

CITY OF TUSTIN

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT



FISCAL YEAR ENDED JUNE 30, 2024

CITY OF TUSTIN, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

Prepared By: Finance Department

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For the Year Ended June 30, 2024
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INTRODUCTORY SECTION

CITY OF TUSTIN

Elected and Administrative Officials

As of June 30, 2024



AUSTIN LUMBARD
Mayor



RYAN GALLAGHER
Mayor Pro Tem



LETITIA CLARK
Councilmember



**REBECCA "BECKIE"
GOMEZ**
Councilmember



RAY SCHNELL
Councilmember

AUDIT COMMISSION

Jered Elmore, Chair
John Wende, Chair Pro Tem
Daniel Erickson
Adrian Henson
Vacant

CITY MANAGER

Aldo E. Schindler

ASSISTANT CITY MANAGER

Nicole Bernard

David E. Kendig

City Attorney

Justina Willkom

Director, Community Development

Jennifer King

Finance Director / City Treasurer

Erica N. Yasuda

City Clerk

Stu Greenberg

Chief of Police

Derick Yasuda

Director, Human Resources

Chad Clanton

Director, Parks & Recreation Services

Michael Grisso

Director, Public Works



FINANCE DEPARTMENT

Remembering what connects us.

December 19, 2024

To the Honorable Mayor, Members of the City Council
and Citizens of the City of Tustin:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Tustin for the fiscal year ended June 30, 2024.

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Tustin. Responsibility for the accuracy and completeness of the data presented, including all disclosures, rests with management. To provide a reasonable basis for making these representations and assurance that the financial statements will be free from material misstatements, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. As the cost of internal control should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than an absolute assurance that the financial statements will be free from material misstatements.

The City of Tustin's financial statements for the year ended June 30, 2024, have been audited by Davis Farr LLP, an independent public accounting firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Tustin for the fiscal year ended June 30, 2024, were free of material misstatements. 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 Tustin's financial statements for the



fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY OF TUSTIN

The City of Tustin is in the central part of Orange County, about forty miles southeast of Los Angeles and eighty miles north of San Diego, at the intersection of the 5 and 55 Freeways. Tustin covers over eleven square miles adjacent to the cities of Orange, Santa Ana, and Irvine. The State of California Department of Finance has estimated the City's population at 78,844 as of January 1, 2024, an increase of about 0.4% from 2023. Approximately half of the cities in Orange County showed minor increases in population, with the County of Orange's total population increasing by 0.3%. The California statewide population increased by 0.17% for the first time since 2020, fueled by a rebound from the pandemic in foreign legal immigration, more domestic in-migration, and slowed domestic out-migration. Also contributing to an uptick in population is the natural increase (net result of births minus deaths) as the state emerged from the pandemic.

The City was incorporated under the General Laws of the State of California in 1927 and is governed by a five-member elected City Council. The Council/Administrator form of city government was adopted in 1965 and modified to the Council/City Manager form in 1981. Council members serve staggered, four-year terms, with a two-consecutive-term limit. In 2021, the City code was amended to implement by-district elections for four council members and established the Office of the Mayor to be elected at-large starting in November 2022. At the same time, a Council Member was also elected in Council District 3. The Council Members for Council District 1, 2, and 4 were elected in the



general municipal election in November 2024. The Mayor and Council Members all serve four-year terms. The City Manager is appointed by the City Council to carry out the policies and direction of the City Council, oversee the day-to-day operations of the City, and appoint department directors.

Tustin is a full-service City. The services provided by the City include police, street and park maintenance, water, recreation, traffic/transportation, public improvements, economic development, planning, zoning, and general administrative services. The City contracts with the Orange County Fire Authority for fire suppression and emergency medical services. Also included in the City's overall operations are the Tustin Public Financing Authority and the City of Tustin Housing Authority (Housing Authority). The activities of both entities are included in these financial statements. Additional information for the Tustin Public Financing Authority and the Tustin Housing Authority is available in Note 1 of the Notes to Basic Financial Statements.

BUDGET DEVELOPMENT AND MONITORING

The key element of the City's financial management process is the development and approval of the biennial budget. The two-year budget serves as the foundation for the City's financial planning and control, which allows the Council to prioritize expenditures and focus on programs essential to our community. Additionally, the Council adopts a second-year update to the biennial budget. As part of the budget development, the City Council conducts various public workshops on the proposed budget and adopts the budget at a public meeting. Budget documents are available on the City website at www.tustinca.org.

