



# Community Report

## Fiscal Year Ending June 30, 2021



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City of Fullerton



Fullerton CA



City of Fullerton



City of Fullerton

303 W. Commonwealth Ave, Fullerton, CA 92832

[www.cityoffullerton.com/financialreports](http://www.cityoffullerton.com/financialreports)

## MESSAGE FROM THE CITY MANAGER

I am pleased to present the Fiscal Year (FY) 2020-21 Annual Community Report for the City of Fullerton, also known as the Popular Annual Financial Report (PAFR). This report highlights the City's financial position and capital investments, and offers useful information about the City, including where revenues come from and how they are spent to operate our City. All this in a simpler, user friendly format in comparison with the City's Annual Comprehensive Financial Report (ACFR)!

In recent years, the City of Fullerton has experienced challenges to balancing its Operating General Fund Budget, while still providing the high level of service our residents and community have come to expect. Some of the contributing fiscal issues include: slow revenue growth, rising pension retirement costs, and the ever increasing need to reinvest in our aging streets, water and sewer lines, and other public facilities. Through the budget process, the City has continued to implement prudent strategies to balance the budget, including seeking service delivery efficiencies and cost savings, right sizing of departments and services, updating fees and identifying revenue-generating opportunities, and negotiating with employee bargaining units to find solutions for these unprecedented times.

In FY 2020-21, Fullerton, like all cities, continued to wrestle with the impacts and public health effects of the COVID-19 pandemic. Despite the ongoing pandemic and new reality we live in, the City, with the help of our dedicated employees, has remained focused in accessing funding to provide much-needed support, economic assistance, and aid to the community. To actively address the needs of the Fullerton community and contend with COVID-19, the City has also provided rental assistance and small business grants, utility bills aid, and implemented Feed Fullerton as well as other senior food programs. In addition, our City staff continues to move the City Council's initiatives forward – seeking a better Fullerton for all. We hope you find this Community Report for FY 2020-21 helpful. Please feel free to share any questions, concerns, or feedback you may have with us.

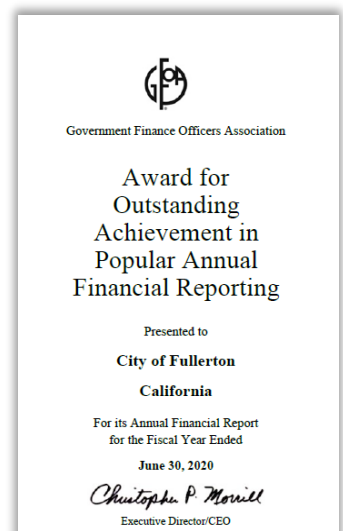
Respectfully,



*A special thank you to the City Manager and Administrative Services Department staff including Anissa Livas, Toni Smart, John Ji, Steven Avalos and Cindy Barrios who compiled and produced this year's Community Report.*



Jeffrey W. Collier  
Acting City Manager



### Report to the Citizens of Fullerton

The Community Report summarizes the financial activities of the City of Fullerton's governmental and proprietary funds and draws its information from the FY 2020-21 Annual Comprehensive Financial Report (ACFR), formerly known as the Comprehensive Annual Financial Report. The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes audited financial statements.

The ACFR can be found at [www.cityoffullerton.com/financialreports](http://www.cityoffullerton.com/financialreports)

The Community Report is intended to increase awareness throughout the community of the financial operations of the City. As such, this report is presented on a non-GAAP basis and communicates complex financial and statistical information in a user-friendly manner to citizens and other interested parties.

# ALL ABOUT THE CITY OF FULLERTON

The City of Fullerton is located in northwestern Orange County, approximately 25 miles southeast of downtown Los Angeles. The City is ideally located for transportation, bounded by 3 major highways, and located 15 miles northwest of John Wayne Airport. Prior to the pandemic, an average workday has Fullerton's Transportation Center serving an average of 3,000 commuters on the Metrolink and Amtrak trains. With a population of 139,431, Fullerton is the 42nd largest city in the State and 6th in Orange County.



Unemployment Rate **8.5%**  
 Median Age **34.5**  
 Square Miles **22.4**  
 Population **139,431**

