(7,551,744)</u>	<u>24,477,002</u>	<u>(853,993)</u>	<u>53,797,522</u>
Capital assets, being depreciated/ amortized:					
Buildings	9,894,685	-	125,585	-	10,020,270
Improvements other than buildings	110,037,332	4,474,943	15,001	-	114,527,276
Machinery and equipment	14,500,338	-	296,656	(52,410)	14,744,584
Subscription assets	33,697	-	276,490	-	310,187
Infrastructure	66,227,985	3,076,801	562,815	-	69,867,601
Total capital assets, being depreciated/amortized	<u>200,694,037</u>	<u>7,551,744</u>	<u>1,276,547</u>	<u>(52,410)</u>	<u>209,469,918</u>
Less accumulated depreciation/ amortization for:					
Buildings	(3,888,800)	-	(286,971)	-	(4,175,771)
Improvements other than buildings	(42,768,422)	-	(1,824,406)	-	(44,592,828)
Machinery and equipment	(13,593,016)	-	(208,195)	27,904	(13,773,307)
Subscription assets	(13,479)	-	(32,182)	-	(45,661)
Infrastructure	(9,068,004)	-	(1,242,686)	-	(10,310,690)
Total accumulated depreciation/ amortization	<u>(69,331,721)</u>	<u>-</u>	<u>(3,594,440)</u>	<u>27,904</u>	<u>(72,898,257)</u>
Total capital assets being depreciated/amortized, net	<u>131,362,316</u>	<u>7,551,744</u>	<u>(2,317,893)</u>	<u>(24,506)</u>	<u>136,571,661</u>
Business-type activities capital assets, net	<u>\$ 169,088,573</u>	<u>\$ -</u>	<u>\$ 22,159,109</u>	<u>\$ (878,499)</u>	<u>\$ 190,369,183</u>

Business-type activities depreciation/amortization expense for capital assets for the year ended June 30, 2025, is as follows:

Airport	\$ 588,581
Water Utility	1,897,682
Sewer Enterprise	1,023,214
Compressed Natural Gas	1,579
Brea Dam Facilities Recreational	83,384
Total depreciation/amortization expense - business-type activities	<u>\$3,594,440</u>

NOTE 7: DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

Plan Description, Benefits Provided, and Employees Covered

The Miscellaneous and Safety Plans (the Plans) are agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). 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, 2025, are summarized as follows

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013*</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	6.790%	7.460%
Required employer contribution rates	32.440%	32.440%

* Closed to new entrants

	<u>Safety</u>	
	<u>Prior to January 1, 2013*</u>	<u>On or after January 1, 2013</u>
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	9.671%	10.730%
Required employer contribution rates	74.740%	74.740%

* Closed to new entrants

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2025, the following employees were covered by the benefit terms of the Plans:

Description	Number of Members	
	Miscellaneous Plan	Safety Plan
Active members	309	169
Transferred members	409	82
Terminated members	272	70
Retired members and beneficiaries	709	444
Total	1,699	765

Contribution Description

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 employer 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 employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Miscellaneous Plan contributions for the year equaled \$9,160,471 and Safety Plan contributions for the year equaled \$22,690,177.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023, valuation was rolled forward to determine the June 30, 2024, total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and services
Mortality rate table	Derived using CalPERS’ membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return ^{1, 2}
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2022 Asset Liability Management study

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL for the plan for the measurement period ending June 30, 2024 is 2.0 years, which was obtained by dividing the total service years of 3,388 (the sum of remaining service lifetimes of the active employees) by 1,699 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

Changes in the Net Pension Liabilities

Changes in the City's net pension liabilities for the year ended June 30, 2025, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
<u>Miscellaneous Plan:</u>			
Balance at: 6/30/2024 (Measurement Date of 6/30/2023)	\$ 332,847,317	\$ 248,024,128	\$ 84,823,189
Changes recognized for the Measurement Period:			
Service Cost	3,663,598	-	3,663,598
Interest on the Total Pension Liability	22,599,587	-	22,599,587
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	3,114,081	-	3,114,081
Contribution from the Employer	-	7,986,461	(7,986,461)
Contributions from Employees	-	2,099,362	(2,099,362)
Net Investment Income	-	23,443,100	(23,443,100)
Benefit Payments including Refunds of Employee Contributions	(20,525,918)	(20,525,918)	-
Administrative Expense	-	(201,818)	201,818
Net changes during 2023-2024	8,851,348	12,801,187	(3,949,839)
Balance at: 6/30/2025 (Measurement Date of 6/30/2024)	341,698,665	260,825,315	80,873,350
<u>Safety Plan:</u>			
Balance at: 6/30/2024 (Measurement Date of 6/30/2023)	583,214,538	364,837,458	218,377,080
Changes recognized for the Measurement Period:			
Service Cost	6,989,703	-	6,989,703
Interest on the Total Pension Liability	39,566,729	-	39,566,729
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	3,814,797	-	3,814,797
Contribution from the Employer	-	20,000,007	(20,000,007)
Contributions from Employees	-	3,034,334	(3,034,334)
Net Investment Income	-	34,779,796	(34,779,796)
Benefit Payments including Refunds of Employee Contributions	(34,186,659)	(34,186,659)	-
Administrative expense	-	(296,869)	296,869
Net changes during 2023-2024	16,184,570	23,330,609	(7,146,039)
Balance at: 6/30/2025 (Measurement Date of 6/30/2024)	599,399,108	388,168,067	211,231,041
Total Plans:	\$ 941,097,773	\$ 648,993,382	\$ 292,104,391

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following presents the net pension liabilities calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Miscellaneous Plan	\$ 123,615,486	\$ 80,873,350	\$ 45,641,279
Safety Plan	290,853,043	211,231,041	146,110,858
Total	\$ 414,468,529	\$ 292,104,391	\$ 191,752,137

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

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

For the year ended June 30, 2025, the City recognized pension expense of \$10,795,173 for the Miscellaneous Plan, and \$28,200,278 for the Safety Plan for a combined total pension expense recognized during the year of \$38,995,451. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plan:</u>		
Contributions Subsequent to the Measurement Date	\$ 9,160,471	\$ -
Changes of Assumptions	1,557,040	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,001,093	-
Subtotal - Miscellaneous Plan	14,718,604	-
<u>Safety Plan:</u>		
Contributions Subsequent to the Measurement Date	22,690,177	-
Changes of Assumptions	3,175,818	-
Differences Between Expected and Actual Experience	5,828,996	(506,294)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,715,902	-
Subtotal - Safety Plan	37,410,893	(506,294)
Total - Both Plans	\$ 52,129,497	\$ (506,294)

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

The \$9,160,471 and \$22,690,177 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, 2026. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Miscellaneous	Safety	Total
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,230,099	\$ 5,478,281	\$ 6,708,380
2027	6,718,034	12,084,717	18,802,751
2028	(1,045,284)	(1,341,055)	(2,386,339)
2029	(1,344,716)	(2,007,521)	(3,352,237)
Total	<u>\$ 5,558,133</u>	<u>\$ 14,214,422</u>	<u>\$ 19,772,555</u>

NOTE 8: 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, 2025, the City's payroll covered by the plan was \$1,038,160. The City made employer contributions of \$38,931 (3.75% of current covered payroll), and employees contributed \$38,931 (3.75% of current covered payroll). These amounts are now held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 9: POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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

NOTE 9: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

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

Employees Covered

As of the June 30, 2024, actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active	537
Inactive employees or beneficiaries currently receiving benefits	156
Inactive employees entitled to, but not yet receiving benefits	<u>97</u>
Total	<u><u>790</u></u>

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council and/or the employee associations. The required contribution is based on projected pay-as-you-go premiums. The City pays 100 percent of the amount provided to active employees (single party) of the premium for the retirees employed by the City for 20 years and 25 percent for Management employees employed by the City more than five years but less than 10 years. The City's obligation under the resolution will be discontinued at the earlier of the retiree reaching the age of 65 or receipt of health insurance coverage from another employer. For the measurement date ended June 30, 2024, the City recognized contributions, including the implicit subsidy, in the amount of \$1,832,297 as a reduction to the net OPEB liability.

NOTE 9: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Net OPEB Liability

The City's net OPEB liability was based on an actuarial valuation as of June 30, 2024. This is the date as of which the actuarial valuation was performed. The City's measurement date was as of June 30, 2024, and to develop the net OPEB liability at the beginning of the measurement period on July 1, 2023, the results of the June 30, 2024, 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	4.09%
Long-term expected investment return	6.60%
Inflation Rate	2.30%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police, and Fire members published in the 2021 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 80% of Scale MP-2020.
Healthcare Cost-trade Rate	Based on Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trend Model v2024_1b" using baseline assumption. Trend is followed by 6.80% in 2024 decreasing gradually to an ultimate rate of 4.04% by 2075.

Discount Rate

The discount rate used to measure the net OPEB liability was 4.09 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.

NOTE 9: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the Net OPEB Liability

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

<u>Miscellaneous Plan</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (c) = (a) - (b)</u>
Balance at June 30, 2024 (measured 6/30/2023)	\$26,176,682	\$ 70,253	\$26,106,429
Changes Recognized from the Measurement Period			
Service Cost	921,095	-	921,095
Interest	1,010,610	-	1,010,610
Difference between Expected and Actual Experience	3,062,420	-	3,062,420
Changes of Assumptions	(3,385,891)	-	(3,385,891)
Difference between Projected and Actual Earnings on Investments	-	6,281	(6,281)
Projected Earnings on OPEB Plan Investments	-	4,552	(4,552)
Contribution - Employer	-	(1,832,297)	1,832,297
Benefit Payments	(1,832,297)	1,832,297	(3,664,594)
Administrative Expense	-	(424)	424
Net Changes	<u>(224,063)</u>	<u>10,409</u>	<u>(213,654)</u>
Balance at June 30, 2025 (measured 6/30/2024)	<u>\$25,952,619</u>	<u>\$ 80,662</u>	<u>\$25,871,957</u>

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, 2024:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Net OPEB Liability	\$28,233,478	\$25,871,957	\$23,774,372

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, 2024:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$24,336,173	\$25,871,957	\$27,694,343

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 9: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

For the fiscal year ended June 30, 2025, the City recognized net OPEB expense of \$166,512. As of fiscal year ended June 30, 2025, 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	\$1,837,862	\$ -
Difference between projected actual experience	-	(3,632)
Difference between expected and actual earnings on investments	2,824,929	(3,988,685)
Change in Assumptions	3,057,713	(8,408,062)
Total	<u>\$7,720,504</u>	<u>\$ (12,400,379)</u>

The \$1,837,862 was reported as deferred outflows of resources related to contributions made subsequent to the measurement date for the net OPEB liability but before the end of the City’s reporting period and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

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

Year ended June 30:	Deferred (Inflows) of Resources
2026	\$ (1,485,179)
2027	(1,026,737)
2028	(1,107,489)
2029	(1,074,894)
2030	(808,319)
Thereafter	(1,015,119)
Total	<u>\$ (6,517,737)</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 10: COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, there are certain personal injury lawsuits, which have been denied by the City Council. The outcome and eventual liability to the City, if any, in these cases are not known at this time. After reviewing these lawsuits with legal counsel, management estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

The City is party to certain ongoing litigation, which would not be covered by the City’s insurance and payable out of the Airport enterprise fund should an unfavorable outcome occur. As of this time, the outcome and likely liability to the City is not known.

The following material construction commitments existed at June 30, 2025:

Project Name	Contract Amount	Expenditures to date as of June 30, 2025	Remaining Commitments
Cannon-Sheppard Area Water Main Replacement	\$ 1,968,518	\$ 1,821,505	\$ 147,013
Euclid and Rosecrans Water Main Rehabilitation	2,260,345	1,843,625	416,720
PFAS Management	715,648	254,173	461,475
S Raymond Cul-de-sacs Infrastructure Improvements	1,453,238	294,450	1,158,788
Sunny Hills-Twilight Area Water Main Replacement	3,668,775	3,491,610	177,165
Water System SCADA Upgrade	405,598	186,358	219,240
Water Well Replacement Program	3,537,290	741,630	2,795,660
Malvern - Euclid Sewer Improvement	172,929	14,653	158,276
Phone System Replacement Project	506,250	298,794	207,456
City Wide Tree Removals	837,514	316,701	520,813
Euclid St Sidewalk Gap Closure	327,763	33,500	294,263
Fullerton Community Center Generator	531,946	377,849	154,097
Harbor Signal Synchronization	1,057,065	480,328	576,737
Las Palmas Area Street Rehabilitation	2,429,291	2,105,388	323,903
Nutwood Avenue Bicycle & Pedestrian Mobility Enhancement Project	1,249,643	217,646	1,031,997
Orangethorpe Signal Synchronization Program	2,234,379	2,071,028	163,351
Traffic Signal at Euclid and Rosecrans	516,888	83,420	433,468
Union Pacific Trail - Phase II	1,862,483	619,545	1,242,938
	\$ 25,735,562	\$ 15,252,202	\$ 10,483,360

NOTE 11: 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). For Fiscal Year 2024-25, the City's Self-Insured Retention (SIR) is \$4M. The City purchased two separate excess liability coverage; \$1M excess of \$4M and \$3M excess of \$5M. The City attached at \$8M with ICRMA; \$35M losses above \$35M are 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 the administration of the Workers' Compensation and Liability programs.

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, 2025, is \$36,717,000 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, 2025.

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:

	<u>Public Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Unpaid claims, June 30, 2023	\$ 15,641,000	\$ 15,902,000	\$ 31,543,000
Incurred claims (including IBNRs)	-	2,483,125	2,483,125
Claim payments	<u>(1,407,000)</u>	<u>(1,999,125)</u>	<u>(3,406,125)</u>
Unpaid claims, June 30, 2024	14,234,000	16,386,000	30,620,000
Incurred claims (including IBNRs)	11,086,441	4,240,551	15,326,992
Claim payments	<u>(6,101,441)</u>	<u>(3,128,551)</u>	<u>(9,229,992)</u>
Unpaid claims, June 30, 2025	<u>\$ 19,219,000</u>	<u>\$ 17,498,000</u>	<u>\$ 36,717,000</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 12: LEASES

A lessee is required to recognize a lease liability and lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

A. Leases Receivable and Deferred Inflows of Resources

The City leases land and buildings to various companies. The terms by lease type are listed in the table below. Some leases have extension options of ranging from five to 20 years. As of June 30, 2025, the value of the lease receivable is \$18,480,910. The value of the deferred inflow of resources as of June 30, 2025 was \$17,003,665, and the amortization of the deferred inflow during the year totaled \$2,132,274.

	Term Range			Lease Receivable as of Commencement Date	Lease Receivable as of June 30, 2025
Land - Cell Towers	2.08	to	20.76	\$ 6,311,444	\$ 7,108,644
Buildings	3.17	to	16.25	3,869,489	93,115
Golf Course	20.26	to	20.26	273,545	231,242
Airport Hangar Rent	6.50	to	29.02	10,745,031	11,047,909
				<u>\$ 21,199,509</u>	<u>\$ 18,480,910</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 12: LEASES (CONTINUED)

The principal and interest payments that are expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 527,829	\$ 229,515	\$ 757,344
2027	501,468	213,615	715,083
2028	508,222	198,491	706,713
2029	501,400	182,334	683,734
2030	425,461	167,976	593,437
2031 - 2035	1,774,228	657,101	2,431,329
2036 - 2040	1,817,671	372,105	2,189,776
2041 - 2045	747,677	120,337	868,014
2046 - 2050	178,893	55,162	234,055
2051 - 2055	189,670	17,081	206,751
Total	\$ 7,172,519	\$ 2,213,717	\$ 9,386,236

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 553,372	\$ 300,173	\$ 853,545
2027	563,611	285,482	849,093
2028	565,549	271,138	836,687
2029	546,842	255,935	802,777
2030	552,183	241,863	794,046
2031 - 2035	3,238,503	969,494	4,207,997
2036 - 2040	3,167,610	532,663	3,700,273
2041 - 2045	1,290,539	219,055	1,509,594
2046 - 2050	830,182	66,497	896,679
Total	\$ 11,308,391	\$ 3,142,300	\$ 14,450,691

B. Leases Payable and Lease Assets

The City entered into various interest-bearing lease agreements to obtain equipment and vehicles for use by various City departments. The leases have payments that range from \$2,979 to \$174,874 and interest rates that range from 0.3069% to 8.85%. As of June 30, 2025, the total combined value of the lease liability is \$1,917,544, the total combined value of the short-term lease liability is \$393,774.

Fiscal Year	Principal Payments	Interest Payments	Total
2026	\$ 393,774	\$ 46,440	\$ 440,214
2027	334,180	37,723	371,903
2028	216,956	29,165	246,121
2029	160,292	24,211	184,503
2030	154,524	20,350	174,874
2031-2035	657,818	41,681	699,499
Total	\$ 1,917,544	\$ 199,570	\$ 2,117,114

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 12: LEASES (CONTINUED)

The value of the right to use assets as of June 30, 2025 was \$2,937,390 with total accumulated amortization of \$913,368.

Governmental Activities		
Asset Class	Lease Asset Value	Accumulated Amortization
Computer Equipment	\$ 745,234	\$ 547,045
Vehicle	457,194	189,961
Equipment	1,734,962	176,362
Total machinery and equipment - lease assets	<u>\$ 2,937,390</u>	<u>\$ 913,368</u>

NOTE 13: SUBSCRIPTIONS PAYABLE

The City has entered into various subscription agreements. As of June 30, 2025, the total value of the subscription liabilities was \$9,018,070. The subscriptions have varying interest rates ranging from 2.184% and 3.331%. The value of the right to use assets as of June 30, 2025 was \$12,704,594, with total accumulated amortization of \$2,305,451.

Governmental Activities		
Asset Class	Subscription Asset Value	Accumulated Amortization
Software	\$ 12,394,407	\$ 2,259,790
Total subscription assets	<u>\$ 12,394,407</u>	<u>\$ 2,259,790</u>

Business-type Activities		
Asset Class	Subscription Asset Value	Accumulated Amortization
Software	\$ 310,187	\$ 45,661
Total subscription assets	<u>\$ 310,187</u>	<u>\$ 45,661</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 13: SUBSCRIPTIONS PAYABLE (CONTINUED)

The principal and interest payments that are expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,335,562	\$ 247,420	\$ 1,582,982
2027	1,252,445	209,930	1,462,375
2028	1,079,039	174,710	1,253,749
2029	1,082,929	144,641	1,227,570
2030	1,053,064	114,409	1,167,473
2031-2035	2,974,791	170,453	3,145,244
2036	11,183	335	11,518
Total	\$ 8,789,013	\$ 1,061,898	\$ 9,850,911

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 36,210	\$ 7,145	\$ 43,355
2027	37,327	6,027	43,354
2028	34,480	4,875	39,355
2029	28,073	3,781	31,854
2030	28,952	2,903	31,855
2031-2035	64,015	3,159	67,174
Total	\$ 229,057	\$ 27,890	\$ 256,947

NOTE 14: LONG-TERM LIABILITIES

The table below summarizes the City's outstanding bond issuances, direct borrowing, and direct placement debts for both governmental and business-type activities:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Governmental Activities:				
Judgment Obligation Bonds:				
Taxable Judgment Obligation Refunding Bonds, Series 2021	\$ 5,010,000	0.359% - 2.702%	April 1, 2033	\$ 3,905,000
Total Judgment Obligation Bonds				<u>3,905,000</u>
Total Governmental Activities				<u>\$ 3,905,000</u>
Business-Type Activities:				
Revenue Bonds:				
2010 Lease Revenue Bonds, Series A	\$ 2,705,000	6.500% - 7.750%	May 1, 2031	\$ 1,045,000
2014 Water Revenue Refunding Bonds	6,810,000	3.000% - 5.000%	September 1, 2033	3,410,000
Total Revenue Bonds				<u>4,455,000</u>
Total Business-Type Activities				<u>\$ 4,455,000</u>

NOTE 14: LONG-TERM LIABILITIES (CONTINUED)

A. Judgment Obligation Bonds

Taxable Judgment Obligation Refunding Bonds, Series 2021 (Debt Serviced by the Liability Insurance Fund)

On March 9, 2021, the City issued the Taxable Judgment Obligation Refunding Bonds in the amount of \$5,010,000. The Bonds are being issued to (a) refund, on an advance basis, the City's 2013 Taxable Judgment Obligation Bonds that matured on April 1, 2024, and (b) pay the costs of issuance of the Bonds. Interest and principal payments are due semiannually and annually, respectively, under the terms of the bond agreement.

B. Revenue Bonds

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

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

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

On February 26, 2014, the City issued the 2014 Water Revenue Refunding Bonds in the amount of \$6,810,000. The bonds were issued by the City, together with other available funds of the City, to 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. Interest and principal payments are due semiannually and annually, respectively, under the terms of the bond agreement.

C. Advance Refunding

The City issued \$5,010,000 of judgment obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$4,370,000 of the 2013 Taxable Judgment Obligation Bonds. As a result, the refunded bonds are considered to be partially defeased and the portion of the defeased liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$477,273. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$542,063 and resulted in an economic gain of \$465,024.

NOTE 14: LONG-TERM LIABILITIES (CONTINUED)

D. Event of Default, Acceleration Clauses, and Termination Events

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.

E. Loans Payable

In July 2016, the City entered into a financed purchase agreement with Motorola Solutions, Inc., for the acquisition of 800 MHz Radio Equipment at a cost of \$2,472,439. The interest rate on the loan is 0.0% for the first two years and 2.81% for the remainder of the loan. The term of the loan is ten years. Payments are due annually under the terms of the financing agreement. At June 30, 2025, the outstanding balance was \$587,397.