Budgetary control is at the fund level. The City Manager is authorized to transfer appropriations within the fund between various programs and/or departments as long as the transfers do not result in an increase in the fund's approved appropriations.

ECONOMIC OUTLOOK

As year 2024 unfolds, many of the economic challenges such as inflation, labor shortage, and higher interest rates, continue to be in play, although in varying degrees.



Inflation has cooled compared to the year before, but prices remain high. Labor market conditions have eased. The unemployment rate has inched up but remains low. These factors and the increased borrowing costs have reorientated household spendings to essential items while deferring discretionary purchases when possible. In response, the Federal Open Market Committee (FOMC) lowered the federal funds rate in September 2024 by 0.5 percentage points, its first rate cut since 2020, and again in November 2024 by 0.25 percentage points. However, persistent high prices and elevated borrowing costs continue to be major concerns for businesses and consumers. Looking ahead, the market expects the FOMC to take additional rate cuts going into 2025 that may generate some changes in consumer spending patterns in the short run. The U.S. economy is projected to grow at an even pace of above two percent in the next two year.

The City's year two of the biennial budget reflects an increase of \$7 million in General Fund revenues in fiscal year 2024-2025 as compared to the amendment budget from fiscal year 2023-2024, excluding the Navy North Hangar Fire incident responses. The budgeted revenues reflect a slower growth trend in sales tax receipts and a steady increase in property tax revenue. Despite its slower growth, local sales tax revenue has seen a significant increase over the pre-pandemic periods. Activities for the City's top three General Fund revenue sources are briefly described below:

- Sales tax revenue is the General Fund's largest revenue source. Even through inflationary concerns remain prevalent, consumer spendings are expected to be stable. Sales tax revenue is projected to merely increase by one to three percent over the next two years.
- Property tax revenue is the General Fund's second largest revenue source. This revenue is estimated to increase by three to four percent per year due to projected increases in assessed property valuations primarily from the annual two percent CPI adjustment and ownership changes.
- Transfers and reimbursements are primarily related to specific operating and capital expenditures incurred and paid for by the General Fund. They are eligible to be funded from other restricted funding sources. Some examples of the reimbursements to the General Fund include service tax collected from the Tustin Legacy area to support public services; and a return of the General Fund's capital



outlay for the Main Street Improvement project as this project has secured a grant funding.

The General Fund expenditures are projected to increase by \$0.5 million over the fiscal year 2023-2024 amended budget. Major factors impacting the General Fund are contractually obligated salary increases; higher annual required contributions toward the City's pension obligations; and an increase in most contracts for services, including fire, animal services, and other professional services. These increases are offset by a reduction in capital project funding from the General Fund.

Some of the factors impacting the sustainability of future budgets include the City's increasing pension costs and related unfunded liabilities, and funding of construction costs for infrastructure to further development in Tustin Legacy. The City Council continues to advance the best long-term development strategies, with the intent of maximizing long-term revenues. Staff will continue to work with the City Council to prioritize these types of significant projects and seek new revenue sources to support a growing community.

MAJOR ECONOMIC DEVELOPMENTS

Tustin Legacy

Development at Tustin Legacy, the City's newest community, continues to move forward. Staff are monitoring the costs of providing public services and maintaining facilities including streets, sidewalks, and parks; these items are largely funded by service taxes tied to the Community Facility Districts (CFDs). A significant amount of development has occurred to date, including major regional and local infrastructure, residential neighborhoods, shopping centers, parks, and institutional uses. While there is still a substantial amount of infrastructure to install and remaining land to develop, some major projects are underway or nearing completion, including:

- **Senior Living** – The City entered into an Exclusive Negotiating Agreement (ENA) with Confluent Senior Living and Morningstar Senior Living for the development of MorningStar at Tustin Legacy, an approximately 283,000-square-foot, large-



scale senior living community within Neighborhood D South. The project is anticipated to feature 144 independent living units, 63 assisted living units, a secure memory care wing with 28 supportive units, as well as 29 adjacent single-story cottages. MorningStar at Tustin Legacy is anticipated to set the new gold standard for Class A, luxury senior living in Orange County, California as a community that integrates with the character of the surrounding 1,600-acre Tustin Legacy community, while delivering innovative and progressive design, and technology for the seniors of today and the future.