## MAYOR & CITY COUNCIL



COUNCIL MEMBER  
 JESUS SILVA  
 DISTRICT 3



COUNCIL MEMBER  
 NICK DUNLAP  
 DISTRICT 2



MAYOR  
 FRED JUNG  
 DISTRICT 1



COUNCIL MEMBER  
 AHMAD ZAHRA  
 DISTRICT 5



MAYOR PRO TEM  
 BRUCE WHITAKER  
 DISTRICT 4

## CITY EXECUTIVE TEAM

ACTING CITY MANAGER  
 JEFFREY W. COLLIER

POLICE CHIEF  
 BOB DUNN

LIBRARY DIRECTOR  
 JUDY BOOTH

FIRE CHIEF  
 ADAM LOESER

DIRECTOR OF PUBLIC WORKS  
 MEG MCWADE

INTERIM  
DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT  
 GREG PFOST

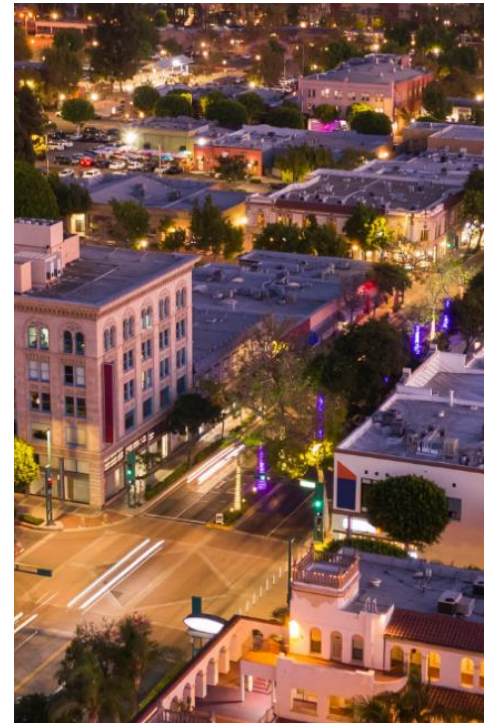
INTERIM  
DIRECTOR OF HUMAN RESOURCES  
 EDDIE MANFRO

DIRECTOR OF PARKS & RECREATION  
 VACANT

DIRECTOR OF ADMINISTRATIVE SERVICES  
 ELLIS CHANG

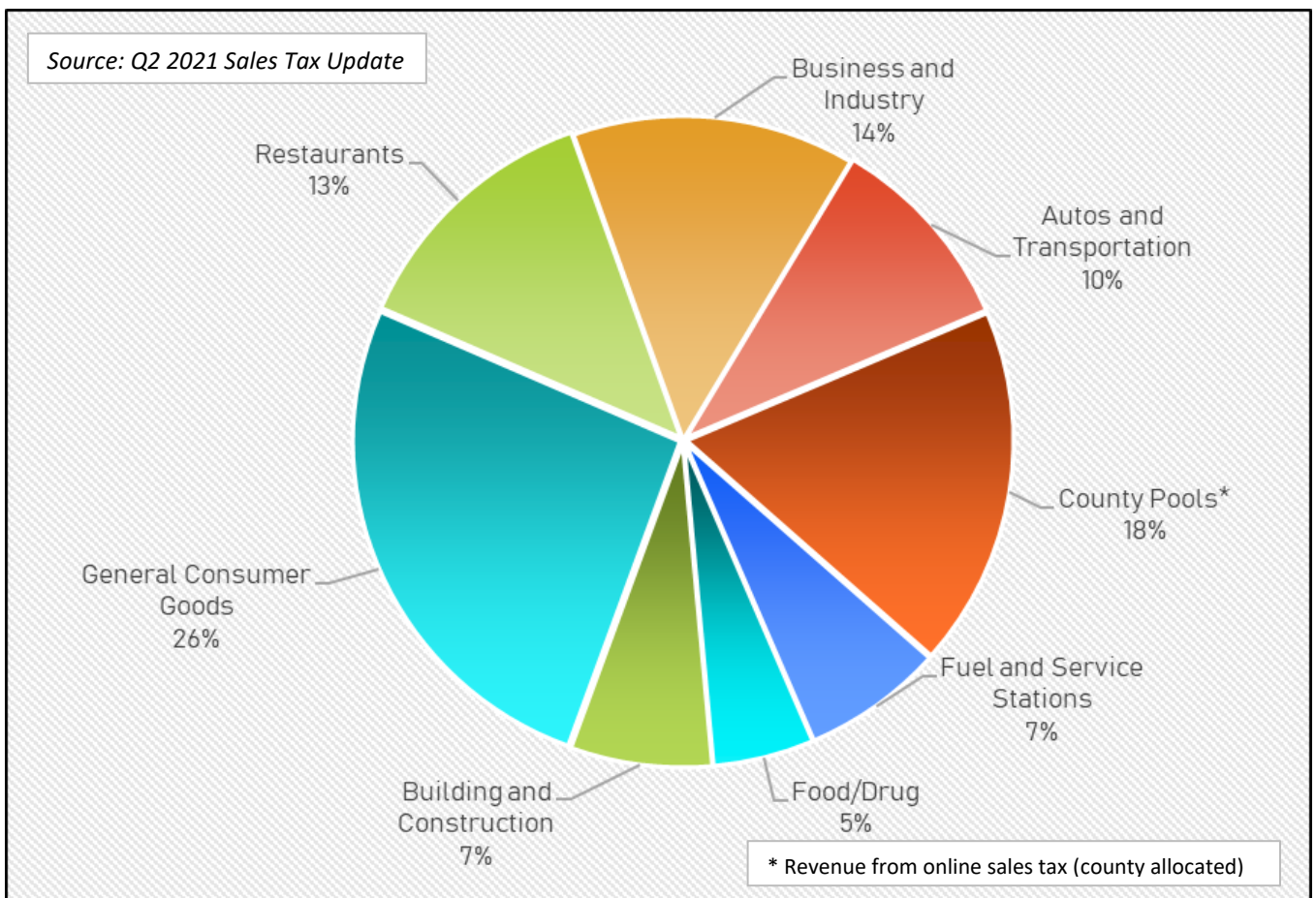
# OUR LOCAL ECONOMY

The Fullerton business community is diversified with no single industry or business dominating its local economy. Major employers in Fullerton include California State University-Fullerton, Fullerton Community College, St. Jude Hospital, Raytheon Systems Company, and AJ Kirkwood & Associates, Inc. In addition to its diverse business industry base, the City is a major center of higher education in Orange County and is considered the “Education Community.” California State University-Fullerton and Fullerton Community College are located within the City, as well as three private colleges/universities for a total enrollment of over 65,400 students.



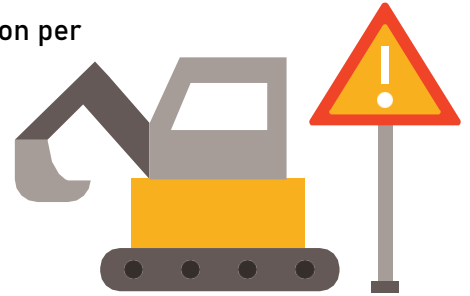