In September 2017, the City entered into a tax-exempt financed 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 interest rate on the loan is 2.56%. The term of the loan is seven years. Payments are due annually under the terms of the financing agreement. As of June 30, 2025, this loan was fully paid off.

In December 2021, the City entered into a financed purchase agreement with Banc of America Public Capital Corp. for the acquisition of various equipment and fixtures including lighting system upgrades, solar system installation, HVAC replacements, electric vehicle charging stations, and various other energy efficient equipment, at a cost of up to \$8,894,000. The interest rate on the loan is 1.84%. The term of the loan is eighteen years. Payments are due semi-annually under the terms of the financing agreement. At June 30, 2025, the outstanding balance was \$7,643,351.

In January 2023, the City entered into an agreement with Goodman Logistics Center Fullerton, LLC., for use of an easement at a cost of \$406,611. The interest rate on the loan is 0.0%. The term of the agreement is five years. Payments are due annually under the terms of the agreement. At June 30, 2025, the outstanding balance was \$81,322.

In April 2024, the City entered into an agreement with the Department of Transportation for the Building Renovation and Expansion Project at the Fullerton Airport. The interest rate on the loan is 3.29%. The term of the agreement is seventeen years. Payments are due annually under the terms of the agreement. At June 30, 2025, the outstanding balance was \$1,241,707.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 14: LONG-TERM LIABILITIES (CONTINUED)

The debt service requirements for the City's loans/financed purchases are as follows:

June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 736,742	\$ 153,030	\$ 141,532	\$ 40,841	\$ 878,274	\$ 193,871
2027	753,108	136,589	62,190	38,861	815,298	175,450
2028	463,718	119,766	64,236	36,815	527,954	156,581
2029	472,250	111,155	66,349	34,702	538,599	145,857
2030	480,940	102,386	68,531	32,520	549,471	134,906
2031-2035	2,540,740	374,637	377,985	127,270	2,918,725	501,907
2036-2040	2,783,250	129,898	444,373	60,883	3,227,623	190,781
2041	-	-	97,833	3,218	97,833	3,218
	<u>\$ 8,230,748</u>	<u>\$ 1,127,461</u>	<u>\$ 1,323,029</u>	<u>\$ 375,110</u>	<u>\$ 9,553,777</u>	<u>\$ 1,502,571</u>

F. Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended June 30, 2025, are as follows:

	Balance Beginning of Year, as restated	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Bonds Payable:					
Judgment obligation bonds	\$ 4,355,000	\$ -	\$ 450,000	\$ 3,905,000	\$ 455,000
Total Bonds Payable	4,355,000	-	450,000	3,905,000	455,000
Financed purchases	9,166,977	-	936,229	8,230,748	736,742
Subscription liability	5,007,126	6,104,085	2,322,198	8,789,013	1,335,562
Lease liability	561,356	1,929,572	573,384	1,917,544	393,774
Compensated absences	6,484,049	136,840 *	-	6,620,889	-
Claims	30,620,000	15,326,992	9,229,992	36,717,000	6,095,000
Total Governmental Activities	<u>\$ 56,194,508</u>	<u>\$ 23,497,489</u>	<u>\$ 13,511,803</u>	<u>\$ 66,180,194</u>	<u>\$ 9,016,078</u>
Business-Type Activities:					
Bonds payable:					
Revenue bonds	\$ 4,900,000	\$ -	\$ 445,000	\$ 4,455,000	\$ 465,000
Premium	373,277	-	38,615	334,662	-
Discount	(16,140)	-	(2,483)	(13,657)	-
Total bonds payable	5,257,137	-	481,132	4,776,005	465,000
Loans payable	1,462,644	-	139,615	1,323,029	141,532
Subscription liability	11,454	249,722	32,119	229,057	43,008
Compensated absences	723,367	-	12,923 *	710,444	683,629
Claims	2,200,000	-	-	2,200,000	2,200,000
Total Business-Type Activities	<u>\$ 9,654,602</u>	<u>\$ 249,722</u>	<u>\$ 665,789</u>	<u>\$ 9,238,535</u>	<u>\$ 3,533,169</u>

*Compensated absences are shown as a net change in accordance with GASB 101, Compensated Absences.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 14: LONG-TERM LIABILITIES (CONTINUED)

For claims, the Liability Insurance Fund normally liquidates approximately 40%, and the Workers' Compensation Fund normally liquidates approximately 55%; the remaining 5% is liquidated by the General Fund. The General Fund normally liquidates 65% of the Miscellaneous Plan net pension liability, while the Water Fund liquidates 15%. The remaining Miscellaneous Plan net pension liability is liquidated among the various other enterprise and internal service funds. The net pension liability for the Safety Plan is wholly liquidated by the General Fund. For net OPEB, the General Fund normally liquidates 80%, and the Water Fund liquidates 10%. The remaining 10% is liquidated among the various other enterprise and internal service funds.

The debt service requirements for the City's bonds are as follows:

June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 455,000	\$ 86,969	\$ 465,000	\$ 243,738	\$ 920,000	\$ 330,707
2027	460,000	80,526	490,000	215,850	950,000	296,376
2028	470,000	72,140	510,000	186,437	980,000	258,577
2029	480,000	62,632	530,000	155,888	1,010,000	218,520
2030	490,000	51,726	560,000	124,075	1,050,000	175,801
2031-2034	1,550,000	82,145	1,900,000	190,987	3,450,000	273,132
	<u>\$ 3,905,000</u>	<u>\$ 436,138</u>	<u>\$ 4,455,000</u>	<u>\$ 1,116,975</u>	<u>\$ 8,360,000</u>	<u>\$ 1,553,113</u>

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 15: FUND BALANCE CLASSIFICATIONS

The fund balances of the City's governmental funds as of June 30, 2025, are presented below:

Classification	General Fund	Grants Administration	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid costs	\$ 185,831	\$ 1,600	\$ -	\$ -	\$ 187,431
Subtotal - nonspendable	185,831	1,600	-	-	187,431
Restricted:					
Community development	-	-	-	3,069,393	3,069,393
Public safety	-	-	-	1,894,191	1,894,191
Parks and recreation	-	-	-	6,159,846	6,159,846
Public works	-	-	-	23,033,475	23,033,475
Capital projects	-	-	-	619,878	619,878
Debt service	-	-	-	205,907	205,907
Refuse collection	-	-	-	1,449,631	1,449,631
Housing	-	-	-	12,441,090	12,441,090
Opioid settlement	-	-	-	872,268	872,268
Library	617,926	-	-	-	617,926
Pension stabilization	703,277	-	-	-	703,277
General plan updates	1,855,329	-	-	-	1,855,329
Donations	401,623	-	-	433,972	835,595
Subtotal - restricted	3,578,155	-	-	50,179,651	53,757,806
Committed:					
Capital projects	3,726,151	-	-	-	3,726,151
Downtown parking	802,289	-	-	-	802,289
Subtotal - committed	4,528,440	-	-	-	4,528,440
Assigned:					
Contingency reserve	19,827,681	-	-	-	19,827,681
Street projects	1,415,548	-	-	-	1,415,548
Building permits	126,533	-	-	-	126,533
Subsequent year Police Department Retention	379,570	-	-	-	379,570
Subtotal - assigned	21,749,332	-	-	-	21,749,332
Unassigned	-	(402,524)	(9,667,378)	(5,231,134)	(15,301,036)
Total Fund Balance	\$ 30,041,758	\$ (400,924)	\$ (9,667,378)	\$ 44,948,517	\$ 64,921,973

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 16: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2025, is as follows:

A. Transfers to and From Other Funds

Transfers In	Transfers Out					Total
	General Fund	Grants Administration	Other Governmental Funds	Water Utility	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 1,017,328	\$ -	\$ -	\$ 1,017,328
Capital Projects	3,875,920	350,000	13,722,087	-	549,572	18,497,579
Water Utility	-	-	1,554,426	-	-	1,554,426
Internal Service Funds	1,676,938	-	46,695	38,000	-	1,761,633
Total	\$ 5,552,858	\$ 350,000	\$ 16,340,536	\$ 38,000	\$ 549,572	\$ 22,830,966

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. The General Fund also transferred funds to Internal Service Funds for subsidy transfers.

B. Due To/From Other Funds

Amounts due to and due from other funds at June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
		\$	
General Fund	Capital Projects	6,847,131	Overdrawn Cash
General Fund	Other Governmental Funds	2,937,484	Overdrawn Cash
General Fund	Other Enterprise Funds	616,825	Overdrawn Cash
General Fund	Internal Service Funds	2,233,525	Overdrawn Cash
		\$	
	Total	12,634,965	

NOTE 17: 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.

NOTE 17: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT (CONTINUED)

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 custodial 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, 2025, non-committal debt amounts issued and outstanding are as follows:

Non-committal Debt Issues:	Amount of Issue	Outstanding June 30, 2025
CFD No. 1 2021 Special Tax Refunding Bonds	\$12,565,000	\$ 9,370,000
CFD No. 2 2024 Special Tax Refunding Bonds	5,840,000	5,840,000
Total Non-committal Debt Issues:	\$18,405,000	\$ 15,210,000

NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

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

After the 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.

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

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	\$ 3,867,186
Cash and investments with fiscal agent	<u>37</u>
	<u>\$ 3,867,223</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, 2025, is \$5,426,861.

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. The outstanding balance at June 30, 2025 is \$864,028.

**NOTE 18: 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 outstanding balance at June 30, 2025, is \$816,483.

School Expansion Loans:

The Fullerton School District (Maple) was issued a 25-year loan for \$440,442 for the purpose of assisting in the expansion cost of the school. This loan is a noninterest bearing loan. As of June 30, 2025, this loan was fully paid off.

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 in the construction of certain properties. These loans are non-interest-bearing loans. 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, 2025, is \$23,750.

Fullerton Interfaith Housing Services (dba Pathways of Hope):

On May 20, 2013, the Successor Agency agreed to loan \$630,000 from the \$28.9M 2010 Tax Allocation Housing Bonds for assistance in the development of eight (8) very-low-income units located at 504 West Amerige Avenue and 117 North Richman Avenue. According to the Promissory Note the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City and Fullerton Interfaith Emergency Services, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$630,000 with accrued interest of \$214,998, totaling \$844,998 at June 30, 2025.

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 \$2,859,798 totaling \$11,831,799 at June 30, 2025.

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

Fullerton Family Housing Partners, LP:

On October 13, 2016, the Successor Agency agreed to loan \$7,200,000 for the acquisition of real property located at 336 East Santa Fe Avenue and the construction of affordable apartment units. According to the Promissory Note the Term of the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City and 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 \$1,480,215 totaling \$8,680,215 at June 30, 2025.

Richman Park Housing Partners LP (Jamboree):

On October 31, 2016, the Successor Agency agreed to loan \$4,402,564 for the acquisition of real property located at multiple addresses and the construction of affordable apartment units. According to the Promissory Note the Term of the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City and Richman Park Housing Partners LP, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$4,402,564 with accrued interest of \$883,156 totaling \$5,285,719 at June 30, 2025.

Fullerton Supportive Housing, LP:

On November 28, 2016, the Successor Agency agreed to loan \$3,000,001 for the acquisition of real property located at 1220 East Orangethorpe Avenue and the construction of affordable apartment units. According to the Promissory Note the Term the loan matures over 55 years at a simple interest rate of 3% annually. If the borrower does not default per the Affordable Housing Agreement by and between the City and Fullerton Supportive Housing, LP, then upon the expiration of the 55-year term the loan and all interest accrued shall be forgiven and the Note shall automatically be cancelled. The outstanding principal balance is \$3,000,001 with accrued interest of \$705,496, totaling \$3,705,497 at June 30, 2025.

Affordable Housing Apartment Loans:

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. The loan is payable by the apartment buyers. 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 the borrower. The outstanding balance is \$872,000 at June 30, 2025.

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

1600 Commonwealth LP (Low & Moderate Housing Loan)

On May 31, 2024, the Successor Agency agreed to loan \$717,738 for the 1650 W Commonwealth Ave & 203 S Basque Ave construction project. The loan matures in 55 years from the date of recordation of the Certificate of Occupancy (COO) for the project and carries a simple interest rate of 3%. Once the City Land Loan is paid in full, the City's LMIHAF will receive 50% of the residual receipts. At the end of the term, the outstanding balance will be due and payable. The loan is secured with a third trust deed and includes affordability restrictions associated with the Taxable Housing Bonds for 55 years from the COO. As of June 30, 2025, the outstanding balance of the loan is \$717,738.

1600 Commonwealth LP (City Land Loan)

On May 31, 2024, the City agreed to loan \$10,700,000 for the 1650 W Commonwealth Ave and 203 S Basque Ave construction project. The loan matures in 55 years from the date of recordation of the Certificate of Occupancy (COO) for the project and carries a simple interest rate of 3%. Annual payments of 50% of the residual receipts will be required. At the end of the term, the outstanding balance will be due and payable. The loan is secured with a third trust deed and includes 55-year affordability restrictions associated with the City Land Loan. As of June 30, 2025, the outstanding balance of the loan is \$10,700,000.

Total Loans Receivable is \$49,769,088.

C. Long-Term Liabilities

2015 Tax Allocation Refunding Bonds

On January 28, 2015, the former Fullerton Redevelopment Agency issued 2015 Tax Allocation Refunding Bonds in the amount of \$11,975,000. Issuance of the debt was for the purpose of prepaying a financing agreement entered into by the former Fullerton Redevelopment Agency (the "1998 Financing Agreement") and to refund on a current basis certain outstanding bonds issued by the PFA, which bonds are secured by the 1998 Financing Agreement, to purchase municipal bond debt service reserve insurance policy for the bonds, and to provide for the costs of issuing the Bonds. The 2015 Tax Allocation Refunding Bonds are secured by the tax increment revenues. Bond repayment commenced on March 1, 2016, with interest rates ranging from 3.00% to 5.00%. The final maturity date is March 1, 2025. Interest and principal payments are due semiannually and annually, respectively, under terms of the bond agreement. As of June 30, 2025, the bonds were fully paid off.

2020A and 2020B Tax Allocation Refunding Bonds

On August 19, 2020, the former Fullerton Redevelopment Agency issued 2020A and 2020B Tax Allocation Refunding Bonds in the amount of \$33,965,000 and \$10,730,000, respectively. Issuance of the debt was for the purpose of refunding, on a current basis, the 2005 Tax Allocation Revenue Bond and the 2010 Tax Allocation Housing Bond. The 2020A and 2020B Tax Allocation Refunding Bonds are secured by the tax increment revenues. Bond repayment commenced on September 1, 2021, with interest rates ranging from 0.591% to 4.000%. The final maturity date is September 1, 2027. Interest and principal payments are due semiannually and annually, respectively, under the terms of the bond agreement. At June 30, 2025, the outstanding balances of the 2020A and 2020B were \$15,510,000 and \$3,420,000, respectively.

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

Events of Default, Acceleration Clauses, and Termination Events

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.

Pledged Revenues

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 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 increments 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. The total principal and interest remaining on the debt is \$20,012,617 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 \$6,803,908 and the debt service obligation on the bonds was \$9,795,174.

Changes in Long-term Liabilities

Changes in the Successor Agency’s long-term liabilities for the year ended June 30, 2025, are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Bonds Payable:					
2015 Tax Allocation Refunding Bond	\$ 2,210,000	\$ -	\$ 2,210,000	\$ -	\$ -
2020A Tax Allocation Refunding Bond	20,390,000	-	4,880,000	15,510,000	3,175,000
2020B Tax Allocation Refunding Bond	5,270,000	-	1,850,000	3,420,000	1,870,000
Premiums	1,878,359	-	924,119	954,240	-
Total Bonds Payable	\$ 29,748,359	\$ -	\$ 9,864,119	\$ 19,884,240	\$ 5,045,000

All of the above liabilities are liquidated by the Successor Agency private-purpose trust fund. The City paid the next debt service payment on the bonds prior to June 30, 2025, resulting in no amount of principal and only a portion of interest due within one year as of June 30, 2025.

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

The debt service requirements for the City's bonds are as follows:

June 30	Principal	Interest
2026	\$ 5,045,000	\$ 591,783
2027	8,075,000	374,634
2028	5,810,000	116,200
	\$ 18,930,000	\$ 1,082,617

D. Insurance

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 11.

**NOTE 19: JOINT POWERS AGREEMENT – NORTH ORANGE COUNTY CITIES JOINT POWERS
AUTHORITY**

On November 21, 2016, the North Orange County Cities Joint Powers Authority (NOCCJPA) was created by a Joint Exercise of Powers Agreement (the JPA) for the purpose of providing quality municipal services to the cities of Fullerton and Brea and their residents while increasing cost-effectiveness by pooling the cities' resources when it is most efficient. The City of Fullerton and the City of Brea are members of NOCCJPA. Members of the Board of Directors consist of four Directors, two appointed from each member's respective City Council. Annually, the Board adopts a budget and determines the activities for the year. NOCCJPA commenced operations on January 15, 2017. Funding of the JPA's budgeted amounts is derived from grants and other sources, as well as contributions made by the members to carry out purposes and powers of the JPA, consistent with all joint resolutions, the JPA's budget, and any cost-sharing agreements between the members. The assets and activity is reported as a custodial fund in the City financial statements. Separate financial statements for NOCCJPA are not available, however financial information for the NOCCJPA is as follows:

Condensed Statement of Net Position

Assets:

Cash and cash equivalents	\$ 28,641
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Net Position:

Restricted	\$ 28,641
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**Condensed Statement of Revenues,
Expenses, and Changes in Net Position**

Revenues:	\$ -
Expenses	-
Change in Net Position	-
Net Position - Beginning	28,641
Net Position - Ending	\$ 28,641

CITY OF FULLERTON, CALIFORNIA
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 20: PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

A. Correction of an Error in Previously Issued Financial Statements

The prior period adjustment reflects corrections related to the transfer of land held for resale between the General Fund and the Successor Agency of the Former RDA during fiscal years 2020 and 2022. Due to uncertainty regarding property ownership, transfers were initiated and later reversed in those respective years. When the reversal occurred in 2022, the corresponding adjustment to cash and net position was inadvertently omitted. This omission has been corrected in the current fiscal year through a prior period adjustment and is shown in the table on the subsequent page.

B. Change in Accounting Principle

For fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences, to align recognition and measurement under a single unified model to better meet the needs of financial statement users; refer to note 1. The effect of the implementation of the change in accounting principle is shown in the table below.

C. Changes Within the Entity

The American Rescue Plan was previously reported as a major governmental fund during the prior fiscal year. Due to a significant decrease in assets of the fund during the year, it is now being presented as a nonmajor fund, in accordance with GASB Statement No. 34, during the fiscal year ended June 30, 2025. The effects of that change within the financial reporting entity are shown in the table below.