- **Multifamily Residential Development** – The City entered into an ENA with Irvine Company for the development of 1,336 multifamily rental units within Neighborhood D South. The project is utilizing a residential exemption under the Surplus Land Act (SLA), which requires that 25% of the total amount of units be reserved for persons and families of lower income households.
- **For-Sale Residential Development** – The Landing at Tustin Legacy, an award-winning 400 for-sale home community by Brookfield within Neighborhood D South has completed construction, all homes are sold, and all residents have moved in. It offers three stylish home collections including contemporary elevator-served flats, stylish townhomes, and sophisticated single-family homes, all with flex spaces, offices, decks, smart home technology, and curated designer finishes.
- **South Orange County Community College District's (SOCCCD) Advanced Technology and Education Park (ATEP) campus** – The City is coordinating development with SOCCCD of the Saddleback@ATEP project, the second education project on the campus. Groundbreaking was held in March 2023 and the new complex with two buildings will house Saddleback College's Advanced Transportation department and Culinary Arts department. Estimated opening is in year 2025. The City also coordinated development with SOCCCD of the first non-SOCCCD project – the Goddard School, a 14,400-square-foot educational preschool which completed construction in early 2024 and opened for business in July 2024. The presence of the Goddard School adjacent to the community college campus provides opportunities for learning and development for both the



children in attendance and the community college students. Finally, the City is working with SOCCCD to finalize design and entitlements for the Advantech North America Headquarters Campus at ATEP, which will feature an approximately 109,000-square-foot headquarter building and an approximately 79,000-square-foot research and development building.

Central Tustin

- **The Jessup** – In January 2023, the City Council approved a request from Intracorp Homes to develop The Jessup residential community. The Jessup community includes a request to demolish two existing 2-story office buildings and construct a new, multifamily residential development at 17802 and 17842 Irvine Boulevard. The project includes 40, three-story residential units (including two very-low-income affordable units) consisting of eighteen duplexes (36 units) and four single-family residences. Each unit includes a fully enclosed, two-car garage (80 total parking stalls), and the site includes ten uncovered guest parking spaces. The Jessup is currently under construction.
- **KB Homes** – On November 21, 2023, the City Council approved a request to construct a new live/work and residential condominium development project at 14042 Newport Avenue. The development will include thirty-five residential condominium units and seven live/work units, for a total of forty-two units in six buildings. Two of the 42 units are set aside as affordable units for very-low-income families. The project will also include an enclosed two-car garage and private open space for each dwelling unit, a total of seventeen guest surface parking spaces, common open space areas, landscaping, and a public amenity space fronting El Camino Real. Construction will begin late 2024.

Transitional Housing

- **House of Ruth** – Family Promise of Orange County’s House of Ruth, with seven apartment-style units ranging in size from one to three bedrooms, completed construction and opened in November 2023 to serve homeless families. With a shared commitment to ending family homelessness in our community, the City



conveyed the property to Family Promise of Orange County in May 2022. The units provide emergency short-term housing for homeless families while they receive housing navigation services to help secure long-term, permanent housing. House of Ruth's Community Resource Center offers vital support programs that promote stability, health, healing, and self-sufficiency.

CAPITAL PROJECT ACCOMPLISHMENTS AND FUTURE PROJECTS

Major capital improvement projects completed during fiscal year 2024 include the following:

- **Park Facilities**
 - Alley Grove Promenade
- **Public Facilities**
 - Legacy Annex Improvements
- **Transportation Facilities**
 - Red Hill Avenue Rehabilitation
 - Annual Roadway and Pavement Maintenance Program

The City's capital projects for fiscal year 2024-2025 are budgeted at \$102.2 million. The budget reflects capital improvement projects funded by Tustin Legacy Backbone Infrastructure Fees and proceeds from sale of land at the Tustin Legacy. Other funding sources for the capital projects include the General Fund, water revenues, Gas Tax, state grant for parks, Measure M2 transportation funds, and State Road Maintenance and Rehabilitation funds (RMRA). Major capital projects for fiscal year 2024-2025 include:

- **Public Facilities**
 - Civic Center Alternate Power Source Improvements
 - Facility Improvements at the Police Department, Senior Center, and City Hall
- **Park Facilities**
 - Tustin Legacy Linear Park
 - Tustin Legacy Dog Park
 - Tustin Legacy Park



- Centennial Park Improvements
- **Traffic Facilities**
 - Main Street Improvements
 - Neighborhood D-South Infrastructure Construction – Phase 2
 - Neighborhood G Phase 1
 - Neighborhood D-North Phase 1
 - Armstrong Pedestrian Bridge
 - Warner Pedestrian Bridge
- **Transportation Facilities**
 - Annual Roadway Maintenance and Public Infrastructure Maintenance Program
 - Old Town Improvements
 - Red Hill Rehabilitation – Walnut to I-5

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tustin for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the thirty-seventh (37) consecutive year that Tustin has achieved this prestigious award. To be awarded a Certificate of Achievement, a municipality 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 are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Special thanks are due



to the following members of the Finance Department who assisted and contributed to its preparation: Elsa Chow, Deputy Director – Financial Services; Sean Tran, Deputy Director – Administrative Services; David Faraone, Jr., Senior Budget Analyst; Glenda Babbitt, Management Analyst; JP Facundo, Accountant, and Kathy Dinh, Accountant.