Although COVID-19 has had an adverse effect on the overall economy, the City’s diverse local economic base has held up and the City began to see recovery in FY 2020-21 from the onset of the pandemic in the prior fiscal year. For sales tax, General Consumer Goods and Business Industry both saw gains from the prior year despite the pandemic. In addition, the City continues to benefit from the increases to its County pool sales tax allocations, attributed to both an increase in online sales activities as well as a new State law enacted last year.

## SALES TAX REVENUE: FY2020-21 BY INDUSTRY

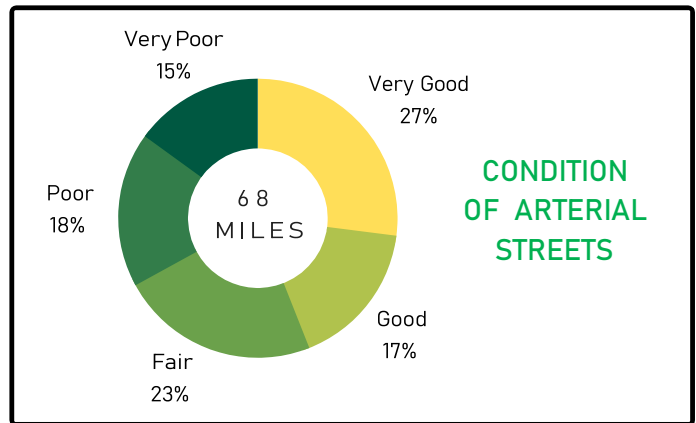
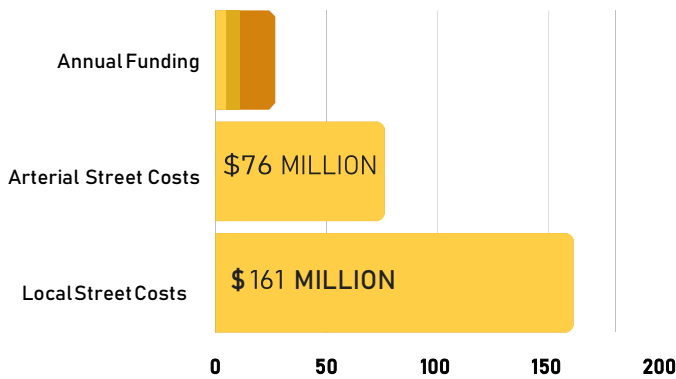


# CITY STREET CONDITIONS

Deteriorating roadways have been of major concern for our residents. While every attempt is made toward improvements, the extent of street damage far exceeds funding to make significant strides. For the City to make noticeable improvements, a budget of at least \$16 million per year is needed. In an effort to address this, the City established a new Infrastructure Fund in FY 19-20 to allocate a portion of incremental tax increases dedicated for street improvements. The new Infrastructure Fund is estimated to benefit from improved secured property tax and sales tax revenue. While still insufficient to meet needed funding requirements, it is estimated that about \$500K-\$1M annually of secured property tax and sales tax will be dedicated to the Infrastructure Fund to help improve our City's streets.