	June 30, 2024 As Previously Reported	Correction of an Error	Changes in Accounting Principle	Changes within the Entity	June 30, 2024 As Restated
Government-wide					
Governmental activities	\$ 409,118,316	\$ (2,900,768)	\$ (3,408,838)	\$ -	\$ 402,808,710
Business-type activities	216,929,453	-	(334,781)	-	216,594,672
Total government-wide	<u>\$ 626,047,769</u>	<u>\$ (2,900,768)</u>	<u>\$ (3,743,619)</u>	<u>\$ -</u>	<u>\$ 619,403,382</u>
Governmental funds					
Major Funds					
General Fund	\$ 38,656,835	\$ (2,900,768)	\$ -	\$ -	\$ 35,756,067
Grants Administration	(1,860,587)	-	-	-	(1,860,587)
American Rescue Plan Act	1,425,827	-	-	(1,425,827)	-
Capital Projects	(8,441,806)	-	-	-	(8,441,806)
Total Nonmajor Funds	37,517,332	-	-	1,425,827	38,943,159
Total governmental funds	<u>\$ 67,297,601</u>	<u>\$ (2,900,768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,396,833</u>
Proprietary funds					
Major Funds					
Airport	\$ 18,667,387	\$ -	\$ (32,270)	\$ -	\$ 18,635,117
Water Utility	131,653,540	-	(184,237)	-	131,469,303
Sewer Enterprise	57,992,338	-	(58,058)	-	57,934,280
Total Nonmajor Funds	1,235,908	-	(60,216)	-	1,175,692
Total proprietary funds	<u>\$ 209,549,173</u>	<u>\$ -</u>	<u>\$ (334,781)</u>	<u>\$ -</u>	<u>\$ 209,214,392</u>

NOTE 21: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through December 23, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 95,548,085	\$ 95,548,085	\$ 98,191,767	\$ 2,643,682
Franchise taxes	4,500,000	4,500,000	5,030,545	530,545
Licenses and permits	2,401,028	2,401,028	4,754,026	2,352,998
Intergovernmental	864,725	864,725	1,632,305	767,580
Charges for services	15,332,571	15,332,571	14,811,236	(521,335)
Investment earnings	4,751,345	4,751,345	6,284,686	1,533,341
Fines and forfeitures	1,809,300	1,809,300	1,733,243	(76,057)
Miscellaneous	2,509,486	2,509,486	4,166,652	1,657,166
Total revenues	127,716,540	127,716,540	136,604,460	8,887,920
EXPENDITURES				
Current:				
General government:				
Council	459,535	459,535	485,083	(25,548)
City Manager	3,281,123	3,281,123	3,220,273	60,850
City Clerk	814,315	814,315	734,638	79,677
Administrative Services Finance	3,632,811	3,632,811	3,397,883	234,928
Human Resources	731,485	731,485	666,363	65,122
Non-departmental	(2,759,011)	(2,759,011)	(580,938)	(2,178,073)
Public safety:				
Fire	34,639,647	34,639,647	36,207,849	(1,568,202)
Police	61,340,950	61,340,950	63,859,930	(2,518,980)
Community development	7,060,213	7,060,213	6,295,241	764,972
Human and leisure:				
Parks and Recreation	7,210,368	7,218,868	6,825,811	393,057
Library	4,744,137	4,744,137	4,647,197	96,940
Public works	11,271,027	11,271,027	11,176,081	94,946
Capital outlay	125,680	125,680	6,130,379	(6,004,699)
Debt service:				
Principal retirement	282,616	282,616	961,008	(678,392)
Interest and fiscal charges	24,423	24,423	24,423	-
Total expenditures	132,859,319	132,867,819	144,051,221	(11,183,402)
Excess (deficiency) of revenues over (under) expenditures	(5,142,779)	(5,151,279)	(7,446,761)	(2,295,482)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,320,164	1,320,164	1,017,328	(302,836)
Transfers out	(5,603,000)	(5,603,000)	(5,552,858)	50,142
Lease financing	-	-	1,574,566	1,574,566
Subscriptions financing	-	-	4,690,150	4,690,150
Proceeds for sale of capital assets	-	-	3,266	3,266
Total other financing sources (uses)	(4,282,836)	(4,282,836)	1,732,452	6,015,288
Net change in fund balances	\$ (9,425,615)	\$ (9,434,115)	(5,714,309)	\$ 3,719,806
Fund balances-beginning			38,656,835	
Restatements - correction of an error			(2,900,768)	
Fund balances-beginning			35,756,067	
Fund balances-ending			\$ 30,041,758	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Grants Administration
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,875,209	\$ 7,004,607	\$ 5,008,015	\$ (1,996,592)
Miscellaneous	-	-	16,192	16,192
Total revenues	<u>3,875,209</u>	<u>7,004,607</u>	<u>5,024,207</u>	<u>(1,980,400)</u>
EXPENDITURES				
Current:				
General government	-	57,265	1,018	56,247
Public safety	1,158,794	3,464,826	1,629,988	1,834,838
Community development	1,964,575	2,066,002	1,370,253	695,749
Human and leisure	215,633	392,220	97,286	294,934
Public works	-	78,810	81,411	(2,601)
Capital outlay	-	407,277	34,588	372,689
Total expenditures	<u>3,339,002</u>	<u>6,466,400</u>	<u>3,214,544</u>	<u>3,251,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>536,207</u>	<u>538,207</u>	<u>1,809,663</u>	<u>1,271,456</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(350,000)	(350,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(350,000)</u>	<u>(350,000)</u>
Net change in fund balances	<u>\$ 536,207</u>	<u>\$ 538,207</u>	<u>1,459,663</u>	<u>\$ 921,456</u>
Fund (deficit)-beginning			(1,860,587)	
Fund (deficit)-ending			<u>\$ (400,924)</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL PENSION LIABILITY					
Service cost	\$ 3,663,598	\$ 3,386,609	\$ 3,627,562	\$ 3,548,169	\$ 3,775,731
Interest on total pension liability	22,599,587	22,005,969	21,493,649	21,513,474	21,144,370
Changes of benefit terms	-	429,739	-	-	-
Changes of assumptions	-	-	8,273,705	-	-
Difference between expected and actual experience	3,114,081	1,245,548	(4,346,059)	(2,050,727)	394,873
Benefit payments, including refunds of employee contributions	<u>(20,525,918)</u>	<u>(19,558,103)</u>	<u>(18,944,042)</u>	<u>(17,885,130)</u>	<u>(17,301,500)</u>
Net change in total pension liability	8,851,348	7,509,762	10,104,815	5,125,786	8,013,474
Total pension liability-beginning	<u>332,847,317</u>	<u>325,337,555</u>	<u>315,232,740</u>	<u>310,106,954</u>	<u>302,093,480</u>
Total pension liability-ending (a)	<u>341,698,665</u>	<u>332,847,317</u>	<u>325,337,555</u>	<u>315,232,740</u>	<u>310,106,954</u>
PLAN FIDUCIARY NET POSITION					
Contributions-employer	7,986,461	8,225,656	7,585,752	7,017,542	6,036,525
Contributions-employee	2,099,362	1,689,621	1,639,319	1,811,572	2,274,075
Net investment income	23,443,100	14,895,695	(20,344,557)	51,372,978	11,301,839
Benefit payments, including refunds of employee contributions	(20,525,918)	(19,558,103)	(18,944,042)	(17,885,130)	(17,301,500)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(201,818)	(178,654)	(170,177)	(230,852)	(322,988)
Other miscellaneous income/(expense)	-	-	-	-	-
Net change in fiduciary net position	12,801,187	5,074,215	(30,233,705)	42,086,110	1,987,951
Plan fiduciary net position-beginning	<u>248,024,128</u>	<u>242,949,913</u>	<u>273,183,618</u>	<u>231,097,508</u>	<u>229,109,557</u>
Plan fiduciary net position-ending (b)	<u>260,825,315</u>	<u>248,024,128</u>	<u>242,949,913</u>	<u>273,183,618</u>	<u>231,097,508</u>
Net pension liability/(asset) (a) - (b)	<u>\$ 80,873,350</u>	<u>\$ 84,823,189</u>	<u>\$ 82,387,642</u>	<u>\$ 42,049,122</u>	<u>\$ 79,009,446</u>
Plan fiduciary net position as a percentage of the total pension liability	76.3%	74.5%	74.7%	86.7%	74.5%
Covered payroll	\$ 21,550,579	\$ 19,862,807	\$ 21,004,994	\$ 22,456,766	\$ 23,791,627
Plan net pension liability/(asset) as a percentage of covered payroll	375.3%	427.0%	392.2%	187.2%	332.1%

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

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30,

2020	2019	2018	2017	2016
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 3,774,798	\$ 4,018,130	\$ 4,028,019	\$ 3,436,150	\$ 3,434,664
20,552,464	19,980,940	19,457,971	19,021,926	18,544,020
-	-	-	-	-
(669,374)	(1,127,539)	15,777,516	(2,713,807)	(4,406,198)
(15,586,850)	(14,842,526)	(13,600,494)	(13,105,760)	(12,931,194)
8,071,038	7,211,244	23,971,450	6,638,509	1,117,569
294,022,442	286,811,198	262,839,748	256,201,239	255,083,670
302,093,480	294,022,442	286,811,198	262,839,748	256,201,239
4,809,655	3,880,635	3,455,877	2,831,939	2,087,882
2,852,167	2,857,654	3,207,458	2,961,557	2,852,024
14,470,021	17,972,220	21,919,922	994,336	4,617,716
(15,586,850)	(14,842,526)	(13,600,494)	(13,105,760)	(12,931,194)
(650)	(518)	-	-	(715)
(158,940)	(333,194)	(294,007)	(125,288)	(231,434)
518	(632,741)	-	-	-
6,385,921	8,901,530	14,688,756	(6,443,216)	(3,605,721)
222,723,636	213,822,106	199,133,350	205,576,566	209,182,287
229,109,557	222,723,636	213,822,106	199,133,350	205,576,566
\$ 72,983,923	\$ 71,298,806	\$ 72,989,092	\$ 63,706,398	\$ 50,624,673
75.8%	75.8%	74.6%	75.8%	80.2%
\$ 23,492,645	\$ 25,445,697	\$ 25,506,709	\$ 24,160,809	\$ 24,121,530
310.7%	280.2%	286.2%	263.7%	209.9%

CITY OF FULLERTON, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Safety Plan
As of June 30, for the Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL PENSION LIABILITY					
Service cost	\$ 6,989,703	\$ 6,837,489	\$ 6,727,723	\$ 6,193,673	\$ 5,929,528
Interest on total pension liability	39,566,729	38,518,042	37,241,475	36,643,567	35,667,102
Changes of benefit terms	-	230,662	-	-	-
Changes of assumptions	-	-	19,054,908	-	-
Difference between expected and actual experience	3,814,797	7,481,421	(3,037,772)	2,697,088	1,835,234
Benefit payments, including refunds of employee contributions	(34,186,659)	(33,909,499)	(32,560,850)	(31,213,796)	(30,324,105)
Net change in total pension liability	16,184,570	19,158,115	27,425,484	14,320,532	13,107,759
Total pension liability-beginning	583,214,538	564,056,423	536,630,939	522,310,407	509,202,648
Total pension liability-ending (a)	599,399,108	583,214,538	564,056,423	536,630,939	522,310,407
PLAN FIDUCIARY NET POSITION					
Contributions-employer	20,000,007	19,372,239	16,849,633	15,515,050	14,081,827
Contributions-employee	3,034,334	2,550,442	3,293,443	3,261,576	3,622,586
Net investment income	34,779,796	21,903,721	(30,042,048)	75,203,654	16,454,572
Benefit payments, including refunds of employee contributions	(34,186,659)	(33,909,499)	(32,560,850)	(31,213,796)	(30,324,105)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(296,869)	(261,184)	(247,861)	(335,102)	(468,167)
Other miscellaneous income/(expense)	-	-	-	-	-
Net change in fiduciary net position	23,330,609	9,655,719	(42,707,683)	62,431,382	3,366,713
Plan fiduciary net position-beginning	364,837,458	355,181,739	397,889,422	335,458,040	332,091,327
Plan fiduciary net position-ending (b)	388,168,067	364,837,458	355,181,739	397,889,422	335,458,040
Net pension liability/(asset) (a) - (b)	\$ 211,231,041	\$ 218,377,080	\$ 208,874,684	\$ 138,741,517	\$ 186,852,367
Plan fiduciary net position as a percentage of the total pension liability	64.8%	62.6%	63.0%	74.1%	64.2%
Covered payroll	\$ 22,635,047	\$ 22,142,128	\$ 21,632,551	\$ 21,947,814	\$ 20,747,123
Plan net pension liability/(asset) as a percentage of covered payroll	933.2%	986.3%	965.6%	632.1%	900.6%

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

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERs took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERs Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

2020	2019	2018	2017	2016
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 6,713,029	\$ 7,276,694	\$ 7,137,610	\$ 6,139,343	\$ 6,159,575
34,715,015	33,741,761	32,652,041	31,849,067	30,783,877
-	-	-	-	-
-	(1,878,673)	27,036,186	-	(7,450,669)
406,378	2,515,633	(1,625,395)	(590,872)	(3,274,488)
<u>(28,787,130)</u>	<u>(26,274,949)</u>	<u>(24,235,721)</u>	<u>(22,872,497)</u>	<u>(21,964,313)</u>
13,047,292	15,380,466	40,964,721	14,525,041	4,253,982
496,155,356	480,774,890	439,810,169	425,285,128	421,031,146
509,202,648	496,155,356	480,774,890	439,810,169	425,285,128
12,127,485	10,730,240	10,074,802	8,358,879	7,227,836
3,161,725	3,605,789	3,864,941	3,747,337	3,711,794
21,203,073	26,311,505	32,030,653	1,497,136	6,738,820
(28,787,130)	(26,274,949)	(24,235,721)	(22,872,497)	(21,964,313)
650	(757)	-	-	-
(231,653)	(485,640)	(428,677)	(182,711)	(341,647)
757	(922,239)	-	-	90
7,474,907	12,963,949	21,305,998	(9,451,856)	(4,627,420)
324,616,420	311,652,471	290,346,473	299,798,329	304,425,749
332,091,327	324,616,420	311,652,471	290,346,473	299,798,329
\$ 177,111,321	\$ 171,538,936	\$ 169,122,419	\$ 149,463,696	\$ 125,486,799
65.2%	65.4%	64.8%	66.0%	70.5%
\$ 22,649,309	\$ 24,764,981	\$ 23,799,967	\$ 22,949,957	\$ 23,105,917
782.0%	692.7%	710.6%	651.3%	543.1%

CITY OF FULLERTON, CALIFORNIA
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years ¹

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL OPEB LIABILITY					
Service cost	\$ 921,095	\$ 1,083,117	\$ 1,908,946	\$ 1,673,868	\$ 1,349,773
Interest on total pension liability	1,010,610	983,060	674,684	784,439	1,049,606
Changes of assumptions	(3,385,891)	(579,160)	(6,552,244)	1,853,345	3,881,547
Difference between expected and actual experience	3,062,420	62,188	(1,560,876)	148,817	(6,727,717)
Benefit payments, including refunds of employee contributions	(1,832,297)	(1,861,165)	(1,692,781)	(1,668,735)	(1,635,980)
Net change in total OPEB liability	(224,063)	(311,960)	(7,222,271)	2,791,734	(2,082,771)
Total OPEB liability-beginning	26,176,682	26,488,642	33,710,913	30,919,179	33,001,950
Total OPEB liability-ending (a)	25,952,619	26,176,682	26,488,642	33,710,913	30,919,179
PLAN FIDUCIARY NET POSITION					
Contributions-employer	1,832,297	1,861,165	1,692,781	1,668,735	1,635,980
Net investment income	10,833	7,198	(10,755)	18,630	(94)
Benefit payments, including refunds of employee contributions	(1,832,297)	(1,861,165)	(1,692,781)	(1,668,735)	(1,635,980)
Administrative expense	(424)	(377)	(433)	(370)	(300)
Net change in fiduciary net position	10,409	6,821	(11,188)	18,260	(394)
Plan fiduciary net position-beginning	70,253	63,432	74,620	56,360	56,754
Plan fiduciary net position-ending (b)	80,662	70,253	63,432	74,620	56,360
Net OPEB liability/(asset) (a) - (b)	\$ 25,871,957	\$ 26,106,429	\$ 26,425,210	\$ 33,636,293	\$ 30,862,819
Plan fiduciary net position as a percentage of the total OPEB liability	0.3%	0.3%	0.2%	0.2%	0.2%
Covered-employee payroll	\$ 44,761,103	\$ 37,167,877	\$ 49,278,492	\$ 55,369,789	\$ 51,823,148
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	57.8%	70.2%	53.6%	60.7%	59.6%

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

Benefit Changes : None

Changes of Assumptions : None

¹ Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only eight years are shown.

2020	2019	2018
<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
\$ 1,287,092	\$ 1,184,811	\$ 1,913,643
1,103,389	1,324,045	1,288,253
1,889,194	-	-
-	(7,029,124)	-
<u>(1,390,063)</u>	<u>(1,338,227)</u>	<u>(1,584,473)</u>
2,889,612	(5,858,495)	1,617,423
<u>30,112,338</u>	<u>35,970,833</u>	<u>34,353,410</u>
33,001,950	30,112,338	35,970,833
1,390,063	1,388,227	-
3,203	3,686	-
(1,390,063)	(1,338,227)	-
(135)	-	-
3,068	53,686	-
53,686	-	-
56,754	53,686	-
\$ 32,945,196	\$ 30,058,652	\$ 35,970,833
0.2%	0.2%	0.0%
\$ 55,541,742	\$ 53,294,857	\$ 51,696,011
59.3%	56.4%	69.6%

CITY OF FULLERTON, CALIFORNIA
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years ¹

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered/ Covered- Employee Payroll	Contribution as a % of Covered/ Covered Employee Payroll
<u>Miscellaneous Agent, Multiple-Employer Pension Plan</u>					
2025	\$ 9,160,471	\$ 9,160,471	\$ -	\$ 27,740,894	33.0%
2024	7,986,451	7,986,451	-	21,550,579	37.1%
2023	6,711,592	8,218,595	(1,507,003)	19,862,807	41.4%
2022	7,585,485	7,585,485	-	21,004,994	36.1%
2021	7,018,243	7,018,243	-	22,456,766	31.3%
2020	6,036,168	6,036,168	-	23,791,627	25.4%
2019	4,809,655	4,809,655	-	23,492,645	20.5%
2018	3,880,635	3,880,635	-	25,445,697	15.3%
2017	3,455,877	3,455,877	-	25,506,709	13.5%
2016	2,831,939	2,831,939	-	24,160,809	11.7%
<u>Safety Agent, Multiple-Employer Pension Plan</u>					
2025	\$ 22,690,177	\$ 22,690,177	\$ -	\$ 29,471,343	77.0%
2024	19,995,561	19,995,561	-	25,835,458	77.4%
2023	15,619,397	18,845,445	(3,226,048)	23,225,598	81.1%
2022	16,849,576	16,849,576	-	21,632,551	77.9%
2021	15,515,569	15,515,569	-	21,947,814	70.7%
2020	14,081,945	14,081,945	-	20,747,123	67.9%
2019	12,127,485	12,127,485	-	22,649,309	53.5%
2018	10,730,240	10,730,240	-	24,764,981	43.3%
2017	10,074,802	10,074,802	-	23,799,967	42.3%
2016	8,358,879	8,358,879	-	22,949,957	36.4%
<u>Single Employer OPEB Plan</u>					
2025	\$ 1,870,131	\$ 1,837,862	\$ 32,269	\$ 46,014,424	4.0%
2024	1,820,569	1,832,299	(11,730)	44,761,103	4.1%
2023	1,771,061	1,810,481	(39,420)	37,167,877	4.9%
2022	2,073,368	1,692,781	380,587	49,278,492	3.4%
2021	2,017,876	1,668,735	349,141	55,369,789	3.0%
2020	2,286,732	1,635,980	650,752	51,823,148	3.2%
2019	2,181,997	1,390,063	791,934	55,541,742	2.5%
2018	1,388,227	1,388,227	-	53,294,857	2.6%

¹ Historical information is required only for measurement for which GASB 68 and GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation for GASB 75, therefore only eight years are shown.

CITY OF FULLERTON, CALIFORNIA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

NOTE 1: BUDGETARY COMPARISON INFORMATION

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

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

A. Budgetary Compliance

The Debt Service Reserve, West Coyote Hills Endowment and Opioid Litigation Settlement special revenue funds did not adopt budgets for the year ended June 30, 2025.

During the year, the City's General Fund and Grants Administration Fund incurred excesses of expenditures over appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General fund:			
General government:			
Council	\$ 459,535	\$ 485,083	\$ 25,548
Public safety:			
Fire	34,639,647	36,207,849	1,568,202
Police	61,340,950	63,859,930	2,518,980
Capital outlay	125,680	6,130,379	6,004,699
Debt service:			
Principal retirement	282,616	961,008	678,392
Grants Administration:			
Public works	78,810	81,411	2,601
Transfers out	-	350,000	350,000

CITY OF FULLERTON, CALIFORNIA
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

NOTE 2: ACTUARIAL ASSUMPTIONS UNDERLYING THE SCHEDULES OF PLAN CONTRIBUTIONS

A. CalPERS Miscellaneous and Safety Pension Plans

The collective total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and services
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

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CITY OF FULLERTON, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

Special Revenue Funds

	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
ASSETS				
Cash and investments	\$ 9,228,661	\$ 4,934,507	\$ -	\$ 6,128,580
Receivables:				
Accounts	766,992	40,386	-	-
Accrued interest	50,571	25,210	-	31,266
Notes and loans	-	-	-	-
Total assets	10,046,224	5,000,103	-	6,159,846
LIABILITIES				
Accounts payable	148,435	-	-	-
Accrued liabilities	34,085	1,645	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	182,520	1,645	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	12,649	4,125	-	-
Total deferred inflows of resources	12,649	4,125	-	-
FUND BALANCES (DEFICITS)				
Restricted	9,851,055	4,994,333	-	6,159,846
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	9,851,055	4,994,333	-	6,159,846
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 10,046,224	\$ 5,000,103	\$ -	\$ 6,159,846

CITY OF FULLERTON, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

(Continued)

Special Revenue Funds

	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
ASSETS				
Cash and investments	\$ 1,890,719	\$ -	\$ 790,554	\$ -
Receivables:				
Accounts	31,447	3,555,771	-	1,128,697
Accrued interest	8,153	-	3,387	-
Notes and loans	-	-	-	-
Total assets	1,930,319	3,555,771	793,941	1,128,697
LIABILITIES				
Accounts payable	6,635	1,315,495	-	258,382
Accrued liabilities	-	9,669	-	71,714
Deposits payable	-	-	-	-
Due to other funds	-	41,194	-	1,889,674
Unearned revenue	-	233,995	-	217,197
Total liabilities	6,635	1,600,353	-	2,436,967
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	29,493	505,787	-	44,335
Total deferred inflows of resources	29,493	505,787	-	44,335
FUND BALANCES (DEFICITS)				
Restricted	1,894,191	1,449,631	793,941	-
Unassigned (deficit)	-	-	-	(1,352,605)
Total fund balances (deficits)	1,894,191	1,449,631	793,941	(1,352,605)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,930,319	\$ 3,555,771	\$ 793,941	\$ 1,128,697

CITY OF FULLERTON, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

Special Revenue Funds

	Measure M2	Housing	FTV Cable - PEG Access Fund	SB2 / PLHA
ASSETS				
Cash and investments	\$ 7,640,380	\$ 681,681	\$ 592,247	\$ -
Receivables:				
Accounts	585,143	-	37,176	-
Accrued interest	40,805	2,920	2,737	-
Notes and loans	-	11,796,853	-	-
Total assets	8,266,328	12,481,454	632,160	-
LIABILITIES				
Accounts payable	78,241	33,947	12,282	2,867,602
Accrued liabilities	-	4,317	-	4,311
Deposits payable	-	2,100	-	-
Due to other funds	-	-	-	1,006,616
Unearned revenue	-	-	-	-
Total liabilities	78,241	40,364	12,282	3,878,529
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted	8,188,087	12,441,090	619,878	-
Unassigned (deficit)	-	-	-	(3,878,529)
Total fund balances (deficits)	8,188,087	12,441,090	619,878	(3,878,529)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 8,266,328	\$ 12,481,454	\$ 632,160	\$ -