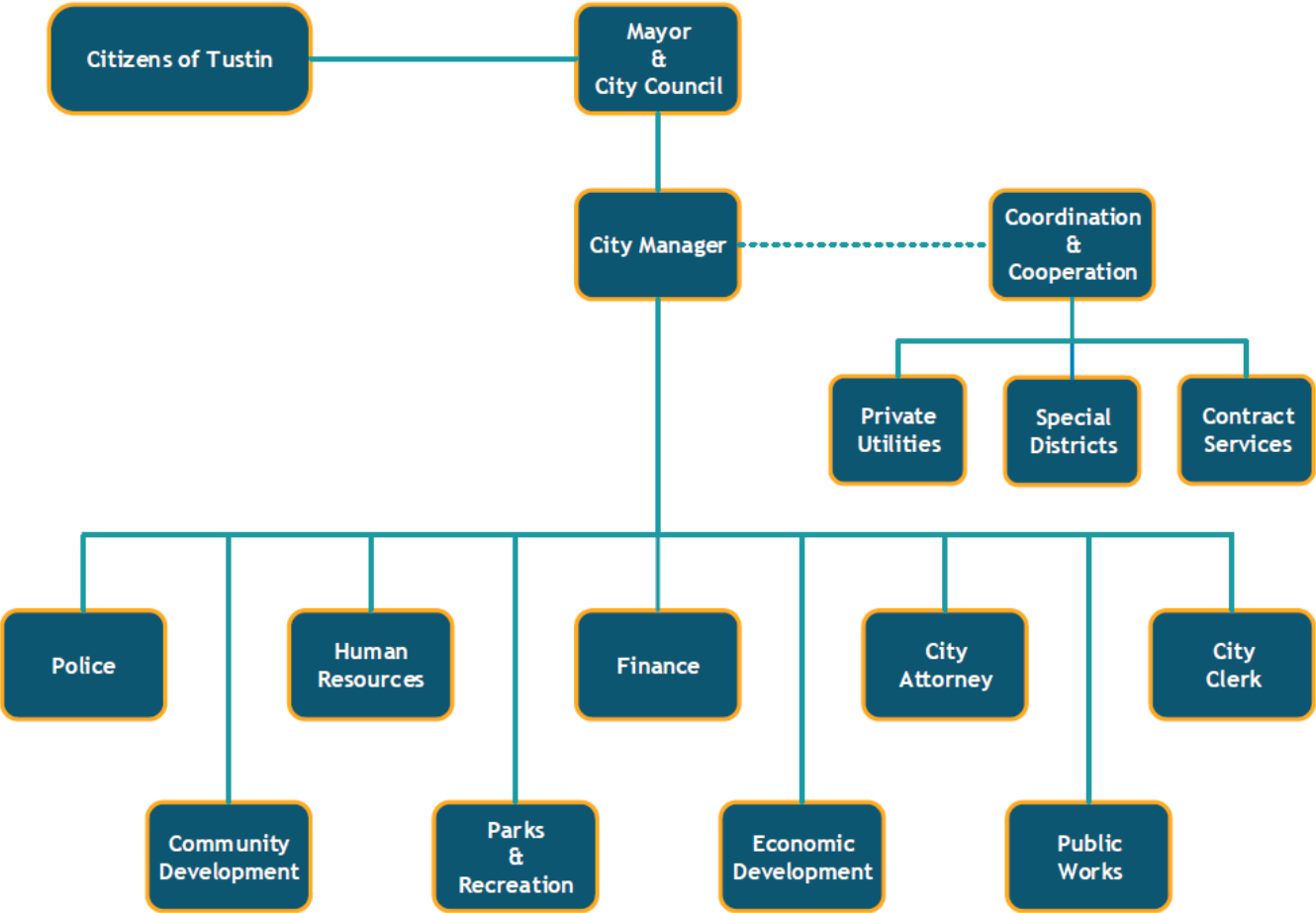
Credit must also be given to the City Council for their exceptional support and commitment to maintaining the highest standards of professionalism in the management of the City's finances; and finally, to the City's auditing firm of Davis Farr LLP for their professional assistance.