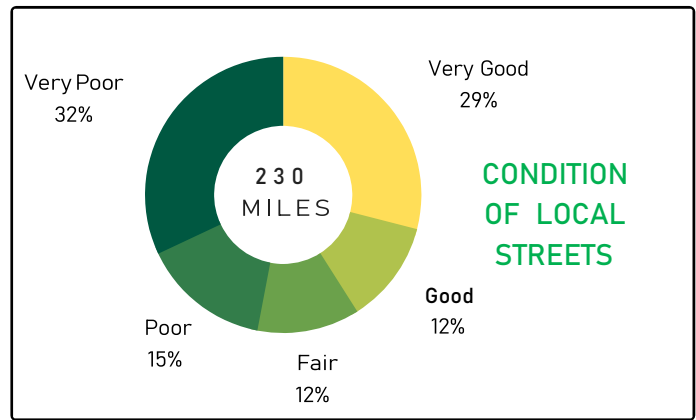


FUNDING VS. COSTS TO IMPROVE STREETS TO GOOD CONDITION



ANNUAL FUNDING BREAKDOWN

- 5.0 MILLION (ACTUAL FUNDING)
- 8.0 MILLION (MIN. RECOMMENDED)
- 16.0 MILLION (PREFERRED MINIMUM)



## COVID-19 & THE CITY'S INITIATIVES

The City of Fullerton, like many agencies across the nation, has had to contend with the negative economic impacts and public health effects of the COVID-19 pandemic which continued into FY 20-21. Although COVID-19 has had a negative impact on the national and local economies, the City's diverse and local economic base has held up, and has even seen recovery in certain revenues, such as sales tax in FY 20-21. In addition, the infusion of \$6M of Federal CARES funding assisted the City to actively mitigate against the pandemic and provide much needed support, economic assistance, and aid to the community.

To assist efforts into reviving our local economy and help local restaurants to stay open, Fullerton was the first City in Orange County to open its "Walk on Wilshire," an al fresco dining experience and outdoor community area that helped our local eateries stay open during the pandemic. In addition, the City also implemented a Small Business Grant program which also assisted small businesses to stay open during the pandemic.



The City also assisted the community in support of our resident's financial hardships experienced. Staff developed housing assistance programs to ensure that residents were able to retain housing when the financial crisis fully materialized. Rental Assistance programs also provided assistance to over 150 residents during the pandemic. A Utility Relief program was also implemented, which assisted residents with their water utility bills.

Another popular program for our community is the City's Feed Fullerton program. Feed Fullerton is an income-based program that provided over 7,600 nutritious meals from Fullerton's local eateries. It was developed as a community-based emergency feeding program created in response to the COVID-19 pandemic and provides healthy meals to residents in need and reinvests back into our local economy.

For our senior residents, the City continues to partner with Meals on Wheels of Orange County and has provided over 7,300 healthy meals to our senior community. In addition, the City's Grocery Box distribution program, was a new program that delivered over 8,800 groceries safely to seniors and our vulnerable populations in need.