CITY OF FULLERTON, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

(Continued)

	Special Revenue Funds			Debt Service Fund
	<i>Formerly Major Fund</i>			
	American Rescue Plan Act	West Coyote Hills Endowment	Opioid Litigation Settlement Fund	Debt Service Reserve
ASSETS				
Cash and investments	\$ 4,228,574	\$ 432,121	\$ 868,548	\$ 205,907
Receivables:				
Accounts	-	-	-	-
Accrued interest	95,384	1,851	3,720	-
Notes and loans	-	-	-	-
Total assets	4,323,958	433,972	872,268	205,907
LIABILITIES				
Accounts payable	-	-	-	-
Accrued liabilities	3,239	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	2,045,267	-	-	-
Total liabilities	2,048,506	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted	2,275,452	433,972	872,268	205,907
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	2,275,452	433,972	872,268	205,907
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 4,323,958	\$ 433,972	\$ 872,268	\$ 205,907

CITY OF FULLERTON, CALIFORNIA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Total Nonmajor Funds
ASSETS	
Cash and investments	\$ 37,622,479
Receivables:	
Accounts	6,145,612
Accrued interest	266,004
Notes and loans	11,796,853
Total assets	<u>55,830,948</u>
LIABILITIES	
Accounts payable	4,721,019
Accrued liabilities	128,980
Deposits payable	2,100
Due to other funds	2,937,484
Unearned revenue	2,496,459
Total liabilities	<u>10,286,042</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	596,389
Total deferred inflows of resources	<u>596,389</u>
FUND BALANCES (DEFICITS)	
Restricted	50,179,651
Unassigned (deficit)	(5,231,134)
Total fund balances (deficits)	<u>44,948,517</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 55,830,948</u>

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CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Special Revenue Funds

	State Gas Tax	Drainage Capital Outlay	Traffic Safety	Park Dwelling
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,950,338	-	-	-
Charges for services	-	695,655	-	5,685,461
Investment earnings (loss)	520,550	274,926	-	190,452
Fines and forfeitures	-	-	275,251	-
Miscellaneous	-	-	-	-
Total revenues	8,470,888	970,581	275,251	5,875,913
EXPENDITURES				
Current:				
General government	622	-	-	122
Public safety	-	-	-	-
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	4,180,070	217,021	-	-
Refuse collection	-	-	-	-
Capital outlay	8,448	-	-	-
Debt service:				
Principial retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	4,189,140	217,021	-	122
Excess (deficiency) of revenues over (under) expenditures	4,281,748	753,560	275,251	5,875,791
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,285,631)	(1,163,787)	(275,251)	(1,324,571)
Lease financing	-	-	-	-
Subscriptions financing	-	-	-	-
Total other financing sources (uses)	(3,285,631)	(1,163,787)	(275,251)	(1,324,571)
Net change in fund balances	996,117	(410,227)	-	4,551,220
Fund balances-beginning	8,854,938	5,404,560	-	1,608,626
Change within reporting entity	-	-	-	-
Fund balances (deficit)-beginning	8,854,938	5,404,560	-	1,608,626
Fund balances (deficit)-ending	\$ 9,851,055	\$ 4,994,333	\$ -	\$ 6,159,846

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

(Continued)

Special Revenue Funds

	Asset Seizure	Refuse Collection	Air Quality Improvement	Sanitation
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,598,213	197,029	186,252	-
Charges for services	-	15,988,733	-	7,034,423
Investment earnings (loss)	56,746	(15,725)	42,172	(62,795)
Fines and forfeitures	-	-	-	-
Miscellaneous	2,029	-	-	-
Total revenues	1,656,988	16,170,037	228,424	6,971,628
EXPENDITURES				
Current:				
General government	-	106	-	118,487
Public safety	366,015	-	-	-
Community development	-	-	4,316	-
Human and leisure	-	-	-	-
Public works	-	-	-	7,893,313
Refuse collection	-	16,407,122	-	-
Capital outlay	102,178	442	-	-
Debt service:				
Principal retirement	13,212	79,509	-	-
Interest and fiscal charges	6,449	-	-	-
Total expenditures	487,854	16,487,179	4,316	8,011,800
Excess (deficiency) of revenues over (under) expenditures	1,169,134	(317,142)	224,108	(1,040,172)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(472,958)	-
Lease financing	91,300	-	-	-
Subscriptions financing	-	293,613	-	-
Total other financing sources (uses)	91,300	293,613	(472,958)	-
Net change in fund balances	1,260,434	(23,529)	(248,850)	(1,040,172)
Fund balances-beginning	633,757	1,473,160	1,042,791	(312,433)
Change within reporting entity	-	-	-	-
Fund balances (deficit)-beginning	633,757	1,473,160	1,042,791	(312,433)
Fund balances (deficit)-ending	\$ 1,894,191	\$ 1,449,631	\$ 793,941	\$ (1,352,605)

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Measure M2	Housing	FTV Cable - PEG Access Fund	SB2 / PLHA
REVENUES				
Taxes	\$ -	\$ -	\$ 141,625	\$ -
Intergovernmental	3,291,728	-	-	-
Charges for services	-	328	-	-
Investment earnings (loss)	419,032	284,635	29,320	(37,971)
Fines and forfeitures	-	-	-	-
Miscellaneous	-	19,106	-	-
Total revenues	3,710,760	304,069	170,945	(37,971)
EXPENDITURES				
Current:				
General government	-	-	57,381	-
Public safety	-	-	307	-
Community development	-	408,772	-	1,718,032
Human and leisure	387,835	-	-	-
Public works	250,182	-	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principial retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	638,017	408,772	57,688	1,718,032
Excess (deficiency) of revenues over (under) expenditures	3,072,743	(104,703)	113,257	(1,756,003)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,944,610)	-	(46,695)	-
Lease financing	-	-	-	-
Subscriptions financing	-	-	-	-
Total other financing sources (uses)	(1,944,610)	-	(46,695)	-
Net change in fund balances	1,128,133	(104,703)	66,562	(1,756,003)
Fund balances-beginning	7,059,954	12,545,793	553,316	(2,122,526)
Change within reporting entity	-	-	-	-
Fund balances (deficit)-beginning	7,059,954	12,545,793	553,316	(2,122,526)
Fund balances (deficit)-ending	\$ 8,188,087	\$ 12,441,090	\$ 619,878	\$ (3,878,529)

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

(Continued)

	Special Revenue Funds			Debt Service Fund
	<i>Formerly Major Fund</i>			
	American Rescue Plan Act	West Coyote Hills Endowment	Opioid Litigation Settlement Fund	Debt Service Reserve
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,187,787	-	674,846	-
Charges for services	-	-	183,750	-
Investment earnings (loss)	849,624	20,636	42,977	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	9,037,411	20,636	901,573	-
EXPENDITURES				
Current:				
General government	360,753	-	185,451	-
Public safety	-	-	-	-
Community development	-	-	-	-
Human and leisure	-	-	-	-
Public works	-	7	-	-
Refuse collection	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principial retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	360,753	7	185,451	-
Excess (deficiency) of revenues over (under) expenditures	8,676,658	20,629	716,122	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,827,033)	-	-	-
Lease financing	-	-	-	-
Subscriptions financing	-	-	-	-
Total other financing sources (uses)	(7,827,033)	-	-	-
Net change in fund balances	849,625	20,629	716,122	-
Fund balances-beginning	-	413,343	156,146	205,907
Change within reporting entity	1,425,827	-	-	-
Fund balances (deficit)-beginning	1,425,827	413,343	156,146	205,907
Fund balances (deficit)-ending	\$ 2,275,452	\$ 433,972	\$ 872,268	\$ 205,907

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Total Nonmajor Funds
REVENUES	
Taxes	\$ 141,625
Intergovernmental	22,086,193
Charges for services	29,588,350
Investment earnings (loss)	2,614,579
Fines and forfeitures	275,251
Miscellaneous	21,135
Total revenues	54,727,133
EXPENDITURES	
Current:	
General government	722,922
Public safety	366,322
Community development	2,131,120
Human and leisure	387,835
Public works	12,540,593
Refuse collection	16,407,122
Capital outlay	111,068
Debt service:	
Principial retirement	92,721
Interest and fiscal charges	6,449
Total expenditures	32,766,152
Excess (deficiency) of revenues over (under) expenditures	21,960,981
OTHER FINANCING SOURCES (USES)	
Transfers out	(16,340,536)
Lease financing	91,300
Subscriptions financing	293,613
Total other financing sources (uses)	(15,955,623)
Net change in fund balances	6,005,358
Fund balances-beginning	37,517,332
Change within reporting entity	1,425,827
Fund balances (deficit)-beginning	38,943,159
Fund balances (deficit)-ending	\$ 44,948,517

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
State Gas Tax
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 7,678,878	\$ 7,678,878	\$ 7,950,338	\$ 271,460
Charges for services	35,000	35,000	-	(35,000)
Investment income	142,836	142,836	520,550	377,714
Total revenues	<u>7,856,714</u>	<u>7,856,714</u>	<u>8,470,888</u>	<u>614,174</u>
EXPENDITURES				
Current:				
General government	439	439	622	(183)
Public works	4,261,058	4,261,058	4,180,070	80,988
Capital outlay	7,000	7,000	8,448	(1,448)
Total expenditures	<u>4,268,497</u>	<u>4,268,497</u>	<u>4,189,140</u>	<u>79,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,588,217</u>	<u>3,588,217</u>	<u>4,281,748</u>	<u>693,531</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(3,285,631)	(3,285,631)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,285,631)</u>	<u>(3,285,631)</u>
Net change in fund balances	<u>\$ 3,588,217</u>	<u>\$ 3,588,217</u>	<u>996,117</u>	<u>\$ (2,592,100)</u>
Fund balances-beginning			<u>8,854,938</u>	
Fund balances-ending			<u>\$ 9,851,055</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Drainage Capital Outlay
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 800,000	\$ 800,000	\$ 695,655	\$ (104,345)
Investment income	93,795	93,795	274,926	181,131
Total revenues	<u>893,795</u>	<u>893,795</u>	<u>970,581</u>	<u>76,786</u>
EXPENDITURES				
Current:				
Public works	303,997	303,997	217,021	86,976
Total expenditures	<u>303,997</u>	<u>303,997</u>	<u>217,021</u>	<u>86,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>589,798</u>	<u>589,798</u>	<u>753,560</u>	<u>163,762</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,163,787)	(1,163,787)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,163,787)</u>	<u>(1,163,787)</u>
Net change in fund balances	<u>\$ 589,798</u>	<u>\$ 589,798</u>	<u>(410,227)</u>	<u>\$ (1,000,025)</u>
Fund balances-beginning			5,404,560	
Fund balances-ending			<u>\$ 4,994,333</u>	

CITY OF FULLERTON, CALIFORNIA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Traffic Safety
 For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Fines and forfeitures	\$ 200,000	\$ 200,000	\$ 275,251	\$ 75,251
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>275,251</u>	<u>75,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,000</u>	<u>200,000</u>	<u>275,251</u>	<u>75,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(275,251)	(275,251)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(275,251)</u>	<u>(275,251)</u>
Net change in fund balances	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>-</u>	<u>\$ (200,000)</u>
Fund balances-beginning			<u>-</u>	
Fund balances-ending			<u>\$ -</u>	

CITY OF FULLERTON, CALIFORNIA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Park Dwelling
 For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 4,315,180	\$ 4,315,180	\$ 5,685,461	\$ 1,370,281
Investment income	94,928	94,928	190,452	95,524
Total revenues	<u>4,410,108</u>	<u>4,410,108</u>	<u>5,875,913</u>	<u>1,465,805</u>
EXPENDITURES				
Current:				
General government	-	-	122	(122)
Total expenditures	<u>-</u>	<u>-</u>	<u>122</u>	<u>(122)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,410,108</u>	<u>4,410,108</u>	<u>5,875,791</u>	<u>1,465,683</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,324,571)	(1,324,571)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,324,571)</u>	<u>(1,324,571)</u>
Net change in fund balances	<u>\$ 4,410,108</u>	<u>\$ 4,410,108</u>	<u>4,551,220</u>	<u>\$ 141,112</u>
Fund balances-beginning			1,608,626	
Fund balances-ending			<u>\$ 6,159,846</u>	

CITY OF FULLERTON, CALIFORNIA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
 Asset Seizure
 For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 515,000	\$ 515,000	\$ 1,598,213	\$ 1,083,213
Investment earnings	10,679	10,679	56,746	46,067
Miscellaneous	-	-	2,029	2,029
Total revenues	525,679	525,679	1,656,988	1,131,309
EXPENDITURES				
Current:				
Public safety	131,899	131,899	366,015	(234,116)
Capital outlay	250,000	250,000	102,178	147,822
Debt service:				
Principal retirement	-	-	13,212	(13,212)
Interest expense	-	-	6,449	(6,449)
Total expenditures	381,899	381,899	487,854	(105,955)
Excess (deficiency) of revenues over (under) expenditures	143,780	143,780	1,169,134	1,025,354
OTHER FINANCING SOURCES (USES)				
Lease financing	-	-	91,300	91,300
Total other financing sources (uses)	-	-	91,300	91,300
Net change in fund balances	\$ 143,780	\$ 143,780	1,260,434	\$ 1,116,654
Fund balances-beginning			633,757	
Fund balances-ending			\$ 1,894,191	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Refuse Collection
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 197,029	\$ 197,029
Charges for services	16,109,686	16,109,686	15,988,733	(120,953)
Investment earnings (loss)	20,000	20,000	(15,725)	(35,725)
Total revenues	<u>16,129,686</u>	<u>16,129,686</u>	<u>16,170,037</u>	<u>40,351</u>
EXPENDITURES				
Current:				
General government	-	-	106	(106)
Refuse collection	16,091,808	16,091,808	16,407,122	(315,314)
Capital outlay	442	442	442	-
Debt service:				
Principal retirement	-	-	79,509	(79,509)
Total expenditures	<u>16,092,250</u>	<u>16,092,250</u>	<u>16,487,179</u>	<u>(394,929)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,436</u>	<u>37,436</u>	<u>(317,142)</u>	<u>(354,578)</u>
OTHER FINANCING SOURCES (USES)				
Subscription financing	-	-	293,613	293,613
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>293,613</u>	<u>293,613</u>
Net change in fund balances	<u>\$ 37,436</u>	<u>\$ 37,436</u>	<u>(23,529)</u>	<u>\$ (60,965)</u>
Fund balances-beginning			<u>1,473,160</u>	
Fund balances-ending			<u>\$ 1,449,631</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Air Quality Improvement
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 181,000	\$ 181,000	\$ 186,252	\$ 5,252
Investment earnings	15,600	15,600	42,172	26,572
Total revenues	<u>196,600</u>	<u>196,600</u>	<u>228,424</u>	<u>31,824</u>
EXPENDITURES				
Current:				
Community development	21,000	21,000	4,316	16,684
Capital outlay	-	-	-	-
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>4,316</u>	<u>16,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>175,600</u>	<u>175,600</u>	<u>224,108</u>	<u>48,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(265,000)	(472,958)	(207,958)
Total other financing sources (uses)	<u>-</u>	<u>(265,000)</u>	<u>(472,958)</u>	<u>(207,958)</u>
Net change in fund balances	<u>\$ 175,600</u>	<u>\$ (89,400)</u>	<u>(248,850)</u>	<u>\$ (159,450)</u>
Fund balances-beginning			1,042,791	
Fund balances-ending			<u>\$ 793,941</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Sanitation
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 7,200,000	\$ 7,200,000	\$ 7,034,423	\$ (165,577)
Investment earnings (loss)	58,136	58,136	(62,795)	(120,931)
Total revenues	<u>7,258,136</u>	<u>7,258,136</u>	<u>6,971,628</u>	<u>(286,508)</u>
EXPENDITURES				
Current:				
General government	55,295	55,295	118,487	(63,192)
Public works	8,649,803	8,649,803	7,893,313	756,490
Capital outlay	6,500	6,500	-	6,500
Total expenditures	<u>8,711,598</u>	<u>8,711,598</u>	<u>8,011,800</u>	<u>699,798</u>
Net change in fund balances	<u>\$ (1,453,462)</u>	<u>\$ (1,453,462)</u>	<u>(1,040,172)</u>	<u>\$ 413,290</u>
Fund (deficit)-beginning			(312,433)	
Fund (deficit)-ending			<u>\$ (1,352,605)</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Measure M2
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 3,766,231	\$ 3,766,231	\$ 3,291,728	\$ (474,503)
Investment earnings	72,925	72,925	419,032	346,107
Total revenues	<u>3,839,156</u>	<u>3,839,156</u>	<u>3,710,760</u>	<u>(128,396)</u>
EXPENDITURES				
Current:				
Human and leisure	370,406	370,406	387,835	(17,429)
Public works	217,000	217,000	250,182	(33,182)
Total expenditures	<u>587,406</u>	<u>587,406</u>	<u>638,017</u>	<u>(50,611)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,251,750</u>	<u>3,251,750</u>	<u>3,072,743</u>	<u>(179,007)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,944,610)	(1,944,610)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,944,610)</u>	<u>(1,944,610)</u>
Net change in fund balances	<u>\$ 3,251,750</u>	<u>\$ 3,251,750</u>	<u>1,128,133</u>	<u>\$ (2,123,617)</u>
Fund balances-beginning			7,059,954	
Fund balances-ending			<u>\$ 8,188,087</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Housing
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 328	\$ 328
Investment earnings	275,350	275,350	284,635	9,285
Miscellaneous	-	-	19,106	19,106
Total revenues	<u>275,350</u>	<u>275,350</u>	<u>304,069</u>	<u>28,719</u>
EXPENDITURES				
Current:				
Community development	610,350	610,350	408,772	201,578
Total expenditures	<u>610,350</u>	<u>610,350</u>	<u>408,772</u>	<u>201,578</u>
Net change in fund balances	<u>\$ (335,000)</u>	<u>\$ (335,000)</u>	<u>(104,703)</u>	<u>\$ 230,297</u>
Fund balances-beginning			12,545,793	
Fund balances-ending			<u>\$ 12,441,090</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
FTV Cable - PEG Access Fund
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 200,000	\$ 200,000	\$ 141,625	\$ (58,375)
Investment earnings	16,015	16,015	29,320	13,305
Total revenues	<u>216,015</u>	<u>216,015</u>	<u>170,945</u>	<u>(45,070)</u>
EXPENDITURES				
Current:				
General government	244,856	244,856	57,381	187,475
Public safety	-	-	307	(307)
Total expenditures	<u>244,856</u>	<u>244,856</u>	<u>57,688</u>	<u>187,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,841)</u>	<u>(28,841)</u>	<u>113,257</u>	<u>142,098</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(46,695)	(46,695)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(46,695)</u>	<u>(46,695)</u>
Net change in fund balances	<u>\$ (28,841)</u>	<u>\$ (28,841)</u>	<u>66,562</u>	<u>\$ 95,403</u>
Fund balances-beginning			<u>553,316</u>	
Fund balances-ending			<u>\$ 619,878</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
SB2 / PLHA
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 590,205	\$ 590,205	\$ -	\$ (590,205)
Investment earnings (loss)	-	-	(37,971)	(37,971)
Total revenues	<u>590,205</u>	<u>590,205</u>	<u>(37,971)</u>	<u>(628,176)</u>
EXPENDITURES				
Current:				
Community development	590,205	590,205	1,718,032	(1,127,827)
Total expenditures	<u>590,205</u>	<u>590,205</u>	<u>1,718,032</u>	<u>(1,127,827)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,756,003)</u>	<u>\$ (1,756,003)</u>
Fund (deficit)-beginning			(2,122,526)	
Fund (deficit)-ending			<u>\$ (3,878,529)</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
American Rescue Plan Act
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 210,771	\$ 8,187,787	\$ 7,977,016
Investment earnings	-	-	849,624	849,624
Total revenues	<u>-</u>	<u>210,771</u>	<u>9,037,411</u>	<u>8,826,640</u>
EXPENDITURES				
Current:				
General government	197,094	407,865	360,753	47,112
Total expenditures	<u>197,094</u>	<u>407,865</u>	<u>360,753</u>	<u>47,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(197,094)</u>	<u>(197,094)</u>	<u>8,676,658</u>	<u>8,873,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,827,033)	(7,827,033)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,827,033)</u>	<u>(7,827,033)</u>
Net change in fund balances	<u>\$ (197,094)</u>	<u>\$ (197,094)</u>	<u>849,625</u>	<u>\$ 1,046,719</u>
Fund balances-beginning			1,425,827	
Fund balances-ending			<u>\$ 2,275,452</u>	

CITY OF FULLERTON, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Capital Projects
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 10,183,610	\$ 28,182,964	\$ 781,556	\$ (27,401,408)
Charges for services	-	427,089	4,698	(422,391)
Miscellaneous	-	431,041	591,210	160,169
Total revenues	10,183,610	29,041,094	1,377,464	(27,663,630)
EXPENDITURES				
Current:				
Public works	293,628	293,628	543,281	(249,653)
Capital outlay	27,035,422	82,518,840	20,557,334	61,961,506
Total expenditures	27,329,050	82,812,468	21,100,615	61,711,853
Excess (deficiency) of revenues over (under) expenditures	(17,145,440)	(53,771,374)	(19,723,151)	34,048,223
OTHER FINANCING SOURCES (USES)				
Transfers in	21,070,440	52,117,657	18,497,579	(33,620,078)
Bond proceeds	-	244,901	-	(244,901)
Total other financing sources (uses)	21,070,440	52,362,558	18,497,579	(33,864,979)
Net change in fund balances	\$ 3,925,000	\$ (1,408,816)	(1,225,572)	\$ 183,244
Fund (deficit)-beginning			(8,441,806)	
Fund (deficit)-ending			\$ (9,667,378)	