Respectfully submitted,

Aldo E. Schindler
City Manager

Jennifer King
Finance Director/City Treasurer

LOCAL GOVERNMENT FY 2023-2024





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tustin
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S
REPORT



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Tustin
Tustin, California

Report on the Audit of the Financial Statements

Opinions

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 Tustin, California, as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Tustin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tustin, California, as of June 30, 2024, 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Tustin, California, 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

As described further in note 21 to the financial statements, during the year ended June 30, 2024, the City recorded a prior period adjustment. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Tustin's 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 of Tustin's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 of Tustin'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 of Tustin'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* for the General Fund and each major special revenue fund, *Schedule of Proportionate Share of the Net Pension Liability – Safety Plan, Schedule of Contributions – Safety Plan, Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan, Schedule of Contributions – Miscellaneous Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions – OPEB*, and the *Annual Money-Weighted Rate of Return on Investments* 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tustin's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and schedules*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are 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 Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 19, 2024 on our consideration of the City of Tustin'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tustin's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 19, 2024

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MANAGEMENT'S DISCUSSION
AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2024

As management of the City of Tustin, California (City), we offer readers of the City of Tustin's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements.

Financial Highlights

- As of June 30, 2024, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$823 million (net position). The net position includes \$583 million invested in capital assets, \$54 million in restricted net position, and \$186 million in unrestricted net position.
- The City's total net position increased by \$3.6 million during the fiscal year ended June 30, 2024, after a prior period adjustment as noted in Note 21. Governmental activities accounted for a decrease of \$8.7 million, while business-type activity increased by \$12.3 million.
 - In governmental activities, total tax revenues increased by approximately \$1.6 million primarily driven by property tax due to assessed value increases from annual CPI adjustment and ownership changes. Meanwhile, expenditure excluding the Navy North Hangar Fire incident responses increased by \$10.9 million mainly from contractually obligated labor cost, inflationary adjustments and major capital projects expenditures.
 - Net position for business-type activity increased primarily due to a one-time \$12.8 million asset contribution of a per-and polyfluoroalkyl substance (PFAS) treatment plant from the Orange County Water District (OCWD).
- During the fiscal year, the City undertook emergency cleanup measures, under a cooperative agreement with U.S. Navy, as the result of a fire that destroyed the Navy-owned Tustin North Hangar. As of June 30, 2024, the City incurred \$71.8 million in related expenditures and received \$36.6 million in reimbursements from the Navy. The City expects to receive the remaining \$35.2 million reimbursement revenue in the upcoming fiscal year.
- On February 6, 2024, the City issued a 2024 Water Revenue Bond totaling \$4,125,000 with a fixed interest rate of 4.82% over 20 years. The bond proceeds will finance the acquisition and construction of certain capital improvements for the City's water enterprise.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial

Overview of the Financial Statements (continued)

statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains the required supplementary and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finance, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference 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 government'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).

Government-wide financial statements distinguish City governmental activities that are principally supported by taxes and intergovernmental revenues from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City, the Tustin Housing Authority, and Tustin Public Financing Authority, both of which are blended component units, cover general government, public safety, community services, and public works functions. Business-type activity of the City is the water utility services.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund Financial Statements (Continued)

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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds organized by their type (special revenue and capital projects funds). Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The General Fund and Housing Authority Special Revenue Fund are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts a biennial budget for its General Fund and the Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with this budget requirement elsewhere in this report.

The governmental funds financial statements can be found immediately following the government-wide financial statements.

Proprietary funds. The City of Tustin maintains one type of proprietary (Enterprise) fund. This enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water utility services.

The proprietary fund financial statements can be found immediately following the governmental funds financial statements.

Fund Financial Statements (Continued)

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 the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City utilizes a private-purpose trust fund to account for the assets, liabilities, and activities of the Successor Agency. The Successor Agency was created on February 1, 2012 with the dissolution of the Tustin Community Redevelopment Agency.

The second fiduciary fund is the Other Post-Employment Benefit (OPEB) Trust Fund, which is used to account for the assets in Section 115 trust with the Public Agency Retirement Services (PARS) for pre-funding the City's OPEB obligations. The City Council approved the establishment of the trust in April 2017, and the City has made several deposits to the trust since its inception.