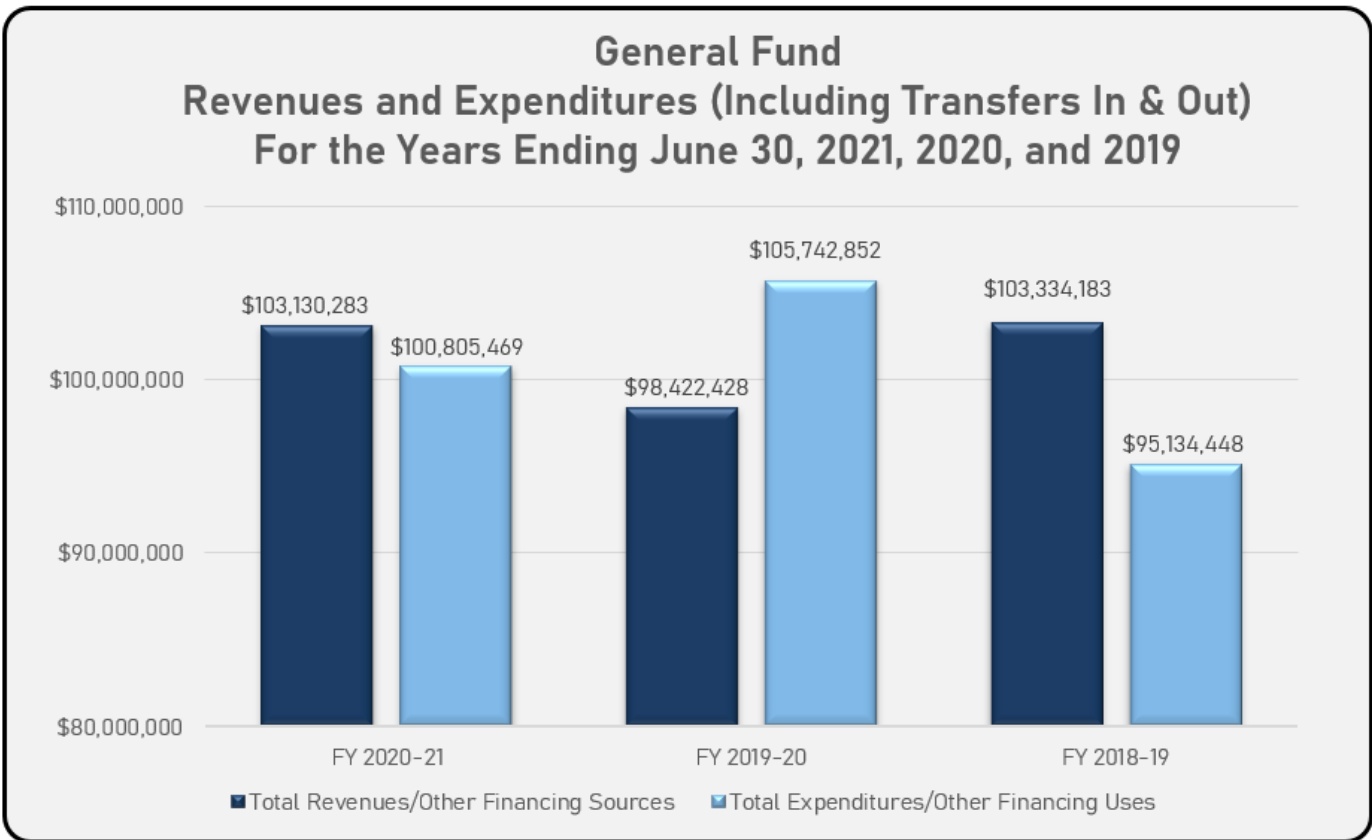
In looking forward to FY 21-22, the City and community will benefit from additional Federal aid from the American Rescue Plan Act, better known as ARPA, which will support stabilization of government finances and reinvestment back into our community and local economy.

# GENERAL FUND

The General Fund is the chief operating fund of the City. For FY 20-21, General Fund revenues totaled \$103.1 million, and expenditures totaled \$100.8 million for the year, resulting in an operating surplus of \$2.3 million (includes transfers and special items). The operating surplus is due to cost reduction measures to mitigate the fiscal impacts of COVID-19 and expenditure reductions resulting from closures of City facilities and corresponding programs along with an increase in property tax revenue from unanticipated Successor Agency related residual receipts of property tax revenue and an increase in sales tax revenue.



At the end of FY 20-21, the fund balance totaled \$20.6 million. Of that amount, \$13.3 million was assigned to a contingency reserve, which is approximately 13.5% 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.



# EXPLANATION OF ACCOUNTING TERMS

Assets - This is what the City owns. Assets are items that one can reasonably expect to convert to cash, sell, or consume within one year, such as selling a building or piece of equipment.

Capital Assets - The City's long-term investments, which include property, plant, equipment, and infrastructure assets. The City uses these capital assets to provide services to citizens; conversely, these assets are not available for future spending.

Deferred Outflows - Outflows are not revenue or expenses, nor are they assets or liabilities. Deferred Outflows represents a consumption of net position that applies to future periods. For example, prepaid items and deferred charges.

Deferred Inflows - Inflows are not revenue or expenses, nor are they assets or liabilities. Deferred Inflows represents an acquisition of net position that applies to future periods. For example, an advanced collection of fees or anticipated future revenue.

Liabilities - These are primarily debts that can be paid off in one year or less, and include accounts payable, accrued payroll and accrued interest payable. This includes money owed to vendors, utility payments, and other similar short-term items

Long-Term Liabilities - Represents mainly debt obligations of the City, such as loan payments or bonds payable. The proceeds from these are used to finance various City projects, such as road repair and major equipment purchases.

Net Investment in Capital Assets - One of three components of net position, consisting of capital assets net of accumulated depreciation, reduced by outstanding related borrowing.

Restricted Net Position - Represents resources with externally imposed restrictions for use. For example, grant funds provided for a specific purpose.

Unrestricted Net Position - These are resources that are accessible to the City to provide services to residents of Fullerton if there were no additional revenues or resources available.

Net Position - Generally, the difference between the City's assets and liabilities.