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Net Position
Other Enterprise Funds
June 30, 2025

	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Total Other Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,913,745	\$ -	\$ -	\$ 1,913,745
Receivables:				
Accounts	49,346	-	637	49,983
Accrued interest	12,330	-	-	12,330
Leases	31,996	-	-	31,996
Inventory	40,220	-	-	40,220
Restricted:				
Cash held with fiscal agent	269,023	-	-	269,023
Total current assets	2,316,660	-	637	2,317,297
Noncurrent:				
Leases	797,877	-	-	797,877
Capital assets - net of accumulated depreciation/amortization	2,867,332	541,789	25,043	3,434,164
Total noncurrent assets	3,665,209	541,789	25,043	4,232,041
Total assets	5,981,869	541,789	25,680	6,549,338
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	107,445	4,415	5,888	117,748
Other post-employment benefits deferrals	16,503	2,074	1,939	20,516
Total deferred outflows of resources	123,948	6,489	7,827	138,264
LIABILITIES				
Current liabilities:				
Accounts payable	3,017,992	1,234	49,242	3,068,468
Accrued liabilities	9,619	2,214	1,160	12,993
Accrued interest payable	13,205	-	359	13,564
Deposits payable	7,002	-	-	7,002
Due to other funds	-	442,556	174,269	616,825
Compensated absences - current	30,767	212	1,910	32,889
Bonds, loans, leases, and subscriptions - current	155,000	-	2,747	157,747
Total current liabilities	3,233,585	446,216	229,687	3,909,488
Noncurrent liabilities:				
Bonds, loans, leases, and subscriptions	876,343	-	21,630	897,973
Net pension liability	590,375	24,262	32,349	646,986
Net other post-employment benefits liability	55,304	6,952	6,499	68,755
Total noncurrent liabilities	1,522,022	31,214	60,478	1,613,714
Total liabilities	4,755,607	477,430	290,165	5,523,202
DEFERRED INFLOWS OF RESOURCES				
Leases	742,321	-	-	742,321
Other post-employment benefits deferrals	26,507	3,332	3,115	32,954
Total deferred inflows of resources	768,828	3,332	3,115	775,275
NET POSITION				
Net investment in capital assets	1,835,989	541,789	666	2,378,444
Restricted for debt service	269,023	-	-	269,023
Unrestricted	(1,523,630)	(474,273)	(260,439)	(2,258,342)
Total net position	\$ 581,382	\$ 67,516	\$ (259,773)	\$ 389,125

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Other Enterprise Funds
For the Year Ended June 30, 2025

	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Total Other Enterprise Funds
OPERATING REVENUES				
Sales and service charges	\$ 4,480,596	\$ 8,000	\$ 44,885	\$ 4,533,481
Miscellaneous	18,469	-	-	18,469
Total operating revenues	4,499,065	8,000	44,885	4,551,950
OPERATING EXPENSES				
Maintenance, operations, and administration	5,127,034	45,158	146,485	5,318,677
Depreciation/amortization expense	83,384	-	1,579	84,963
Total operating expenses	5,210,418	45,158	148,064	5,403,640
Operating income (loss)	(711,353)	(37,158)	(103,179)	(851,690)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	147,109	(20,364)	(7,363)	119,382
Interest expense	(53,900)	-	(359)	(54,259)
Total nonoperating revenues (expenses)	93,209	(20,364)	(7,722)	65,123
Change in net position	(618,144)	(57,522)	(110,901)	(786,567)
Net position-beginning	1,252,693	130,750	(147,535)	1,235,908
Restatements - change in accounting principle	(53,167)	(5,712)	(1,337)	(60,216)
Net position-beginning	1,199,526	125,038	(148,872)	1,175,692
Net position-ending	\$ 581,382	\$ 67,516	\$ (259,773)	\$ 389,125

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Other Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Brea Dam Facilities Recreational	Parking Facilities	Compressed Natural Gas Facility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,461,451	\$ 8,000	\$ 44,248	\$ 4,513,699
Payments to suppliers and service providers	(4,524,756)	(44,467)	(97,710)	(4,666,933)
Payments to employees for salaries and benefits	(308,599)	(13,960)	(7,950)	(330,509)
Other receipts (payments)	18,469	-	-	18,469
Net cash provided by (used for) operating activities	(353,435)	(50,427)	(61,412)	(465,274)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interest paid on on-capital debt	(1,895)	(1,424)	(36)	(3,355)
Payments from other funds on interfund borrowings	-	72,215	71,415	143,630
Net cash provided by (used for) noncapital financing activities	(1,895)	70,791	71,379	140,275
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(389,550)	-	-	(389,550)
Principal paid on capital debt	(150,000)	-	-	(150,000)
Interest paid on capital debt	(56,383)	-	(359)	(56,742)
Proceeds from sales of assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(595,933)	-	(359)	(596,292)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	152,143	(20,364)	(9,608)	122,171
Net cash provided by (used for) investing activities	152,143	(20,364)	(9,608)	122,171
Net increase (decrease) in cash and cash equivalents	(799,120)	-	-	(799,120)
Cash and cash equivalents-beginning	2,981,888	-	-	2,981,888
Cash and cash equivalents-ending	\$ 2,182,768	\$ -	\$ -	\$ 2,182,768
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	\$ 1,913,745	\$ -	\$ -	\$ 1,913,745
Restricted cash and investments	269,023	-	-	269,023
Total cash and cash equivalents	\$ 2,182,768	\$ -	\$ -	\$ 2,182,768
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (711,353)	\$ (37,158)	\$ (103,179)	\$ (851,690)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	83,384	-	1,579	84,963
(Increase) decrease in accounts receivable	(1,966)	-	(637)	(2,603)
(Increase) decrease in leases receivable	(19,157)	-	-	(19,157)
(Increase) decrease in inventory	16,812	-	-	16,812
Increase (decrease) in accounts payable	290,999	691	48,775	340,465
Increase (decrease) in accrued liabilities	2,895	2,011	906	5,812
Increase (decrease) in deposits payable	1,978	-	-	1,978
Increase (decrease) in compensated absences	(40,133)	(6,712)	(1,089)	(47,934)
Increase (decrease) in pension items	44,194	(5,960)	(5,800)	32,434
Increase (decrease) in other post-employment benefits items	(21,088)	(3,299)	(1,967)	(26,354)
Total adjustments	357,918	(13,269)	41,767	386,416
Net cash provided by (used for) operating activities	\$ (353,435)	\$ (50,427)	\$ (61,412)	\$ (465,274)
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES				
Unrealized gain/(loss) on fair value of investments	\$ 14,143	\$ (3,262)	\$ (1,296)	\$ 9,585
Assets acquired through subscription arrangements	-	-	24,377	24,377
Amortization on bond discount	(2,483)	-	-	(2,483)

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	<u>Liability Insurance</u>	<u>Vehicle Replacement</u>	<u>Workers' Comp</u>
ASSETS			
Current assets:			
Cash and investments	\$ 33,580,359	\$ 8,546,156	\$ 34,163,019
Receivables:			
Accounts	-	-	-
Accrued interest	143,997	36,604	146,325
Prepaid costs	-	556,980	-
Inventory	-	-	-
Restricted:			
Cash held with fiscal agent	2	-	-
Total current assets	<u>33,724,358</u>	<u>9,139,740</u>	<u>34,309,344</u>
Noncurrent:			
Capital assets - net of accumulated depreciation/amortization	915	12,072,654	-
Total noncurrent assets	<u>915</u>	<u>12,072,654</u>	<u>-</u>
Total assets	<u>33,725,273</u>	<u>21,212,394</u>	<u>34,309,344</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	318,182	-	-
Pension deferrals	95,671	-	116,279
Other post-employment benefits deferrals	17,595	-	20,694
Total deferred outflows of resources	<u>431,448</u>	<u>-</u>	<u>136,973</u>
LIABILITIES			
Current liabilities:			
Accounts payable	36,357	18,393	4,219
Accrued liabilities	5,219	-	5,780
Accrued interest payable	21,386	2,034	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Claims and judgments - current	3,685,000	-	2,410,000
Bonds, loans, leases, and subscriptions - current	455,000	90,603	-
Total current liabilities	<u>4,202,962</u>	<u>111,030</u>	<u>2,419,999</u>
Noncurrent liabilities:			
Claims and judgments - noncurrent	15,534,000	-	15,088,000
Bonds, loans, leases, and subscriptions	3,450,000	95,526	-
Net pension liability	525,677	-	638,899
Net other post-employment benefits liability	58,961	-	69,348
Total noncurrent liabilities	<u>19,568,638</u>	<u>95,526</u>	<u>15,796,247</u>
Total liabilities	<u>23,771,600</u>	<u>206,556</u>	<u>18,216,246</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits deferrals	28,260	-	33,238
Total deferred inflows of resources	<u>28,260</u>	<u>-</u>	<u>33,238</u>
NET POSITION			
Net investment in capital assets	915	11,886,525	-
Unrestricted	10,355,946	9,119,313	16,196,833
Total net position	<u>\$ 10,356,861</u>	<u>\$ 21,005,838</u>	<u>\$ 16,196,833</u>

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

(Continued)

	<u>Group Insurance</u>	<u>Equipment Maintenance</u>	<u>Information Technology</u>
ASSETS			
Current assets:			
Cash and investments	\$ 3,082,546	\$ 5,748,230	\$ -
Receivables:			
Accounts	-	48,981	-
Accrued interest	13,203	24,620	-
Prepaid costs	-	-	237,900
Inventory	-	306,974	-
Restricted:			
Cash held with fiscal agent	-	-	-
Total current assets	<u>3,095,749</u>	<u>6,128,805</u>	<u>237,900</u>
Noncurrent:			
Capital assets - net of accumulated depreciation/amortization	<u>127,708</u>	<u>54,812</u>	<u>11,477,552</u>
Total noncurrent assets	<u>127,708</u>	<u>54,812</u>	<u>11,477,552</u>
Total assets	<u>3,223,457</u>	<u>6,183,617</u>	<u>11,715,452</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	-	-
Pension deferrals	204,589	395,930	89,784
Other post-employment benefits deferrals	<u>31,396</u>	<u>90,341</u>	<u>19,195</u>
Total deferred outflows of resources	<u>235,985</u>	<u>486,271</u>	<u>108,979</u>
LIABILITIES			
Current liabilities:			
Accounts payable	30,088	176,218	499,332
Accrued liabilities	16,567	27,745	12,705
Accrued interest payable	3,099	-	56,972
Unearned revenue	19,032	-	-
Due to other funds	-	-	2,233,525
Claims and judgments - current	-	-	-
Bonds, loans, leases, and subscriptions - current	<u>14,092</u>	<u>-</u>	<u>951,299</u>
Total current liabilities	<u>82,878</u>	<u>203,963</u>	<u>3,753,833</u>
Noncurrent liabilities:			
Claims and judgments - noncurrent	-	-	-
Bonds, loans, leases, and subscriptions	109,318	-	3,553,478
Net pension liability	1,124,140	2,175,493	493,327
Net other post-employment benefits liability	<u>105,210</u>	<u>302,739</u>	<u>64,324</u>
Total noncurrent liabilities	<u>1,338,668</u>	<u>2,478,232</u>	<u>4,111,129</u>
Total liabilities	<u>1,421,546</u>	<u>2,682,195</u>	<u>7,864,962</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits deferrals	<u>50,427</u>	<u>145,102</u>	<u>30,830</u>
Total deferred inflows of resources	<u>50,427</u>	<u>145,102</u>	<u>30,830</u>
NET POSITION			
Net investment in capital assets	4,298	54,812	6,972,775
Unrestricted	<u>1,983,171</u>	<u>3,787,779</u>	<u>(3,044,136)</u>
Total net position	<u>\$ 1,987,469</u>	<u>\$ 3,842,591</u>	<u>\$ 3,928,639</u>

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	<u>Building Maintenance</u>	<u>Facility Capital Repair</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and investments	\$ 12,190,764	\$ 2,476,042	\$ 99,787,116
Receivables:			
Accounts	-	-	48,981
Accrued interest	50,184	12,522	427,455
Prepaid costs	-	-	794,880
Inventory	-	-	306,974
Restricted:			
Cash held with fiscal agent	34,650	-	34,652
Total current assets	<u>12,275,598</u>	<u>2,488,564</u>	<u>101,400,058</u>
Noncurrent:			
Capital assets - net of accumulated depreciation/amortization	132,837	45,685	23,912,163
Total noncurrent assets	<u>132,837</u>	<u>45,685</u>	<u>23,912,163</u>
Total assets	<u>12,408,435</u>	<u>2,534,249</u>	<u>125,312,221</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	-	318,182
Pension deferrals	322,337	-	1,224,590
Other post-employment benefits deferrals	91,991	-	271,212
Total deferred outflows of resources	<u>414,328</u>	<u>-</u>	<u>1,813,984</u>
LIABILITIES			
Current liabilities:			
Accounts payable	206,300	-	970,907
Accrued liabilities	24,714	-	92,730
Accrued interest payable	22,930	-	106,421
Unearned revenue	-	-	19,032
Due to other funds	-	-	2,233,525
Claims and judgments - current	-	-	6,095,000
Bonds, loans, leases, and subscriptions - current	447,113	-	1,958,107
Total current liabilities	<u>701,057</u>	<u>-</u>	<u>11,475,722</u>
Noncurrent liabilities:			
Claims and judgments - noncurrent	-	-	30,622,000
Bonds, loans, leases, and subscriptions	7,196,238	-	14,404,560
Net pension liability	1,771,126	-	6,728,662
Net other post-employment benefits liability	308,268	-	908,850
Total noncurrent liabilities	<u>9,275,632</u>	<u>-</u>	<u>52,664,072</u>
Total liabilities	<u>9,976,689</u>	<u>-</u>	<u>64,139,794</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefits deferrals	147,752	-	435,609
Total deferred inflows of resources	<u>147,752</u>	<u>-</u>	<u>435,609</u>
NET POSITION			
Net investment in capital assets	132,837	45,685	19,097,847
Unrestricted	2,565,485	2,488,564	43,452,955
Total net position	<u>\$ 2,698,322</u>	<u>\$ 2,534,249</u>	<u>\$ 62,550,802</u>

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CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	<u>Liability Insurance</u>	<u>Vehicle Replacement</u>	<u>Workers' Comp</u>
OPERATING REVENUES			
Sales and service charges	\$ -	\$ -	\$ -
Interfund service charges	11,182,927	3,298,678	2,426,498
Miscellaneous	9,535	35,843	368,089
Total operating revenues	11,192,462	3,334,521	2,794,587
OPERATING EXPENSES			
Maintenance, operations, and administration	5,458,179	150,284	973,502
Claims expense	6,101,441	-	3,128,551
Depreciation/amortization expense	229	1,558,526	2,463
Total operating expenses	11,559,849	1,708,810	4,104,516
Operating income (loss)	(367,387)	1,625,711	(1,309,929)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,465,334	388,836	1,637,677
Interest expense	(130,698)	(1,514)	-
Gain (loss) on disposal of capital assets	-	(3,113)	(7,389)
Total nonoperating revenues (expenses)	1,334,636	384,209	1,630,288
Income (loss) before transfers	967,249	2,009,920	320,359
Transfers in	-	-	-
Transfers out	(79,787)	-	-
Change in net position	887,462	2,009,920	320,359
Net position-beginning	9,469,399	18,995,918	15,876,474
Net position-ending	\$ 10,356,861	\$ 21,005,838	\$ 16,196,833

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

(Continued)

	Group Insurance	Equipment Maintenance	Information Technology
OPERATING REVENUES			
Sales and service charges	\$ -	\$ -	\$ -
Interfund service charges	8,071,217	4,937,391	9,318,878
Miscellaneous	54,923	139,420	-
Total operating revenues	8,126,140	5,076,811	9,318,878
OPERATING EXPENSES			
Maintenance, operations, and administration	7,632,703	4,003,023	7,646,980
Claims expense	-	-	-
Depreciation/amortization expense	18,257	-	1,260,347
Total operating expenses	7,650,960	4,003,023	8,907,327
Operating income (loss)	475,180	1,073,788	411,551
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	142,356	255,608	(83,544)
Interest expense	(3,009)	(1,311)	(21,071)
Gain (loss) on disposal of capital assets	-	-	(18,137)
Total nonoperating revenues (expenses)	139,347	254,297	(122,752)
Income (loss) before transfers	614,527	1,328,085	288,799
Transfers in	-	-	1,761,633
Transfers out	-	-	-
Change in net position	614,527	1,328,085	2,050,432
Net position-beginning	1,372,942	2,514,506	1,878,207
Net position-ending	\$ 1,987,469	\$ 3,842,591	\$ 3,928,639

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance	Facility Capital Repair	Total Internal Service Funds
OPERATING REVENUES			
Sales and service charges	\$ -	\$ -	\$ -
Interfund service charges	4,305,992	582,247	44,123,828
Miscellaneous	583,711	-	1,191,521
Total operating revenues	4,889,703	582,247	45,315,349
OPERATING EXPENSES			
Maintenance, operations, and administration	3,042,375	127	28,907,173
Claims expense	-	-	9,229,992
Depreciation/amortization expense	3,997	11,198	2,855,017
Total operating expenses	3,046,372	11,325	40,992,182
Operating income (loss)	1,843,331	570,922	4,323,167
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	538,456	130,301	4,475,024
Interest expense	(143,360)	-	(300,963)
Gain (loss) on disposal of capital assets	-	-	(28,639)
Total nonoperating revenues (expenses)	395,096	130,301	4,145,422
Income (loss) before transfers	2,238,427	701,223	8,468,589
Transfers in	-	-	1,761,633
Transfers out	-	(469,785)	(549,572)
Change in net position	2,238,427	231,438	9,680,650
Net position-beginning	459,895	2,302,811	52,870,152
Net position-ending	\$ 2,698,322	\$ 2,534,249	\$ 62,550,802

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CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	<u>Liability Insurance</u>	<u>Vehicle Replacement</u>	<u>Workers' Comp</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges	\$ 11,182,927	\$ 3,298,678	\$ 2,426,498
Payments to suppliers and service providers	(5,236,805)	(1,087,287)	(748,823)
Payments to employees for salaries and benefits	(311,527)	-	(361,942)
Payments of insurance claims	(1,116,441)	-	(2,016,551)
Other receipts (payments)	9,535	35,843	368,089
Net cash provided by (used for) operating activities	<u>4,527,689</u>	<u>2,247,234</u>	<u>(332,729)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfers to other funds	(79,787)	-	-
Principal paid on noncapital debt	(450,000)	-	-
Interest paid on noncapital debt	(92,215)	-	-
Payments to other funds on interfund borrowings	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(622,002)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(1,568,716)	-
Principal paid on capital debt	-	(90,000)	-
Interest paid on capital debt	-	(1,563)	-
Proceeds from sales of assets	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(1,660,279)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,430,078	377,977	1,617,779
Net cash provided by (used for) investing activities	<u>1,430,078</u>	<u>377,977</u>	<u>1,617,779</u>
Net increase (decrease) in cash and cash equivalents	5,335,765	964,932	1,285,050
Cash and cash equivalents-beginning	28,244,596	7,581,224	32,877,969
Cash and cash equivalents-ending	<u>\$ 33,580,361</u>	<u>\$ 8,546,156</u>	<u>\$ 34,163,019</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 33,580,359	\$ 8,546,156	\$ 34,163,019
Cash held with fiscal agent	2	-	-
Total cash and cash equivalents	<u>\$ 33,580,361</u>	<u>\$ 8,546,156</u>	<u>\$ 34,163,019</u>

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

(Continued)

	Group Insurance	Equipment Maintenance	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges	\$ 8,081,052	\$ 4,935,400	\$ 9,346,718
Payments to suppliers and service providers	(5,760,791)	(3,275,327)	(8,489,508)
Payments to employees for salaries and benefits	(2,019,259)	(691,077)	(268,117)
Payments of insurance claims	-	-	-
Other receipts (payments)	54,923	139,420	-
Net cash provided by (used for) operating activities	355,925	1,108,416	589,093
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	1,761,633
Transfers to other funds	-	-	-
Principal paid on noncapital debt	-	-	-
Interest paid on noncapital debt	-	-	-
Payments to other funds on interfund borrowings	-	-	(34,385)
Net cash provided by (used for) noncapital financing activities	-	-	1,727,248
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(54,812)	(3,574,892)
Principal paid on capital debt	(13,249)	(215,481)	(1,253,114)
Interest paid on capital debt	(3,509)	(5,516)	(41,411)
Proceeds from sales of assets	-	-	2,636,702
Net cash provided by (used for) capital and related financing activities	(16,758)	(275,809)	(2,232,715)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	138,244	248,931	(83,626)
Net cash provided by (used for) investing activities	138,244	248,931	(83,626)
Net increase (decrease) in cash and cash equivalents	477,411	1,081,538	-
Cash and cash equivalents-beginning	2,605,135	4,666,692	-
Cash and cash equivalents-ending	\$ 3,082,546	\$ 5,748,230	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 3,082,546	\$ 5,748,230	\$ -
Cash held with fiscal agent	-	-	-
Total cash and cash equivalents	\$ 3,082,546	\$ 5,748,230	\$ -