The third fiduciary fund is a custodial fund that is used to account for the assets of Community Facility Districts 04-1, 06-1, 07-1, and 2014-1. The fiduciary funds financial statements can be found immediately following the proprietary fund financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary funds financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, which includes the Budgetary Comparison Schedules for the General Fund and one other major fund, as well as schedules of funding progress for the City's defined benefit pension plans and other post-employment healthcare benefits (OPEB) plan. The required supplementary information can be found immediately following the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented for all nonmajor Special Revenue Funds and nonmajor Capital Projects Funds. These combining and individual fund statements and schedules can be found immediately following the required supplementary information.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position (71%) reflects its investment in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total assets grew by \$37.4 million or 3.9% compared to the prior fiscal year, while its total deferred outflows of resources decreased by \$2.7 million or 6.5%. As previously discussed, OCWD is currently constructing a PFAS treatment plant on behalf of the City. The value of the project-in-progress on June 30, 2024 was \$12.8 million, boosting the water enterprise's capital asset. The increase also included a \$35.2 million receivable from the Navy, reimbursing the City for costs related to the Navy North Hangar fire incident.

The City's total liabilities increased by \$34.3 million, or 19%, while its total deferred inflows of resources decreased by \$3.2 million. The increase in liabilities was primarily driven by \$22.8 million in accrued expenditures related to the Navy North Hangar fire incident, a \$3.8 million increase in net pension liability, and the issuance of the 2024 Water Revenue Bonds of \$4,125,000 on February 6, 2024.

The primary reason for variance in deferred outflows and deferred inflows of resources was due to changes in CalPERS pension liability valuation. Additionally, deferred inflows of resources was reduced by a \$1.7 million amortization of leases established under GASB Statement No. 87.

The City's total net position increased by \$3.6 million or 0.44% (after a prior period adjustment from interest accrual on certain housing loans as shown in Note 21). Major factors that contributed to the net position increase are discussed in the following pages.

CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Government-wide Financial Analysis (Continued)