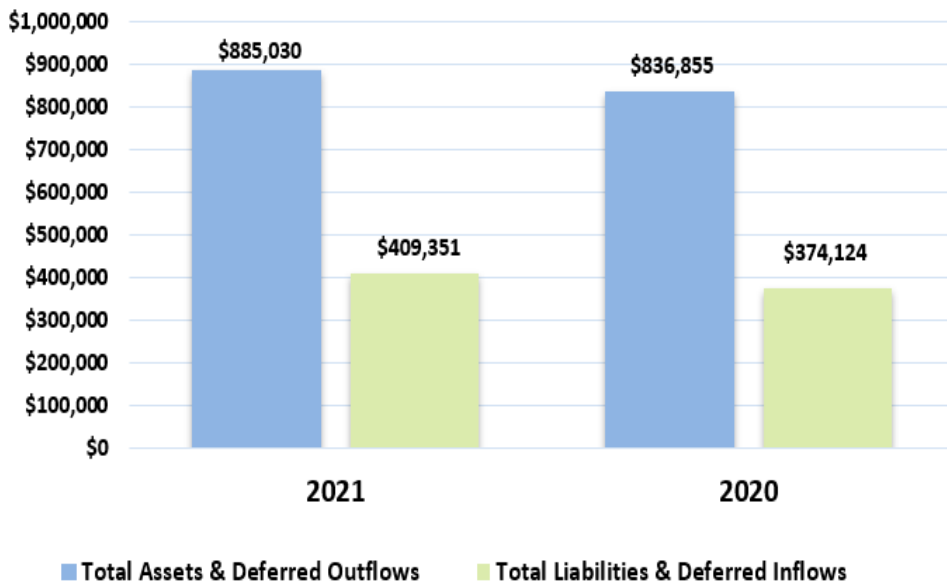


# STATEMENT OF NET POSITION

## City's Assets and Liabilities, Rounded to Nearest Thousand

Our Assets - What We Have	2021	2020
Current Assets Consisting Mainly of cash and amounts owed to the City	244,696	212,696
Net Capital Assets consisting primarily of buildings, equipment and vehicles	605,378	594,179
<b>Total Assets of the City</b>	<b>850,074</b>	<b>806,875</b>
<b>Deferred Outflows - Positive effect on net position, similar to assets</b>	<b>34,955</b>	<b>29,980</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>885,029</b>	<b>836,855</b>
Our Liabilities - What We Owe	2021	2020
Long-Term Liabilities, including pension obligations	346,855	330,536
Other Liabilities, consisting of all amounts the City Owes except for debt	51,731	32,956
<b>Total Liabilities of the City</b>	<b>398,586</b>	<b>363,492</b>
<b>Deferred Inflows - Negative effect on net position, similar to liabilities</b>	<b>10,765</b>	<b>10,632</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>409,351</b>	<b>374,124</b>
Net Position	2021	2020
Net Investment in Capital Assets	596,348	584,336
<b>Restricted</b>	41,731	41,868
<b>Unrestricted</b>	(162,401)	(163,473)
<b>Total Net Position (Total Assets Less Total Liabilities)</b>	<b>475,678</b>	<b>462,731</b>

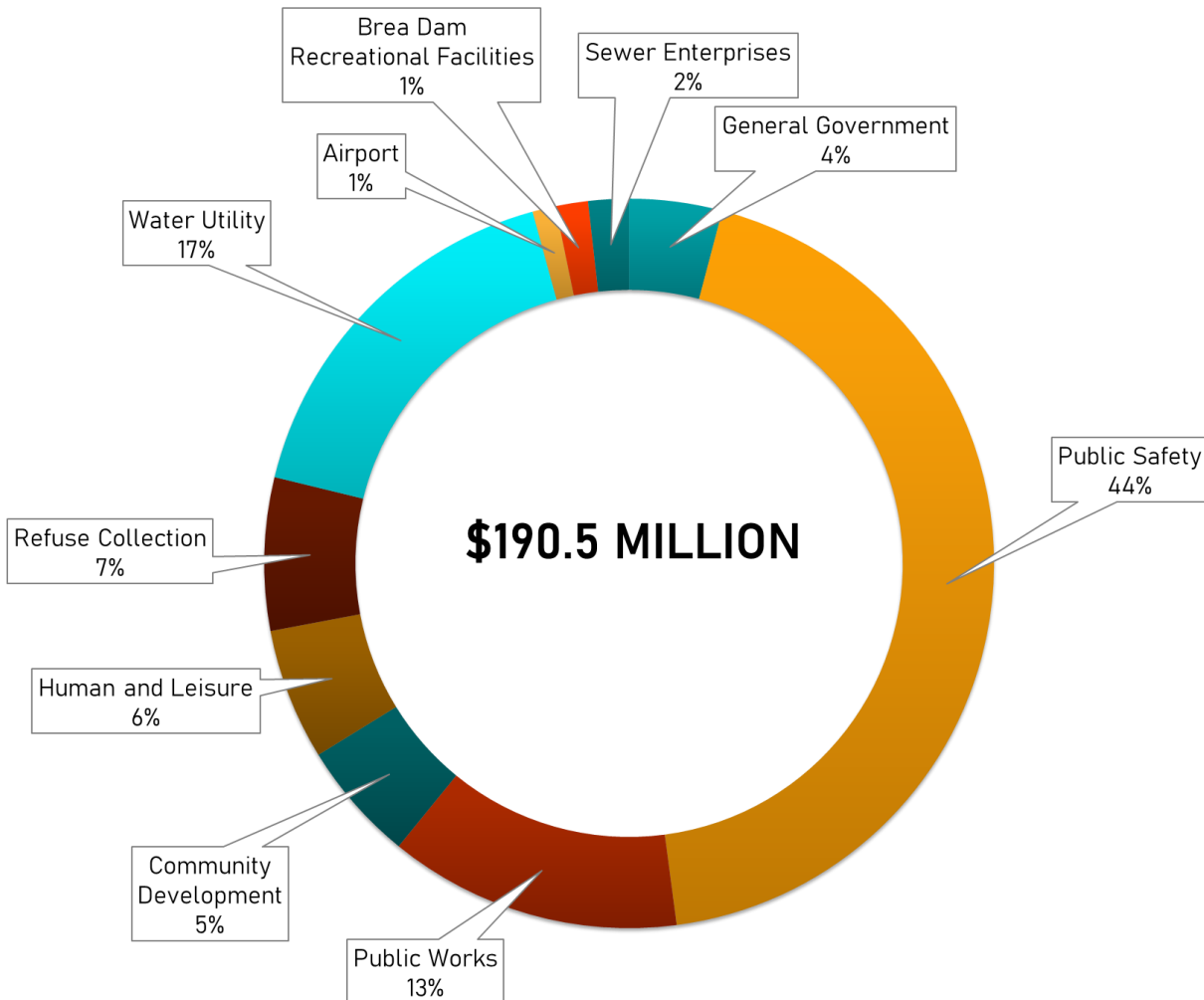
## City's Assets and Liabilities Rounded to Nearest Thousand