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Building Maintenance	Facility Capital Repair	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges	\$ 4,305,992	\$ 582,247	\$ 44,159,512
Payments to suppliers and service providers	(2,955,347)	(127)	(27,554,015)
Payments to employees for salaries and benefits	(574,475)	-	(4,226,397)
Payments of insurance claims	-	-	(3,132,992)
Other receipts (payments)	583,711	-	1,191,521
Net cash provided by (used for) operating activities	1,359,881	582,120	10,437,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	1,761,633
Transfers to other funds	-	(469,785)	(549,572)
Principal paid on noncapital debt	-	-	(450,000)
Interest paid on noncapital debt	(1,317)	-	(93,532)
Payments to other funds on interfund borrowings	-	-	(34,385)
Net cash provided by (used for) noncapital financing activities	(1,317)	(469,785)	634,144
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(96,093)	-	(5,294,513)
Principal paid on capital debt	(439,034)	-	(2,010,878)
Interest paid on capital debt	(143,360)	-	(195,359)
Proceeds from sales of assets	-	-	2,636,702
Net cash provided by (used for) capital and related financing activities	(678,487)	-	(4,864,048)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	527,610	128,521	4,385,514
Net cash provided by (used for) investing activities	527,610	128,521	4,385,514
Net increase (decrease) in cash and cash equivalents	1,207,687	240,856	10,593,239
Cash and cash equivalents-beginning	11,017,727	2,235,186	89,228,529
Cash and cash equivalents-ending	\$ 12,225,414	\$ 2,476,042	\$ 99,821,768
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	\$ 12,190,764	\$ 2,476,042	\$ 99,787,116
Cash held with fiscal agent	34,650	-	34,652
Total cash and cash equivalents	\$ 12,225,414	\$ 2,476,042	\$ 99,821,768

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

(Continued)

	<u>Liability Insurance</u>	<u>Vehicle Replacement</u>	<u>Workers' Comp</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (367,387)	\$ 1,625,711	\$ (1,309,929)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	229	1,558,526	2,463
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in inventories	-	-	-
(Increase) decrease in prepaid costs	-	(192,542)	-
Increase (decrease) in accounts payable	31,181	(744,461)	1,460
Increase (decrease) in accrued liabilities	909	-	789
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in claims and judgments	4,985,000	-	1,112,000
Increase (decrease) in pension and related items	(111,963)	-	(122,578)
Increase (decrease) in OPEB and related items	(10,280)	-	(16,934)
Total adjustments	<u>4,895,076</u>	<u>621,523</u>	<u>977,200</u>
Net cash provided by (used for) operating activities	<u>\$ 4,527,689</u>	<u>\$ 2,247,234</u>	<u>\$ (332,729)</u>
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Unrealized gain/(loss) on fair value of investments	\$ 247,314	\$ 62,868	\$ 251,312
Amortization on bond discount/(premium)	39,773	-	-

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	<u>Group Insurance</u>	<u>Equipment Maintenance</u>	<u>Information Technology</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 475,180	\$ 1,073,788	\$ 411,551
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	18,257	-	1,260,347
(Increase) decrease in accounts receivable	-	(1,991)	27,840
(Increase) decrease in inventories	-	(50,190)	-
(Increase) decrease in prepaid costs	28,249	-	(139,919)
Increase (decrease) in accounts payable	(22,003)	(1,915)	(702,609)
Increase (decrease) in accrued liabilities	3,690	12,599	6,832
Increase (decrease) in unearned revenue	9,835	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in pension and related items	(99,866)	153,659	(215,849)
Increase (decrease) in OPEB and related items	(57,417)	(77,534)	(59,100)
Total adjustments	<u>(119,255)</u>	<u>34,628</u>	<u>177,542</u>
Net cash provided by (used for) operating activities	<u>\$ 355,925</u>	<u>\$ 1,108,416</u>	<u>\$ 589,093</u>
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Unrealized gain/(loss) on fair value of investments	\$ 22,676	\$ 42,285	\$ -
Amortization on bond discount/(premium)	-	-	-

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

(Continued)

	<u>Building Maintenance</u>	<u>Facility Capital Repair</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,843,331	\$ 570,922	\$ 4,323,167
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	3,997	11,198	2,855,017
(Increase) decrease in accounts receivable	-	-	25,849
(Increase) decrease in inventories	-	-	(50,190)
(Increase) decrease in prepaid costs	-	-	(304,212)
Increase (decrease) in accounts payable	87,028	-	(1,351,319)
Increase (decrease) in accrued liabilities	10,674	-	35,493
Increase (decrease) in unearned revenue	-	-	9,835
Increase (decrease) in claims and judgments	-	-	6,097,000
Increase (decrease) in pension and related items	(351,321)	-	(747,918)
Increase (decrease) in OPEB and related items	(233,828)	-	(455,093)
Total adjustments	<u>(483,450)</u>	<u>11,198</u>	<u>\$ 6,114,462</u>
Net cash provided by (used for) operating activities	<u>\$ 1,359,881</u>	<u>\$ 582,120</u>	<u>\$ 10,437,629</u>
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Unrealized gain/(loss) on fair value of investments	\$ 86,191	\$ 21,507	\$ 734,153
Amortization on bond discount/(premium)	-	-	39,773

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2025

	Successor Agency of the Former RDA	Other	Total Private Purpose Trust Funds
ASSETS			
Cash and cash equivalents	\$ 3,867,186	\$ -	\$ 3,867,186
Restricted assets - cash and cash equivalents	-	5,710,737	5,710,737
Restricted investments:			
Mutual funds	37	-	37
Receivables:			
Interest	4,139	-	4,139
Notes and loans	49,769,088	-	49,769,088
Prepaid costs	31,062	-	31,062
Land held for resale	5,240,695	-	5,240,695
Total assets	58,912,207	5,710,737	64,622,944
LIABILITIES			
Accounts payable	5,336	-	5,336
Accrued liabilities	667	-	667
Accrued interest	219,214	-	219,214
Noncurrent:			
Bonds payable - due within one year	5,045,000	-	5,045,000
Bonds payable - due in more than one year	14,839,240	-	14,839,240
Total liabilities	20,109,457	-	20,109,457
NET POSITION			
Restricted for:			
Restricted for individuals, organizations, and other governments	38,802,750	5,710,737	44,513,487
Total net position	\$ 38,802,750	\$ 5,710,737	\$ 44,513,487

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2025

	Successor Agency of the Former RDA	Other	Total Private Purpose Trust Funds
ADDITIONS			
Investment earnings:			
Investment earnings	\$ 674,693	\$ -	\$ 674,693
Total investment earnings	<u>674,693</u>	<u>-</u>	<u>674,693</u>
Taxes	6,803,908	-	6,803,908
Miscellaneous	924,118	-	924,118
Total additions	<u>8,402,719</u>	<u>-</u>	<u>8,402,719</u>
DEDUCTIONS			
Administrative expenses	111,160	-	111,160
Contractual services	11,811	55,389	67,200
Interest expense	779,098	-	779,098
Total deductions	<u>902,069</u>	<u>55,389</u>	<u>957,458</u>
Net increase (decrease) in fiduciary net position	<u>7,500,650</u>	<u>(55,389)</u>	<u>7,445,261</u>
Net position-beginning	<u>31,302,100</u>	<u>5,766,126</u>	<u>37,068,226</u>
Net position-ending	<u>\$ 38,802,750</u>	<u>\$ 5,710,737</u>	<u>\$ 44,513,487</u>

CITY OF FULLERTON, CALIFORNIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2025

	<u>Collections for Other Governments</u>	<u>Community Facilities Districts</u>	<u>Assessment Districts</u>	<u>Total Custodial Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,864,871	\$ 70,788	\$ 433,597	\$ 2,369,256
Receivables:				
Taxes	-	23,364	-	23,364
Total assets	<u>1,864,871</u>	<u>94,152</u>	<u>433,597</u>	<u>2,392,620</u>
LIABILITIES				
Accounts payable	47,634	-	-	47,634
Due to bondholders	-	94,152	433,597	527,749
Total liabilities	<u>47,634</u>	<u>94,152</u>	<u>433,597</u>	<u>575,383</u>
NET POSITION				
Restricted for:				
Restricted for individuals, organizations, and other governments	1,817,237	-	-	1,817,237
Total net position	<u><u>\$ 1,817,237</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,817,237</u></u>

CITY OF FULLERTON, CALIFORNIA
 Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Custodial Funds
 For the Year Ended June 30, 2025

	Collections for Other Governments	Community Facilities Districts	Assessment Districts	Total Custodial Funds
ADDITIONS				
Miscellaneous	\$ 1,714,141	\$ -	\$ -	\$ 1,714,141
Total additions	1,714,141	-	-	1,714,141
Net increase (decrease) in fiduciary net position	1,714,141	-	-	1,714,141
Net position-beginning	103,096	-	-	103,096
Net position-ending	\$ 1,817,237	\$ -	\$ -	\$ 1,817,237

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Statistical Section

This part of the City of Fullerton’s Annual Comprehensive 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.....	156
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.....	166
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity.....	169
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	177
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	180
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 Annual Comprehensive 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				
	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities					
Net investment in capital assets	\$ 384,032	\$ 406,560	\$ 428,099	\$ 450,340	\$ 469,893
Restricted	26,427	27,704	39,316	42,006	41,568
Unrestricted	(122,478)	(123,501)	(169,976)	(170,220)	(181,629)
Total governmental activities net position	<u>\$ 287,981</u>	<u>\$ 310,763</u>	<u>\$ 297,439</u>	<u>\$ 322,126</u>	<u>\$ 329,832</u>
Business-type activities					
Net investment in capital assets	\$ 93,508	\$ 97,142	\$ 102,771	\$ 108,226	\$ 114,443
Restricted	279	276	298	300	300
Unrestricted	11,119	14,490	14,223	16,408	18,156
Total business-type activities net position	<u>\$ 104,906</u>	<u>\$ 111,908</u>	<u>\$ 117,292</u>	<u>\$ 124,934</u>	<u>\$ 132,899</u>
Primary government					
Net investment in capital assets	\$ 477,540	\$ 503,702	\$ 530,870	\$ 558,566	\$ 584,336
Restricted	26,706	27,980	39,614	42,306	41,868
Unrestricted	(111,359)	(109,011)	(155,753)	(153,812)	(163,473)
Total primary government net position	<u>\$ 392,887</u>	<u>\$ 422,671</u>	<u>\$ 414,731</u>	<u>\$ 447,060</u>	<u>\$ 462,731</u>

Source: City of Fullerton Annual Comprehensive Financial Reports

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

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Governmental activities					
Net investment in capital assets	\$ 473,537	\$ 486,642	\$ 499,394	\$ 519,129	\$ 524,206
Restricted	41,442	42,423	45,654	43,545	53,758
Unrestricted	(190,128)	(156,105)	(149,971)	(153,556)	(166,113)
Total governmental activities net position	<u>\$ 324,851</u>	<u>\$ 372,960</u>	<u>\$ 395,077</u>	<u>\$ 409,118</u>	<u>\$ 411,851</u>
Business-type activities					
Net investment in capital assets	\$ 122,811	\$ 134,468	\$ 143,202	\$ 163,657	\$ 181,047
Restricted	289	260	286	279	269
Unrestricted	27,727	41,377	52,900	52,993	55,664
Total business-type activities net position	<u>\$ 150,827</u>	<u>\$ 176,105</u>	<u>\$ 196,388</u>	<u>\$ 216,929</u>	<u>\$ 236,980</u>
Primary government					
Net investment in capital assets	\$ 596,348	\$ 621,110	\$ 642,596	\$ 682,786	\$ 705,253
Restricted	41,731	42,683	45,940	43,824	54,027
Unrestricted	(162,401)	(114,728)	(97,071)	(100,563)	(110,449)
Total primary government net position	<u>\$ 475,678</u>	<u>\$ 549,065</u>	<u>\$ 591,465</u>	<u>\$ 626,047</u>	<u>\$ 648,831</u>

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses					
Governmental activities:					
General government	\$ 1,799	\$ 1,594	\$ 6,862	\$ 5,675	\$ 6,368
Public safety	57,569	65,249	75,773	76,743	83,042
Community development	5,539	6,687	8,761	10,645	8,524
Human and leisure	11,741	11,670	12,670	13,065	13,574
Public works	23,129	26,948	28,183	24,726	26,077
Refuse collection	10,181	10,384	10,394	10,878	11,716
Interest on long-term debt	431	378	358	391	410
Total governmental activities net expenses	<u>110,389</u>	<u>122,910</u>	<u>143,001</u>	<u>142,123</u>	<u>149,711</u>
Business-type activities:					
Airport	1,492	1,526	1,667	1,831	2,493
Brea Dam recreational facilities	2,764	2,857	2,770	2,945	2,679
Water utility	24,991	27,268	30,290	27,806	32,314
Parking facilities	28	28	45	23	104
Sewer enterprise	3,076	3,495	3,735	3,384	4,831
Compressed Natural Gas facility	458	396	274	140	196
Total business-type activities net expenses	<u>32,809</u>	<u>35,570</u>	<u>38,781</u>	<u>36,129</u>	<u>42,617</u>
Total primary government expenses	<u>\$ 143,198</u>	<u>\$ 158,480</u>	<u>\$ 181,782</u>	<u>\$ 178,252</u>	<u>\$ 192,328</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 820	\$ 778	\$ 1,305	\$ 1,222	\$ 962
Public safety	5,035	5,072	5,179	7,209	7,945
Community development	3,810	4,548	4,515	4,850	3,936
Human and leisure	1,547	4,399	1,809	5,387	1,356
Public works	7,300	8,195	9,717	11,587	11,449
Refuse collection	10,569	10,788	10,894	11,661	12,059
Operating grants and contributions	8,473	13,748	8,897	9,035	10,538
Capital grants and contributions	29,053	22,761	23,180	27,752	4,796
Total governmental activities program revenues	<u>66,607</u>	<u>70,289</u>	<u>65,496</u>	<u>78,703</u>	<u>53,041</u>

Source: City of Fullerton Annual Comprehensive Financial Reports

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

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Expenses					
Governmental activities:					
General government	\$ 7,814	\$ 7,941	\$ 15,532	\$ 15,603	\$ 9,437
Public safety	83,200	74,949	82,073	100,595	107,319
Community development	10,123	7,194	7,413	10,688	10,111
Human and leisure	11,058	11,134	11,447	13,399	14,934
Public works	24,617	24,819	27,870	30,259	36,530
Refuse collection	12,862	12,766	13,504	15,649	16,119
Interest on long-term debt	336	241	246	244	332
Total governmental activities net expenses	<u>150,010</u>	<u>139,044</u>	<u>158,085</u>	<u>186,437</u>	<u>194,782</u>
Business-type activities:					
Airport	1,953	2,227	2,125	4,198	2,461
Brea Dam recreational facilities	2,729	3,978	3,730	4,163	5,162
Water utility	32,167	31,069	29,345	32,755	41,722
Parking facilities	97	73	76	13	44
Sewer enterprise	3,412	3,579	5,559	4,719	4,429
Compressed Natural Gas facility	170	285	106	62	146
Total business-type activities net expenses	<u>40,528</u>	<u>41,211</u>	<u>40,941</u>	<u>45,910</u>	<u>53,964</u>
Total primary government expenses	<u>\$ 190,538</u>	<u>\$ 180,255</u>	<u>\$ 199,026</u>	<u>\$ 232,347</u>	<u>\$ 248,746</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,857	\$ 1,593	\$ 769	\$ 522	\$ 1,634
Public safety	7,095	8,284	10,173	11,111	11,456
Community development	4,359	5,977	6,525	4,613	8,499
Human and leisure	1,552	1,000	1,190	874	6,785
Public works	11,618	11,686	12,023	13,754	13,161
Refuse collection	13,107	13,728	14,332	14,087	15,989
Operating grants and contributions	13,978	12,589	23,760	36,640	19,839
Capital grants and contributions	3,725	20,434	6,924	4,348	5,442
Total governmental activities program revenues	<u>57,291</u>	<u>75,291</u>	<u>75,696</u>	<u>85,949</u>	<u>82,805</u>

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Business-type activities:					
Charges for services:					
Airport	1,885	1,823	1,775	1,884	1,849
Brea Dam recreational facilities	2,918	2,725	2,863	2,510	2,448
Water utility	27,041	30,021	33,095	32,715	37,786
Parking facilities	17	24	16	12	8
Sewer enterprise	5,844	5,948	6,390	6,044	5,944
Compressed Natural Gas facility	552	313	421	222	190
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	420	1,417	189	185	567
Total business-type activities program revenues	<u>38,677</u>	<u>42,271</u>	<u>44,749</u>	<u>43,572</u>	<u>48,792</u>
Primary government program revenues	<u>\$ 105,284</u>	<u>\$ 112,560</u>	<u>\$ 110,245</u>	<u>\$ 122,275</u>	<u>\$ 101,833</u>
Net (Expense)/Revenue					
Governmental activities	\$ (43,782)	\$ (52,621)	\$ (77,505)	\$ (63,420)	\$ (96,670)
Business-type activities	5,868	6,701	5,968	7,443	6,175
Total primary government net expense	<u>\$ (37,914)</u>	<u>\$ (45,920)</u>	<u>\$ (71,537)</u>	<u>\$ (55,977)</u>	<u>\$ (90,495)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 37,840	\$ 39,738	\$ 42,146	\$ 44,204	\$ 46,258
Sales taxes	23,000	21,456	21,834	24,438	23,095
Franchise taxes	4,383	4,181	4,336	4,493	4,358
Other Taxes	-	-	-	-	-
Unrestricted motor vehicle in-lieu taxes	57	64	75	69	113
Use of money and property	4,615	3,976	4,594	8,444	7,453
Miscellaneous	4,823	6,024	5,558	6,459	5,249
Extraordinary item	13,667	-	-	-	17,850
Gain on sale of capital asset	-	-	3,150	-	-
Transfers	(36)	(36)	(290)	-	-
Total governmental activities	<u>88,349</u>	<u>75,403</u>	<u>81,403</u>	<u>88,107</u>	<u>104,376</u>
Business-type activities:					
Property taxes	104	110	98	87	107
Use of money and property	41	38	40	45	1,612
Miscellaneous	132	117	166	67	71
Gain on sale of capital asset	-	0	0	0	-
Transfers	36	36	290	-	-
Total business-type activities	<u>313</u>	<u>301</u>	<u>594</u>	<u>199</u>	<u>1,790</u>
Total primary government	<u>\$ 88,662</u>	<u>\$ 75,704</u>	<u>\$ 81,997</u>	<u>\$ 88,306</u>	<u>\$ 106,166</u>
Change in Net Position					
Governmental activities	\$ 44,567	\$ 22,782	\$ 3,898	\$ 24,687	\$ 7,706
Business-type activities	6,181	7,002	6,562	7,642	7,965
Total primary government	<u>\$ 50,748</u>	<u>\$ 29,784</u>	<u>\$ 10,460</u>	<u>\$ 32,329</u>	<u>\$ 15,671</u>

Source: City of Fullerton Annual Comprehensive Financial Reports

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

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Business-type activities:					
Charges for services:					
Airport	1,822	1,885	1,922	2,123	2,156
Brea Dam recreational facilities	3,958	4,256	4,223	4,184	4,481
Water utility	44,691	49,901	48,228	50,035	52,266
Parking facilities	-	-	-	-	8
Sewer enterprise	6,212	6,061	5,372	5,932	5,325
Compressed Natural Gas facility	170	150	-	-	45
Operating grants and contributions	-	108	-	-	3,884
Capital grants and contributions	1,302	4,930	339	667	794
Total business-type activities program revenues	<u>58,155</u>	<u>67,291</u>	<u>60,084</u>	<u>62,941</u>	<u>68,959</u>
Primary government program revenues	<u>\$ 115,446</u>	<u>\$ 142,582</u>	<u>\$ 135,780</u>	<u>\$ 148,890</u>	<u>\$ 151,764</u>
Net (Expense)/Revenue					
Governmental activities	\$ (92,719)	\$ (63,753)	\$ (82,389)	\$ (100,488)	\$ (111,977)
Business-type activities	17,627	26,080	19,143	17,031	14,995
Total primary government net expense	<u>\$ (75,092)</u>	<u>\$ (37,673)</u>	<u>\$ (63,246)</u>	<u>\$ (83,457)</u>	<u>\$ (96,982)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 50,150	\$ 50,894	\$ 53,871	\$ 57,095	\$ 62,307
Sales taxes	25,571	30,494	31,876	30,508	30,584
Franchise taxes	4,382	4,468	4,996	5,716	5,172
Other Taxes	-	5,552	5,217	5,258	5,301
Unrestricted motor vehicle in-lieu taxes	104	161	148	178	227
Use of money and property	3,271	372	6,414	12,118	13,374
Miscellaneous	3,898	1,147	1,797	4,106	5,568
Extraordinary item	-	18,378	-	-	-
Gain on sale of capital asset	-	-	-	-	3
Transfers	186	396	187	(450)	(1,516)
Total governmental activities	<u>87,562</u>	<u>111,862</u>	<u>104,506</u>	<u>114,529</u>	<u>121,020</u>
Business-type activities:					
Property taxes	88	113	227	124	165
Use of money and property	227	(861)	991	3,295	3,363
Miscellaneous	172	798	101	(359)	347
Gain on sale of capital asset	-	0	8	-	-
Transfers	(186)	(396)	(187)	450	1,516
Total business-type activities	<u>301</u>	<u>(346)</u>	<u>1,140</u>	<u>3,510</u>	<u>5,391</u>
Total primary government	<u>\$ 87,863</u>	<u>\$ 111,516</u>	<u>\$ 105,646</u>	<u>\$ 118,039</u>	<u>\$ 126,411</u>
Change in Net Position					
Governmental activities	\$ (5,157)	\$ 48,109	\$ 22,117	\$ 14,041	\$ 9,043
Business-type activities	17,928	25,734	20,283	20,541	20,386
Total primary government	<u>\$ 12,771</u>	<u>\$ 73,843</u>	<u>\$ 42,400</u>	<u>\$ 34,582</u>	<u>\$ 29,429</u>