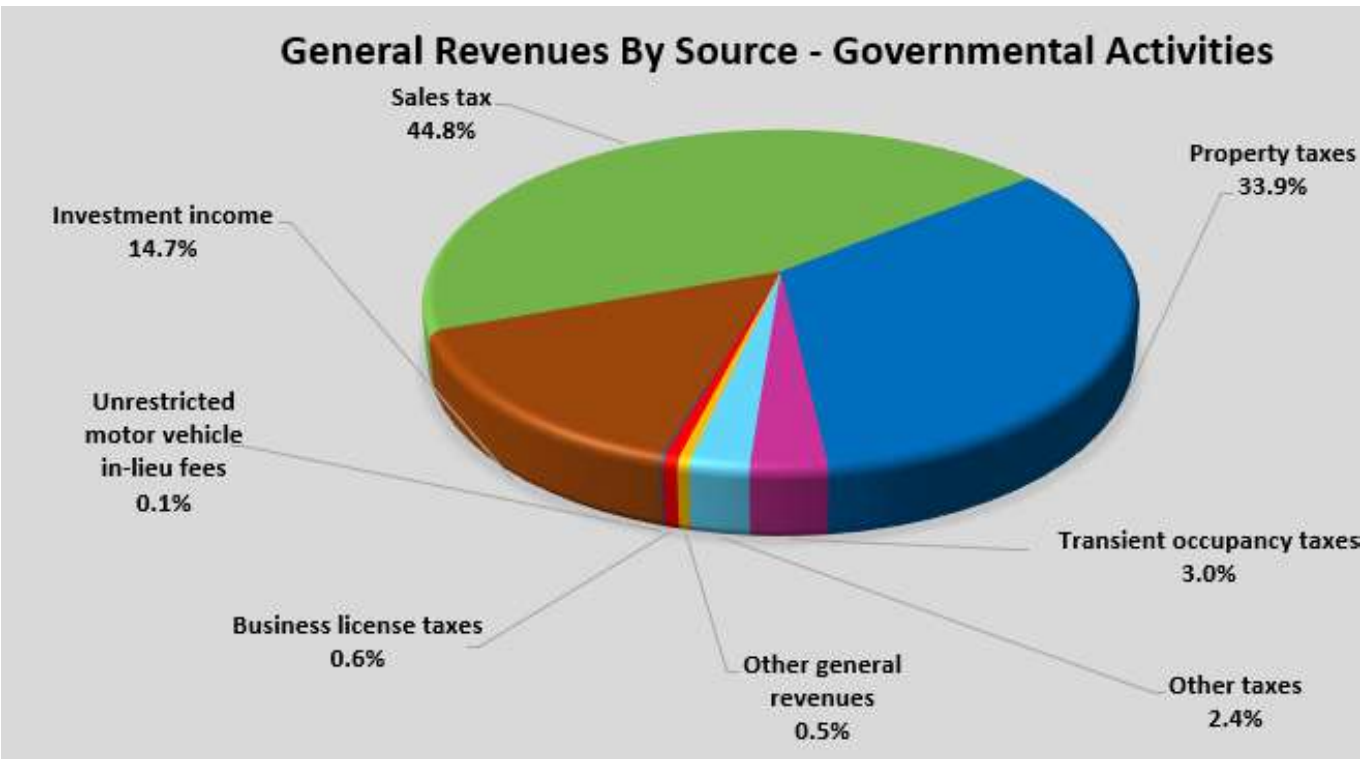
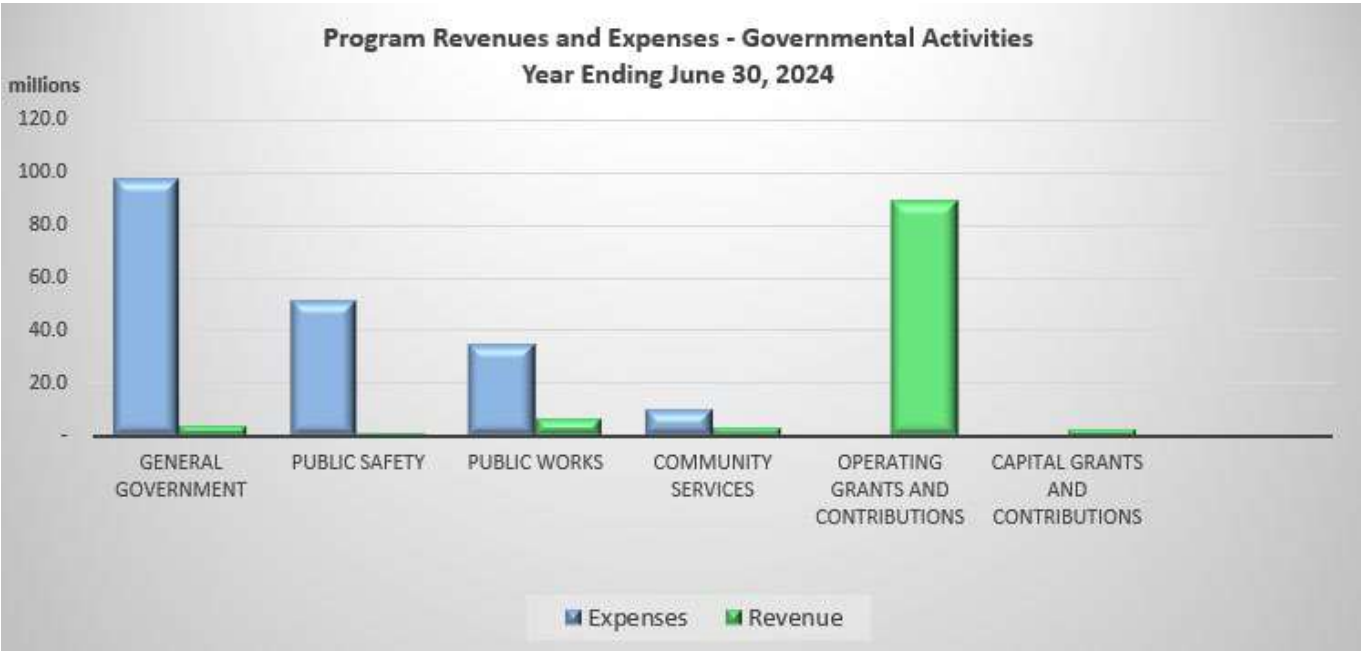
City of Tustin
Summary of Net Position
As of June 30, 2024
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<u>2023 *</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-24</u>
Assets:							
Current and other assets	\$ 351.0	\$ 369.4	\$ 15.0	\$ 18.1	\$ 366.0	\$ 387.5	
Capital assets	<u>538.0</u>	<u>540.5</u>	<u>67.3</u>	<u>80.7</u>	<u>605.3</u>	<u>621.2</u>	
Total Assets	<u>889.0</u>	<u>909.9</u>	<u>82.3</u>	<u>98.8</u>	<u>971.3</u>	<u>1,008.7</u>	3.9%
Deferred Outflows of Resources	<u>36.8</u>	<u>34.4</u>	<u>5.0</u>	<u>4.7</u>	<u>41.8</u>	<u>39.1</u>	-6.5%
Liabilities:							
Current liabilities	27.2	52.7	3.8	4.8	31.0	57.5	
Non-Current liabilities	<u>105.4</u>	<u>110.3</u>	<u>43.1</u>	<u>46.0</u>	<u>148.5</u>	<u>156.3</u>	
Total Liabilities	<u>132.6</u>	<u>163.0</u>	<u>46.9</u>	<u>50.8</u>	<u>179.5</u>	<u>213.8</u>	19.1%
Deferred Inflows of Resources	<u>14.2</u>	<u>11.0</u>	<u>0.1</u>	<u>0.1</u>	<u>14.3</u>	<u>11.1</u>	-22.4%
Net Position:							
Net investment in capital assets	533.7	535.3	34.5	47.6	568.2	582.9	70.8%
Restricted	57.3	54.2	-	-	57.3	54.2	
Unrestricted	<u>188.0</u>	<u>180.8</u>	<u>5.8</u>	<u>5.0</u>	<u>193.8</u>	<u>185.8</u>	
Total Net Position	<u>\$ 779.0</u>	<u>\$ 770.3</u>	<u>\$ 40.3</u>	<u>\$ 52.6</u>	<u>\$ 819.3</u>	<u>\$ 822.9</u>	0.44%