The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as a 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. In the case of the City of Fullerton, assets exceed liabilities by \$475.7 million, an increase of \$12.9 million from the previous year. This is primarily due to water rate adjustments to support safe and stable water delivery, COVID-19 CARES Act, Federal grant revenues, and an increase in property and sales tax revenue.

# FY 20-21 GOVERNMENT – WIDE EXPENDITURES

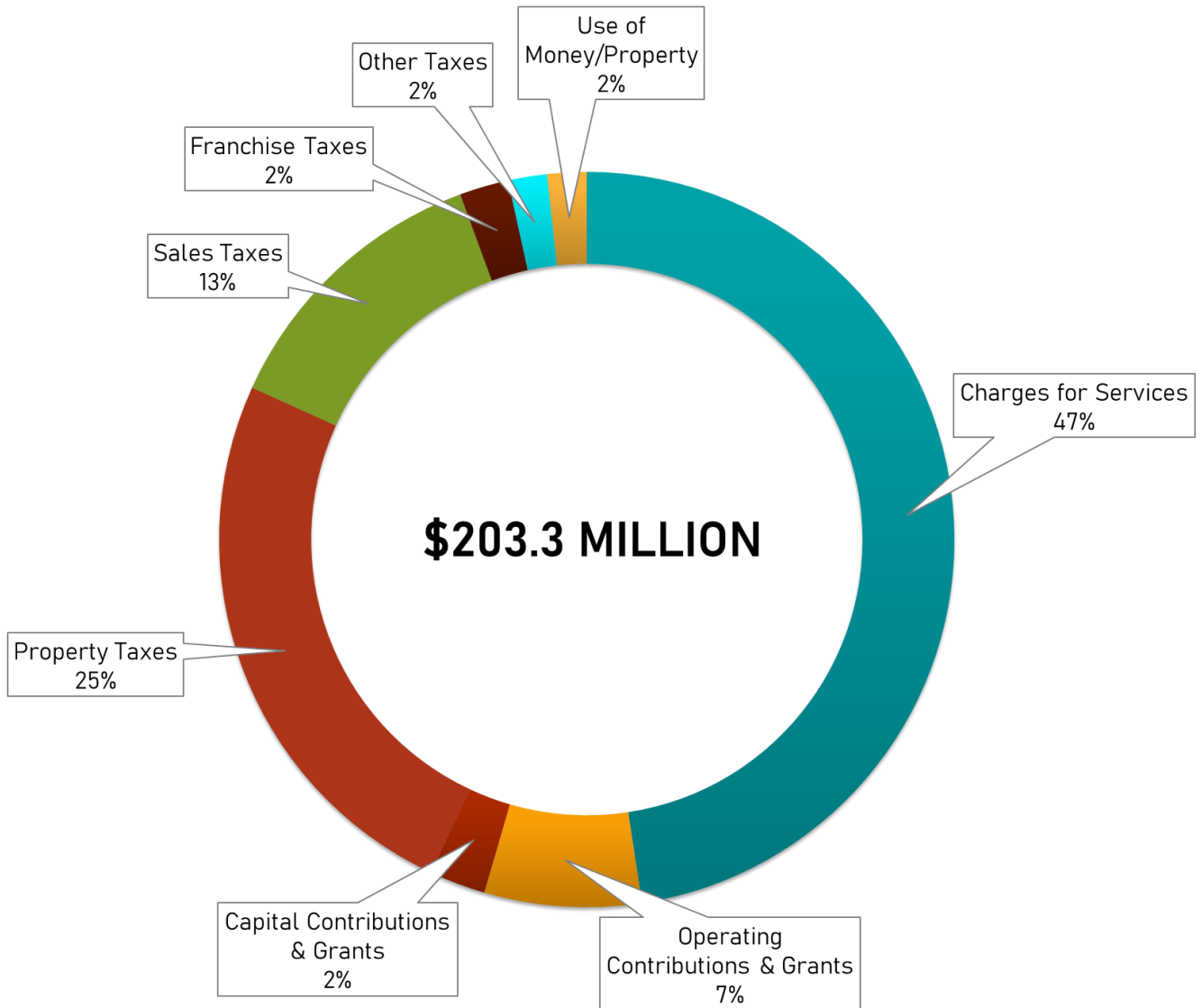
Total government-wide expenses decreased by 1% from the prior fiscal year. In governmental activities, increased costs are primarily due to increased community development grant expenditures offset by a decrease in human and leisure expenditures due to COVID-19. Additionally, for business-type activities, expenses decreased mainly due to a decrease in Other Post Employment Benefit expenses from a change in actuarial assumptions.