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund					
Nonspendable	\$ 11	\$ 68	\$ 290	\$ 7	\$ 3,214
Restricted	-	-	-	1,386	672
Committed	8,743	9,139	-	-	-
Assigned	-	-	8,992	15,656	13,958
Unassigned	6,139	1,522	4,999	5,432	217
Total General Fund	<u>\$ 14,893</u>	<u>\$ 10,729</u>	<u>\$ 14,281</u>	<u>\$ 22,481</u>	<u>\$ 18,061</u>
All Other Governmental Funds					
Nonspendable					
Major special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -
Major capital projects funds	-	-	-	-	-
Other governmental funds	-	-	-	-	-
Restricted					
Major special revenue funds	17,769	17,921	21,355	-	-
Other governmental funds	8,658	9,783	17,962	40,620	40,897
Committed					
Major special revenue funds	10,681	10,473	-	-	-
Other governmental funds	10,227	9,445	-	-	-
Assigned					
Major capital projects funds	-	-	-	-	-
Unassigned					
Major special revenue funds	(39)	(77)	(172)	(189)	(327)
Major capital projects funds	(4,187)	(10,441)	(3,233)	(20,501)	(1,391)
Other governmental funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 43,109</u>	<u>\$ 37,104</u>	<u>\$ 35,912</u>	<u>\$ 19,930</u>	<u>\$ 39,179</u>

Source: City of Fullerton Annual Comprehensive Financial Reports

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

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
General Fund					
Nonspendable	\$ 2,908	\$ 713	\$ 313	\$ 403	\$ 186
Restricted	1,514	1,519	1,519	1,892	3,578
Committed	-	439	1,536	3,278	4,528
Assigned	16,140	18,570	19,809	22,963	21,749
Unassigned	-	4,034	10,311	10,121	-
Total General Fund	<u>\$ 20,562</u>	<u>\$ 25,275</u>	<u>\$ 33,488</u>	<u>\$ 38,657</u>	<u>\$ 30,041</u>
All Other Governmental Funds					
Nonspendable					
Major special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 2
Major capital projects funds	170	52	-	-	-
Other governmental funds	1	-	-	-	-
Restricted					
Major special revenue funds	55	-	-	1,426	-
Other governmental funds	39,873	40,903	44,135	39,953	50,180
Committed					
Major special revenue funds	-	-	-	-	-
Other governmental funds	-	-	-	-	-
Assigned					
Major capital projects funds	1,429	-	-	-	-
Unassigned					
Major special revenue funds	(1,015)	(2,036)	(1,234)	(1,861)	(403)
Major capital projects funds	-	(446)	(5,850)	(8,442)	(9,667)
Other governmental funds	(847)	(1,473)	(613)	(2,435)	(5,231)
Total all other governmental funds	<u>\$ 39,666</u>	<u>\$ 37,000</u>	<u>\$ 36,438</u>	<u>\$ 28,641</u>	<u>\$ 34,881</u>

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues					
Taxes	\$ 65,275	\$ 66,134	\$ 68,810	\$ 73,901	\$ 73,850
Franchise fees	4,383	4,181	4,335	4,493	4,145
Licenses and permits	1,877	2,037	2,284	2,784	2,146
Intergovernmental	34,616	31,140	42,575	20,611	37,715
Charges for services	24,449	28,913	26,383	33,008	30,505
Investment income	4,156	3,897	4,399	6,895	5,185
Fines and forfeitures	1,628	1,513	1,674	1,658	1,239
Other	948	1,820	1,624	1,958	1,464
Total revenues	<u>137,332</u>	<u>139,635</u>	<u>152,084</u>	<u>145,308</u>	<u>156,249</u>
Expenditures					
Current					
General government	5,197	5,230	4,466	4,922	5,870
Public safety	61,631	64,986	65,519	68,958	72,921
Community development	5,746	6,717	6,763	6,601	7,940
Human and leisure	10,047	9,876	9,980	10,480	10,668
Public works	14,337	17,927	15,428	16,590	16,926
Refuse collection	10,183	10,385	10,737	11,166	11,899
Capital outlay	37,338	37,012	38,426	33,636	15,483
Debt service					
Principal retirement	712	722	519	806	745
Interest and fiscal charges	103	29	18	13	66
Total expenditures	<u>145,294</u>	<u>152,884</u>	<u>151,856</u>	<u>153,172</u>	<u>142,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,962)</u>	<u>(13,249)</u>	<u>228</u>	<u>(7,864)</u>	<u>13,731</u>
Other Financing Sources (Uses)					
Transfers in	8,992	9,460	15,170	10,637	13,711
Transfers out	(8,739)	(8,853)	(14,793)	(9,560)	(15,513)
Lease financing	-	2,473	-	-	-
Subscription financing	-	-	-	-	-
Proceeds from sale of capital asset	53	-	3,150	2,411	-
Loss on disposition of assets	-	-	(1,395)	(3,406)	-
Total other financing sources (uses)	<u>306</u>	<u>3,080</u>	<u>2,132</u>	<u>82</u>	<u>(1,802)</u>
Extraordinary item	-	-	-	-	2,900
Net change in fund balances	(7,656)	(10,169)	2,360	(7,782)	14,829
Fund balances - July 1	65,935	58,002	47,832	50,193	42,411
Restatements	(277)	-	-	-	-
Fund balances - June 30	<u>\$ 58,002</u>	<u>\$ 47,833</u>	<u>\$ 50,192</u>	<u>\$ 42,411</u>	<u>\$ 57,240</u>
Debt service as a percentage of noncapital expenditures	0.76%	0.65%	0.48%	0.69%	0.64%

Source: City of Fullerton Annual Comprehensive Financial Reports

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

	Fiscal Year				
	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues					
Taxes	\$ 79,279	\$ 87,136	\$ 91,173	\$ 93,042	\$ 98,333
Franchise fees	4,182	4,270	4,787	5,534	5,031
Licenses and permits	2,406	2,737	3,208	2,293	4,754
Intergovernmental	23,343	35,760	34,524	42,298	29,508
Charges for services	31,430	32,997	35,088	34,318	44,404
Investment income	3,013	1,868	5,566	8,747	8,899
Fines and forfeitures	1,014	1,692	2,074	2,337	2,008
Other	1,160	1,302	1,530	1,868	4,795
Total revenues	<u>145,827</u>	<u>167,762</u>	<u>177,950</u>	<u>190,437</u>	<u>197,732</u>
Expenditures					
Current					
General government	7,506	7,462	9,804	7,254	8,647
Public safety	72,970	76,740	84,499	93,148	102,064
Community development	9,780	7,219	7,565	10,219	9,797
Human and leisure	8,704	9,307	9,363	10,556	11,958
Public works	16,244	17,265	22,470	24,182	24,341
Refuse collection	12,714	13,208	13,966	15,548	16,407
Capital outlay	14,947	33,289	22,036	30,983	26,833
Debt service					
Principal retirement	252	259	295	358	1,054
Interest and fiscal charges	54	47	42	33	31
Total expenditures	<u>143,171</u>	<u>164,796</u>	<u>170,040</u>	<u>192,281</u>	<u>201,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,656</u>	<u>2,966</u>	<u>7,910</u>	<u>(1,844)</u>	<u>(3,400)</u>
Other Financing Sources (Uses)					
Transfers in	15,573	12,438	14,365	24,317	19,515
Transfers out	(15,418)	(13,357)	(15,192)	(25,253)	(22,243)
Lease financing	-	-	389	-	1,666
Subscription financing	-	-	179	152	4,984
Proceeds from sale of capital asset	-	-	-	-	3
Loss on disposition of assets	-	-	-	-	-
Total other financing sources (uses)	<u>155</u>	<u>(919)</u>	<u>(259)</u>	<u>(784)</u>	<u>3,925</u>
Extraordinary item					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,811	2,047	7,651	(2,628)	525
Fund balances - July 1	57,240	60,228	62,275	69,926	67,298
Restatements	177	-	-	-	(2,901)
Fund balances - June 30	<u>\$ 60,228</u>	<u>\$ 62,275</u>	<u>\$ 69,926</u>	<u>\$ 67,298</u>	<u>\$ 64,922</u>
Debt service as a percentage of noncapital expenditures					
	0.24%	0.23%	0.23%	0.24%	0.63%

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	Agricultural ² Property	Other ¹ Property	Tax-Exempt Property	Total Taxable	
							Assessed Value	Total Direct Tax Rate
2015-16	13,055,598	1,778,875	1,474,548	-	6,443	-	16,315,464	1.0649
2016-17	13,709,472	1,841,370	1,453,964	-	6,539	-	17,011,345	1.0798
2017-18	14,398,621	1,927,864	1,603,068	-	6,666	-	17,936,219	1.0816
2018-19	15,200,869	2,089,736	1,697,146	-	516	-	18,988,267	1.0785
2019-20	15,955,232	2,253,396	1,792,068	-	1,518	-	20,002,214	1.0737
2020-21	16,628,149	2,844,107	1,990,344	-	1,520	-	21,464,120	1.0825
2021-22	17,250,541	2,538,472	2,033,533	6,975	1,422	-	21,830,943	1.0769
2022-23	18,366,489	2,593,936	2,022,255	6,711	1,300	-	22,990,691	1.0747
2023-24	19,441,720	2,809,192	2,479,838	-	3,907	-	24,734,657	1.0589
2024-25	20,425,916	2,953,430	2,639,525	-	1,560	-	26,020,431	1.0596

¹ Other property includes water, mineral rights, rural, extensions, and unique miscellaneous. Values have changed due to reclassification.

² Agricultural classification added in FY 21/22

Source: Orange County Assessor, Combined Tax Rolls

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

Taxpayer	Fiscal Year 2024-25			Fiscal Year 2015-16		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
GLC Fullerton LLC	\$ 303,841,926	1	1.11%			
Rexford Industrial LLC	222,360,855	2	0.81%			
El Dorado Apartments	215,294,253	3	0.79%			
Trea Amplifi Apartments LLC	175,261,838	4	0.64%			
Wilshire Lambert Road Owner LLC	159,120,000	5	0.58%			
Aspect Acquisition LLC	147,072,266	6	0.54%			
Prologis USLV Subreit 3 LLC	136,264,017	7	0.50%			
FHF I Amerige Pointe LLC	131,782,443	8	0.48%			
Uptown Fullerton LLC	112,645,115	9	0.41%			
University House Fullerton LLC	104,733,977	10	0.38%			
Kimberly-Clark Worldwide Inc				\$ 179,681,533	1	1.04%
University House Fullerton LLC				86,443,550	2	0.50%
Corecare III				84,241,205	3	0.49%
Rreef America Reit II Corporation				82,967,479	4	0.48%
Hughes Drive Acquisitions Partners LLC				68,136,612	5	0.39%
Alcoa Global Fasteners Inc				65,926,490	6	0.38%
Amerige Heights Apartments LLC				60,359,525	7	0.35%
SFERS Real Estate Corporation				59,324,692	8	0.34%
PK I Fullerton Town Center LP				57,468,343	9	0.33%
CPT Parkside LP				57,059,701	10	0.33%
	<u>\$ 1,708,376,690</u>		<u>6.24%</u>	<u>\$ 801,609,130</u>		<u>4.63%</u>

Source: Orange County Assessor, Combined Tax Rolls and the SBE Non Unitary Tax Roll
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
2016	\$ 22,974,457	\$ 22,718,019	98.88	\$ 159,395	\$ 22,877,414	99.58
2017	23,839,526	23,583,249	98.92	141,968	23,725,217	99.52
2018	24,908,566	24,706,931	99.19	142,799	24,849,730	99.76
2019	26,273,796	25,981,413	98.89	157,559	26,138,972	99.49
2020	27,520,292	27,217,700	98.90	214,101	27,431,801	99.68
2021	29,380,451	29,133,624	99.16	207,733	29,341,357	99.87
2022	29,446,168	29,147,874	98.99	183,935	29,147,874	98.99
2023	31,163,950	30,846,432	98.98	216,723	30,846,432	98.98
2024	32,991,432	32,627,731	98.90	246,774	32,627,731	98.90
2025	35,564,794	35,102,921	98.70	N/A	35,102,921	98.70

Note: Property tax totals are net of 1915 act bond assessment district levies.

Source: Orange County Auditor/Controller, Tax Ledger
https://tax.ocgov.com/acledger/index_eGov.asp

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 ¹	% of Personal Income ²	Per Capita ²
	Bonds	Loan Payable	Subscription Liability ⁴	Lease Liability ³	Section 108 Loans	Bonds	Loan Payable	Subscription Liability ⁴	Construction Loan			
2015-16	\$ 6,455	\$ 2,733	\$ -	\$ -	\$ 2,000	\$ 8,485	\$ -	\$ -	\$ 2,059	\$ 21,732	0.51%	153
2016-17	6,135	4,208	-	-	1,500	8,766	-	-	1,575	22,184	0.51%	154
2017-18	5,858	4,799	-	-	1,000	8,236	-	-	1,071	20,964	0.46%	147
2018-19	5,575	3,832	-	-	500	7,691	-	-	546	18,144	0.38%	128
2019-20	5,283	2,942	-	-	-	7,017	-	-	-	15,242	0.30%	109
2020-21	5,649	2,531	-	-	-	6,606	-	-	-	14,786	0.28%	104
2021-22	5,232	11,052	-	-	-	6,169	-	-	-	22,453	0.37%	157
2022-23	4,800	10,082	2,825	422	-	5,723	244	26	-	24,122	0.37%	172
2023-24	4,355	9,167	5,007	561	-	5,257	1,463	11	-	25,821	0.38%	183
2024-25	3,905	8,231	8,789	1,918	-	4,776	1,323	229	-	29,171	0.43%	206

¹ Details regarding outstanding debt can be found in the notes to the financial statements.

² Calculations are based on personal income and population data reported in the Schedule of Demographic and Economic Statistics. Amounts reported in Fiscal Year 2024-25 have been updated to align calendar year income and population data with the end of the reported fiscal year. Amounts reported for the current fiscal year are based on estimates.

³ The City implemented GASB Statement No. 87 *Leases* in Fiscal Year 2021-22.

⁴ The City implemented GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* in Fiscal Year 2022-23.

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
2015-16	1.0000	0.03447	0.09175	0.02292	0.01628	0.02546	0.03043	0.05665	0.00350
2016-17	1.0000	0.05091	0.08720	0.02298	0.03570	0.02719	0.02885	0.05475	0.00350
2017-18	1.0000	0.05237	0.06713	0.02325	0.03455	0.03058	0.02927	0.05529	0.00350
2018-19	1.0000	0.05025	0.09303	0.02370	0.03034	0.03084	0.02829	0.05261	0.00350
2019-20	1.0000	0.04960	0.09911	0.02291	0.03593	0.03353	0.02409	0.04848	0.00350
2020-21	1.0000	0.05055	0.10566	0.02489	0.03396	0.03617	0.03198	0.06032	0.00350
2021-22	1.0000	0.04812	0.10125	0.02376	0.04206	0.04090	0.02877	0.04849	0.00350
2022-23	1.0000	0.04687	0.07683	0.02412	0.02907	0.03848	0.02778	0.04641	0.00350
2023-24	1.0000	0.04177	0.07808	0.02198	0.03605	0.03862	0.01715	0.04236	0.00350
2024-25	1.0000	0.04222	0.07479	0.02667	0.03198	0.03758	0.01735	0.03409	0.00700

Total Direct Tax Rate

Fiscal Year	City Direct Rate	Fullerton Schools	N. OC Community College	Total Direct Tax Rate
2015-16	1.0000	0.03447	0.03043	1.0649
2016-17	1.0000	0.05091	0.02885	1.0798
2017-18	1.0000	0.05237	0.02927	1.0816
2018-19	1.0000	0.05025	0.02829	1.0785
2019-20	1.0000	0.04960	0.02409	1.0737
2020-21	1.0000	0.05055	0.03198	1.0825
2021-22	1.0000	0.04812	0.02877	1.0769
2022-23	1.0000	0.04687	0.02778	1.0747
2023-24	1.0000	0.04177	0.01715	1.0589
2024-25	1.0000	0.04222	0.01735	1.0596

Source: Orange County Assessor, Tax Rate Table

City of Fullerton
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025
(in Thousands)

	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
2024-25 Assessed Valuation: \$27,786,577,810			
<u>Direct Debt - City of Fullerton</u>			
Bonds Payable	\$ 3,905	100.000	\$ 3,905
Financed Purchases (Loans Payable)	8,231	100.000	8,231
Subscription Liabilities	8,789	100.000	8,789
Lease Liabilities	1,918	100.000	1,918
Total City of Fullerton Direct Debt ²	<u>22,843</u>		<u>22,843</u>
<u>Overlapping Tax and Assessment Debt</u>			
Metropolitan Water District	17,155	0.682	117
North Orange County Joint Community College District	275,135	15.377	42,308
Brea-Olinda Unified School District	3,647	0.832	30
Placentia-Yorba Linda Unified School District	189,367	5.549	10,508
Anaheim Union High School District District	424,314	0.010	42
Fullerton Joint Union High School District	292,130	51.749	151,174
Anaheim School District	339,870	0.017	58
Buena Park School District	89,901	5.745	5,165
Fullerton School District	58,070	99.829	57,971
La Habra City School District	52,666	8.961	4,719
City of Fullerton Community Facilities District No. 1	9,370	100.000	9,370
City of Fullerton Community Facilities District No. 2	5,840	100.000	5,840
Total Overlapping Tax and Assessment Debt	<u>1,757,465</u>		<u>287,302</u>
<u>Overlapping General Fund Debt</u>			
Orange County General Fund Obligations	429,065	3.427	14,704
Orange County Board of Education Certificates of Participation	9,120	3.427	313
North Orange County Regional Occupation Program Certificates of Participation	6,880	15.815	1,088
Brea-Olinda Unified School District Certificates of Participation	3,715	0.832	31
Placentia-Yorba Linda Unified School District Certificates of Participation	75,175	5.549	4,171
Anaheim Union High School District Certificates of Participation	26,880	0.010	3
Fullerton Joint Union High School District Certificates of Participation	36,895	51.749	19,093
Fullerton School District Certificates of Participation	1,960	99.829	1,957
Total Overlapping General Fund Debt	<u>589,690</u>		<u>41,360</u>
<u>Overlapping Tax Increment Debt (Successor Agency)</u>			
Successor Agency to Brea Redevelopment Agency	59,058	3.473	2,051
Successor Agency to Fullerton Redevelopment Agency	19,955	100.000	19,955
Total Overlapping Tax Increment Debt	<u>79,013</u>		<u>22,006</u>
Total Overlapping Debt ³			<u>\$ 350,668</u>
Total Direct and Overlapping Debt			<u>\$ 373,511</u>

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 to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value. that is within the boundaries of the city divided by the district's total taxable assessed value.

² Includes all long-term debt of the governmental activities, including bonds, notes, loans, leases and SBITA payable.

³ Overlapping debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital.

Source: California Municipal Statistics, Inc. (Overlapping); City of Fullerton Administrative Services Department (Direct)

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Debt limit	\$ 2,447,320	\$ 2,551,702	\$ 2,690,433	\$ 2,848,240	\$ 3,000,332
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 2,447,320</u>	<u>\$ 2,551,702</u>	<u>\$ 2,690,433</u>	<u>\$ 2,848,240</u>	<u>\$ 3,000,332</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 2024-25

Assessed value	\$ 26,020,431
Add back: exempt real property	-
Total Assessed Value	<u>\$ 26,020,431</u>
Debt limit (15% of total assessed value)	\$ 3,903,065
Debt applicable to limit	-
Legal debt margin	<u>\$ 3,903,065</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.

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

		Fiscal Year				
2020-21	2021-22	2022-23	2023-24	2024-25		
\$ 3,219,618	\$ 3,274,641	\$ 3,448,604	\$ 3,710,199	\$ 3,903,065		
-	-	-	-	-		
<u>\$ 3,219,618</u>	<u>\$ 3,274,641</u>	<u>\$ 3,448,604</u>	<u>\$ 3,710,199</u>	<u>\$ 3,903,065</u>		
0%	0%	0%	0%	0%		

City of Fullerton
Revenue Bond Coverage

2014 Water Revenue Refunding Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015-16	\$ 4,125,954	\$ 350,000	\$ 273,663	\$ 623,663	6.62
2016-17	4,826,465	360,000	263,013	623,013	7.75
2017-18	3,670,038	370,000	252,063	622,063	5.90
2018-19	6,036,975	380,000	240,813	620,813	9.72
2019-20	6,908,323	390,000	231,213	621,213	11.12
2020-21	14,593,816	250,000	222,313	472,313	30.90
2021-22	19,634,918	265,000	212,013	477,013	41.16
2022-23	19,660,261	270,000	201,313	471,313	41.71
2023-24	17,730,945	285,000	190,213	475,213	37.31
2024-25	12,132,308	295,000	177,506	472,506	25.68

¹ All water system net available revenue (operating income adjusted by depreciation expenses)

Source: City of Fullerton - Fiscal Services Division
Annual Comprehensive Financial Reports

City of Fullerton
Revenue Bond Coverage

2005 Tax Allocation Revenue Bonds ^{2,3}
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015-16	\$ -	\$ 3,245,000	\$ 3,371,173	\$ 6,616,173	-
2016-17	-	3,210,000	3,209,063	6,419,063	-
2017-18	-	3,285,000	3,046,688	6,331,688	-
2018-19	-	3,415,000	2,878,488	6,293,488	-
2019-20	-	3,765,000	2,698,953	6,463,953	-
2020-21	-	-	-	-	N/A
2021-22	-	-	-	-	N/A
2022-23	-	-	-	-	N/A
2023-24	-	-	-	-	N/A
2024-25	-	-	-	-	N/A

¹ Total Debt Service Fund revenues for Orangefair, Central, and East Fullerton Redevelopment Project Areas.