Expenditures (In Thousands)	FY 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17
General Government	7,814	6,368	5,675	6,862	1,594
Public Safety	83,200	83,043	76,743	75,773	65,249
Public Works	24,617	26,077	24,726	28,183	26,944
Community Development	10,123	8,524	10,645	8,761	6,687
Human and Leisure	11,058	13,574	13,065	12,670	11,670
Refuse Collection	12,862	11,716	10,878	10,394	10,384
Interest on Long-Term Debt	336	410	391	358	378
Water Utility	32,167	32,315	27,806	30,290	27,268
Airport	1,953	2,493	1,831	1,667	1,526
Parking Facilities	97	104	23	45	28
Brea Dam Recreational Facilities	2,730	2,679	2,945	2,770	2,857
Sewer Enterprises	3,412	4,831	3,384	3,735	3,495
CNG	170	196	140	274	396
<b>Grand Total</b>	<b>\$ 190,539</b>	<b>\$ 192,330</b>	<b>\$ 178,252</b>	<b>\$ 181,782</b>	<b>\$ 158,476</b>

# FY 20-21 GOVERNMENT – WIDE REVENUES

Total government-wide revenues increased by 7% from the prior fiscal year. In governmental activities, revenues increased primarily from property and sales tax revenue growth and operating grants for COVID-19 offset by a decrease in investment income. Additionally, for business-type activities, revenues increased primarily from updated water rates.



Revenue (In Thousands)	FY 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17
Charges for Services	96,442	85,933	85,303	77,979	74,632
Operating Contributions & Grants	13,978	10,538	9,035	8,897	13,748
Capital Contributions & Grants	5,027	5,363	27,937	23,369	24,178
Property Taxes	50,238	46,365	44,291	42,244	39,848
Sales Taxes	25,571	23,095	24,438	21,834	21,456
Franchise Taxes	4,382	4,358	4,493	4,336	4,181
Other Taxes	3,461	4,398	5,328	4,829	4,940
Use of Money/Property	3,498	9,065	8,489	4,633	4,014
Other	713	1,036	1,267	970	1,265
Gain on Sale of Capital Asset	-	-	-	3,150	-
<b>Grand Total</b>	<b>\$ 203,310</b>	<b>\$ 190,151</b>	<b>\$ 210,581</b>	<b>\$ 192,241</b>	<b>\$ 188,262</b>



139K Residents



12.1K Businesses



80K Flights/Year



3K Rail Commuters/Day



4 Colleges/Universities



28 Miles of Trails



53 Parks



35K Street Trees



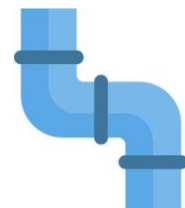
\$210M Budget



21.5K K-12 students



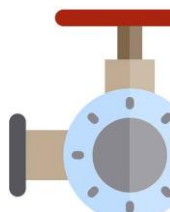
290 Miles of streets



320 Miles of sewers



68 Miles of Storm Drain



420 Miles of Water Mains



64K Higher Ed Students



Scan QR code for more information about the City of Fullerton