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

³ These bonds were completely defeased with the issuance of the 2020A Tax Allocation Refunding Bonds as of June 30, 2021.

2006 CRA/ERAF Taxable Revenue Bonds ^{2,3}
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015-16	\$ -	\$ 150,000	\$ 9,540	\$ 159,540	-
2016-17	N/A	-	-	-	N/A
2017-18	N/A	-	-	-	N/A
2018-19	N/A	-	-	-	N/A
2019-20	N/A	-	-	-	N/A
2020-21	N/A	-	-	-	N/A
2021-22	N/A	-	-	-	N/A
2022-23	N/A	-	-	-	N/A
2023-24	N/A	-	-	-	N/A
2024-25	N/A	-	-	-	N/A

¹ Total Debt Service Fund revenues for Orangefair, Central, and East Fullerton Redevelopment Project Areas.

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

³ These bonds were retired in Fiscal Year 2015-16.

Source: City of Fullerton - Fiscal Services Division
Annual Comprehensive Financial Reports

City of Fullerton
Revenue Bond Coverage

2010 Tax Allocation Housing Revenue Bonds ^{2,3}
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015-16	\$ -	\$ 1,485,000	\$ 1,310,707	\$ 2,795,707	-
2016-17	-	1,545,000	1,245,324	2,790,324	-
2017-18	-	1,615,000	1,170,453	2,785,453	-
2018-19	-	1,695,000	1,086,554	2,781,554	-
2019-20	-	1,780,000	994,045	2,774,045	-
2020-21	-	-	-	-	N/A
2021-22	-	-	-	-	N/A
2022-23	-	-	-	-	N/A
2023-24	-	-	-	-	N/A
2024-25	-	-	-	-	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.

³ These bonds were completely defeased with the issuance of the 2020B Tax Allocation Refunding Bonds as of June 30, 2021.

2010 Lease Revenue Bonds - Series A ²
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015-16	-	105,000	172,226	277,226	-
2016-17	-	110,000	165,400	275,400	-
2017-18	-	115,000	158,250	273,250	-
2018-19	-	120,000	150,776	270,776	-
2019-20	-	125,000	142,976	267,976	-
2020-21	-	125,000	134,850	259,850	-
2021-22	-	135,000	125,162	260,162	-
2022-23	-	140,000	114,700	254,700	-
2023-24	-	145,000	103,850	248,850	-
2024-25	-	150,000	92,612	242,612	-

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

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

Note: The information for the 2015, 2020A, 2020B Tax Allocation Refunding Bonds are not included in the statistical section of the City of Fullerton's Annual Comprehensive Financial Report. Effective February 1, 2012 the State of California dissolved all redevelopment agencies, including the Redevelopment Agency of the City of Fullerton. A Successor Agency was set up to handle the ongoing debt service obligations of the former redevelopment agency. The Successor Agency acts in a fiduciary capacity only and is therefore excluded from the government-wide financial statements because any resources of this Agency cannot be used to support the government's programs. Likewise, the liabilities, including the debt service are not included in the statistical sections.

Source: City of Fullerton - Fiscal Services Division
Annual Comprehensive Financial Reports

City of Fullerton
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income ² (in thousands)	Per Capita Personal Income ²	Unemployment Rate ³
2015-16	142,234	4,228,814	29,731	4.60%
2016-17	144,214	4,311,756	29,898	4.50%
2017-18	142,824	4,533,852	31,744	3.00%
2018-19	141,863	4,796,794	33,812	2.90%
2019-20	139,431	5,058,288	36,278	9.60%
2020-21	142,732	5,369,372	37,618	8.50%
2021-22	142,873	6,023,146	42,157	4.30%
2022-23	140,311	6,570,771	46,830	3.30%
2023-24	141,469	6,789,946	47,995	3.95%
2024-25	141,469	6,789,946	47,995	4.20%
	Note ⁴	Note ⁴	Note ⁴	

Sources: ¹ California State Department of Finance
² U.S. Census Bureau, most recent American Community Survey
³ U.S. Bureau of Labor Statistics

Note: ⁴ Population and income data is compiled by the County of Orange on a calendar year basis. Data is available through calendar year 2024 (for Fiscal Year 2023-24). Calendar year 2025 (Fiscal Year 2024-25) data is not available at the time of this report's publication; thus, calendar year 2024 data is used as an estimate for Fiscal Year 2024-25.

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City of Fullerton
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>Fiscal Year 2024-25</u>			<u>Fiscal Year 2015-16</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment²</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment¹</u>
California State University, Fullerton	3,768	1	5.02%	4,150	1	5.85%
St. Jude Medical Center	1,797	2	2.40%	1,000	5	1.41%
Fullerton Joint Union High School Dist.	1,452	3	1.94%	870	7	1.23%
Raytheon Systems Co.	1,200	4	1.60%	1,320	3	1.86%
Fullerton College	1,110	5	1.48%	1,200	4	1.69%
Fullerton School District	1,040	6	1.39%	1,481	2	2.09%
AJ Kirkwood & Associates, Inc	600	7	0.80%			
City of Fullerton	577	8	0.77%	644	9	0.91%
Albertson's Regional Corporate	400	9	0.53%	950	6	1.34%
Morningside of Fullerton	350	10	0.47%			
Alcoa Fastening Systems				750	8	1.06%
St. Jude Heritage Health				604	10	0.85%
Total	12,294		16.40%	12,969		18.29%

¹ Based upon U.S. Census Bureau's American Community Survey's estimate of 71,000 residents employed

² Based upon U.S. Census Bureau's American Community Survey's estimate of 75,000 residents employed

Source: Fullerton Public Library - A to Z Databases | Data Axle Reference Solutions

City of Fullerton and Fullerton Successor Agency
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Department	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
City Council	6.0	6.0	6.0	6.0	6.0
City Manager	7.0	7.0	6.5	6.5	7.0
Administrative Services	33.0	33.0	33.0	33.0	35.0
Human Resources	8.9	8.9	8.9	8.9	8.9
Fire	92.0	92.0	92.0	89.0	87.0
Police	212.0	212.0	217.0	218.0	203.0
Community Development	28.0	28.0	28.0	28.0	30.0
Public Works	200.0	200.0	198.0	198.0	194.0
Parks & Recreation	22.0	22.0	21.0	21.0	21.0
Library	23.8	23.8	23.8	23.8	23.8
Subtotal	632.7	632.7	634.2	632.2	615.7
Part-time hours	165,840	165,920	165,255	159,639	160,159
Full-time equivalents	79.7	79.8	79.4	76.7	77.0
Total positions	712.4	712.5	713.6	708.9	692.7

¹ Reductions in the non-regular positions in Fiscal Year 2020-21 were due to the COVID-19 pandemic.

² City Council implemented budget reduction strategies and removal of unfunded positions beginning in Fiscal Year 2022-23.

Source: City of Fullerton Final Budget

City of Fullerton and Fullerton Successor Agency
 Full-Time Equivalent City Employees by Function
 Last Ten Fiscal Years

Fiscal Year				
2020-21	2021-22	2022-23	2023-24	2024-25
6.0	6.0	5.0	5.0	5.0
7.0	7.0	8.0	8.0	10.0
29.0	30.0	32.0	31.0	31.0
9.0	11.0	11.0	11.0	11.0
86.0	87.0	87.0	88.0	88.0
209.0	209.0	197.0	192.0	197.0
31.0	31.0	31.0	32.5	35.5
195.0	192.0	185.0	196.5	198.5
17.0	21.0	14.0	14.0	21.0
21.8	23.8	20.3	21.3	21.3
610.8	617.8	590.3	599.3	618.3
68,410 ¹	109,127	71,925	114,488	95,275
32.9	52.5	34.6	55.0	45.8
643.7	670.3	624.9 ²	654.3 ²	664.1 ²

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

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Fullerton Elementary School District	13,544	13,700	13,700	13,700	13,700
Fullerton Joint Union High School District	13,773	13,664	13,649	13,695	13,600
Fullerton College	35,335	23,000	23,000	23,000	23,000
California State University - Fullerton	40,235	40,439	39,343	39,030	39,270
Marshall B. Ketchum University	400	544	500	500 ¹	500
Hope International University	1,438	2,349	1,752	1,749	1,784
Total enrollment in Fullerton's schools and universities	<u>104,725</u>	<u>93,696</u>	<u>91,944</u>	<u>91,674</u>	<u>91,854</u>

¹ Based on average attendance (actual enrollment data is not available)

Sources:

- California School Dashboard (CA Dept of Education)
- California Community Colleges Chancellor's Office
- California State University Office of the Chancellor
- Marshall B. Ketchum University - Registrar's Office
- Hope International University - Registrar's Office

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

Fiscal Year				
2020-21	2021-22	2022-23	2023-24	2024-25
12,852	12,141	11,681	11,626	11,439
13,630	13,473	13,431	13,173	12,826
21,785	18,742	18,370	18,572	19,521
41,408	40,087	39,729	41,326	42,999
¹ 740	¹ 738	¹ 1,458	661	656
1,531	1,623	1,442	1,491	1,541
<u>91,946</u>	<u>86,804</u>	<u>86,111</u>	<u>86,849</u>	<u>88,982</u>

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

Function / Operating Indicator	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Police					
Calls dispatched	50,628	52,527	52,332	49,647	69,027
Crime reports	17,635	18,059	16,346	15,363	13,539
Moving citations	7,573	3,878	4,078	2,394	2,462
Parking citations	37,613	36,658	27,993	28,980	22,258
Fire					
Unit responses	18,813	18,250	17,992	16,132	13,611
Medical calls	8,725	8,298	8,088	8,448	10,300
Annual fire inspections	4,437	3,806	3,717	2,678	3,887
Water					
Number of customer accounts	31,307	31,427	31,923	31,913	31,987
Average daily consumption (millions of gallons)	20.9	20.6	23.2	20.5	20.1
Water samples taken	4,597	4,657	4,604	4,607	3,901
Sewers					
Feet of sewer mains root cut/ chemically treated	215,312	236,257	- ¹	- ¹	- ¹
Miles of sewer mains root cut/ hydro jetted	-	-	363	357	280
Number of chemically or mechanically treated sewer laterals	1,711	2,167	2,438	2,222	909
Traffic and General Engineering					
Traffic signals maintained	151	151	153	154	154
Infrastructure improvement projects administered	80	77	68	56	38
Private development plans reviewed	2,500	2,564	2,988	3,023	2,823
Maintenance					
Square ft. graffiti removal	316,667	348,336	327,223	365,246	502,178
Street sweeping miles	36,044	36,864	34,870	35,783	32,231
Trees pruned per year	14,975	14,005	8,436	9,587	8,821
Culture and Recreation					
Park event attendance	42,000	45,000	49,500	57,625	48,900
Independence Gym / Park / Community Center participants	170,000	240,000	250,000	268,000	244,656
Fullerton Museum Center attendance	29,265	21,734	21,435	23,328	12,500

Source: City of Fullerton Budget Division and various City departments

¹ Sewer mains were root cut/hydro jetted rather than root cut/chemically treated.

² Facilities were temporarily closed in Fiscal Year 2020-21 due to the COVID-19 pandemic.

³ As of Fiscal Year 2021-22, Fullerton Museum Center is no longer operated by the City.

⁴ Independence Gym has not reopened since the COVID-19 pandemic.

⁵ Starting in Fiscal Year 2023-24, the City has discontinued chemical treatment and uses only mechanical cleaning for sewer laterals.

City of Fullerton
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year				
2020-21	2021-22	2022-23	2023-24	2024-25
45,174	46,825	46,255	42,132	41,618
12,877	12,960	13,117	13,500	13,699
5,331	1,454	2,354	6,129	5,534
31,352	10,275	49,027	72,933	38,566
13,928	15,580	16,189	15,751	17,088
11,160	9,507	11,097	13,105	12,479
2,905	7,277	2,567	3,011	5,453
31,890	31,107	31,176	31,977	31,726
21.1	20.4	18.0	16.9	19.7
4,099	4,139	4,037	4,090	4,116
- ¹	- ¹	11,354	11,454	11,958
248	332	253	302	303
392	1,578	2,425	3,082 ⁵	1,642 ⁵
154	154	154	154	154
58	62	79	82	85
2,835	2,906	3,050	3,016	2,887
441,146	634,989	739,811	663,894	597,588
34,321	34,666	34,397	34,920	34,405
13,089	11,479	12,715	11,593	12,092
- ²	49,400	52,000	53,000	54,500
56,224 ²	146,057 ⁴	153,000 ⁴	180,000 ⁴	211,000 ⁴
- ²	N/A ³	N/A ³	N/A ³	N/A ³

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

Function / Capital Asset	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	2019-20
Public Safety					
Police stations	1	1	1	1	1
Number of patrol units	34	31	33	32	31
Fire stations	6	6	6	6	6
Number of ladder trucks	2	2	2	2	1
Number of fire engines	11	11	11	11	9
Highways and Streets					
Miles of streets	285	285	285	285	294
Traffic Signals	151	151	153	154	154
Streetlights	6,900	6,900	6,700	6,700	6,700
Water					
Number of water wells	11	10	10	10	10
Number of reservoirs	15	15	15	15	15
Miles of lines & mains	423	423	423	423	423
Sewer					
Miles of sanitary sewers	323.3	320.0	325.0	325.0	320.0
Miles of storm drains	71.2	71.2	71.7	71.7	71.7
Culture and Recreation					
Number of recreation and cultural facilities	67	67	67	67	67
Number of acres for above	683	683	683	683	683
Number of libraries	2	2	2	2	1 ¹
Number of library books	210,597	210,597	179,914	212,665	199,196

¹ The Hunt Library underwent a major refurbishment and was unavailable to the public from Fiscal Year 2019-20 until Fiscal Year 2022-23.

Source: City of Fullerton Budget Division and various City departments

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

Fiscal Year				
2020-21	2021-22	2022-23	2023-24	2024-25
1	1	1	1	1
34	35	44	57	43
6	6	6	6	6
1	1	2	2	2
9	9	10	10	10
294	298	298	298	298
154	154	154	154	154
6,700	6,700	6,700	6,700	6,700
9	9	9	9	11
15	15	15	15	15
423	423	423	423	423
320.0	320.0	320.0	320.0	320.0
71.7	71.7	71.7	71.7	71.0
61	61	61	61	61
683	683	683	683	683
1 ¹	1 ¹	1 ¹	2	2
132,039	168,280	152,924	163,346	156,751

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

The procedures performed and our findings were as follows:

1. We confirmed consistency with annual ROPS submissions

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

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

2. We verified project closure statuses.

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

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



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

3. We validated debt service payments.

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

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

4. We verified proper accounting of prior period adjustments.

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

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

5. We confirmed accuracy of journal entries.

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

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



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

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

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

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

LSL, LLP

Irvine, California
January 5, 2026

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

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

Note 1

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

This entry resulted in a cash transfer from the Successor Agency to the General Fund. In FY 21-22, the \$2,900,768

Land for Resale was transferred back to the Successor Agency. However, \$2,900,768 in cash was not transferred back to the Successor Agency.



December 23, 2025

To the Honorable Mayor and Members of City Council

City of Fullerton
Fullerton, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fullerton, California (hereafter, the City) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. [As described in Note 1 to the financial statements, the City changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates of the pension, other postemployment benefits, and self-insured claims liabilities are based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the pension, other postemployment benefits, and self-insured claims liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures, corrected by management, are described in detail in our separately issued *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated December 23, 2025.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other post-employment benefits schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



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

We were not engaged to report on the introductory and statistical sections of the Annual Comprehensive Financial Report, which accompany the financial statements but are not RSI. Such information has 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 it.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Subsequent Events*.

Restriction on Use

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

Very truly yours,

LSL, LLP

Irvine, California



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fullerton, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

City of Fullerton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 23, 2025



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

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number

2025-001 - Restatement of Fund Balance

Evaluation of Finding

Material Weakness in Internal Control over Financial Reporting

Condition

Prior to the commencement of the audit, City personnel identified a prior period adjustment related to the transfer of land held for resale between the General Fund and the Successor Agency of the Former RDA.

Criteria

Management is responsible for ensuring that, as part of the year-end close process, all transactions for the year are properly recorded and reconciled to underlying supporting documentation. In this case, management identified the adjustment internally and consulted with external auditors to determine required disclosures and presentation.

Cause

Due to uncertainty regarding property ownership, transfers of land held for resale were initiated and later reversed in fiscal year 2020 and 2022, respectively. When the reversal occurred in fiscal year 2022, the corresponding adjustment to cash and net position was inadvertently omitted.

Effect or Potential Effect

An adjustment of \$(2,900,768) was recorded to the beginning fund balance for the General Fund in the City's financial statements as of June 30, 2025.

Recommendation

We recommend management strengthen its year-end close procedures by thoroughly reviewing all journal entries — including auditor-proposed entries — to ensure that ending fund balance and net position amounts in the general ledger reconcile to the audited financial statements. This review should encompass both significant or unusual transactions and recurring or routine entries, with particular attention to reversals and prior period adjustments.

Management's Response

We concur with the finding. This was a one-time error that occurred when transferring Land Held for Resale to the General Fund, then later back to the Successor Agency in FY 2021-22. Management will strengthen year-end closing procedures to ensure accounts are properly reconciled and ending fund balance and net position amounts reconcile to the audited financial statements.



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

Reference Number

2025-002 – Correction of Utility Billing

Evaluation of Finding

Material Weakness in Internal Control over Financial Reporting

Condition

During the audit, it was noted that material adjustments were necessary to properly reflect sales and service charges revenue and accounts receivable as of June 30, 2025.

Criteria

Management is responsible for ensuring that all revenues and related receivables are accurately recorded in the City's general ledger at year-end. Additionally, all significant trial balance accounts should be reconciled to underlying supporting documentation prior to furnishing of the trial balance to external auditors.

Cause

As a result of a newly implemented utility billing system, there were inadvertent account coding errors that were not rectified prior to the go-live date. Due to this coding error, the Sewer Enterprise Fund had sales and service charges revenue and accounts receivable that were overstated by \$3,032,288 and \$286,008, respectively. Additionally, the Water Fund had sales and service charges revenue and accounts receivable that were understated by \$3,032,288 and \$286,008, respectively.

Effect or Potential Effect

The City did not have in place a systematic method for ensuring that timely and complete year-end closing procedures and review surrounding Enterprise Fund activity were in operation before presenting the trial balance to the auditors. The adjustments have been reported and posted by the City, that if not done so, would materially misstate the financial statements.

Recommendation

We recommend management enhance its year-end closing and reconciliation procedures by:

- Establishing a formal review process for all Enterprise Fund revenue and receivable accounts.
- Performing reconciliations between the utility billing system and the general ledger prior to audit fieldwork.
- Implementing supervisory review of journal entries related to utility billing to detect and correct coding errors.
- Providing staff training on the new billing system to ensure accurate account coding and reporting.

Management's Response

We concur with the finding. When establishing the Tyler Munis chargecodes, accounting erroneously identified a charge related to water as a sewer related fee and did not detect the error. Management will enhance procedures for establishing billing charge codes to ensure the correct accounts are recorded and ensure year-end closing reconciliations and reviews are performed to prevent and detect errors.



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

Reference Number

2025-003 – Correction of Capital Asset Activity

Evaluation of Finding

Significant Deficiency

Condition

During the audit, it was noted that numerous adjustments were necessary to properly correct capital asset activity that was recorded and capitalized in previous fiscal years.

Criteria

Management is responsible for ensuring that all capital asset activity, including capital projects and other acquisitions, properly meet the criteria for capitalization prior to furnishing the year-end trial balance to the external auditors.

Cause

Due to a decentralized capital asset reconciliation and initiation process, multiple projects and items that were recorded and capitalized in prior fiscal years were identified as not meeting capitalization criteria and were corrected in the current year.

Effect or Potential Effect

The City has not had sufficient resources to implement a systematic method for ensuring that all capital projects and other capital asset activity properly meet capitalization criteria prior to the year-end close process. This increases the risk of misstatements in capital asset balances and related depreciation expense, and reliance on audit adjustments to achieve accurate reporting.

Recommendation

We recommend the City streamline and centralize the initiation, review, and recording of capital asset activity. A standardized reconciliation process should be implemented to ensure that only items meeting capitalization criteria are recorded as capital assets as of June 30. This will reduce the risk of misstatements, improve accuracy of financial reporting, and strengthen internal controls over capital asset accounting.

Management's Response

We concur with the finding. Management will evaluate current procedures and work with Public Works to properly identify projects that meet capitalization criteria.