*2023 numbers are restated to reflect the prior period adjustment (Note 21)

Governmental Activities. The net position of the City's governmental activities decreased by \$8.7 million or -1.12% to \$770.3 million (after restatement from accrued interest on certain housing loans as shown in Note 21). Of the \$770.3 million in net position, \$535.3 million is invested in capital assets such as land, buildings, equipment, and infrastructure; \$54.2 million is restricted to specifically stipulated spending agreements originated by law, contracts, or other agreements with external parties. The remaining \$180.8 million is unrestricted and available to be designated for specific purposes by the City Council to meet the City's ongoing obligations.

Government-wide Financial Analysis (Continued)



CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Changes in Net Position
For the Year Ended June 30, 2024
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<u>2023 *</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>
Revenues:							
Program revenues:							
Charges for services	\$ 15.8	\$ 14.8	\$ 19.5	\$ 20.6	\$ 35.3	\$ 35.4	
Operating grants and contributions	12.8	89.9	-	-	12.8	89.9	
Capital grants and contributions	3.1	2.3	4.1	13.4	7.2	15.7	
General revenues:							
Taxes	70.7	66.9	-	-	70.7	66.9	
Earnings(loss) on investments	6.1	11.6	0.3	0.8	6.4	12.4	
Motor vehicle in-lieu fees	0.1	0.1	-	-	0.1	0.1	
Miscellaneous	1.1	0.4	-	-	1.1	0.4	
Profit participation	11.6	-	-	-	11.6	-	
Total Revenues	<u>121.3</u>	<u>186.0</u>	<u>23.9</u>	<u>34.8</u>	<u>145.2</u>	<u>220.8</u>	52.1%
Expenses:							
General government	23.3	98.4	-	-	23.3	98.4	
Public safety	43.4	51.5	-	-	43.4	51.5	
Public works	34.3	34.9	-	-	34.3	34.9	
Community services	11.0	9.9	-	-	11.0	9.9	
Water	-	-	22.6	22.5	22.6	22.5	
Total Expenses	<u>112.0</u>	<u>194.7</u>	<u>22.6</u>	<u>22.5</u>	<u>134.6</u>	<u>217.2</u>	61.4%
Change in net position	9.3	(8.7)	1.3	12.3	10.6	3.6	
Net Position – Beginning	<u>769.7</u>	<u>779.0</u>	<u>39.0</u>	<u>40.3</u>	<u>808.7</u>	<u>819.3</u>	1.3%
Net Position - Ending	<u>\$ 779.0</u>	<u>\$ 770.3</u>	<u>\$ 40.3</u>	<u>\$ 52.6</u>	<u>\$ 819.3</u>	<u>\$ 822.9</u>	0.4%

*2023 numbers are restated to reflect the prior period adjustment (Note 21)

Government-wide Financial Analysis (Continued)

In governmental activities, the decrease in net position of \$8.7 million (after restatement for accrued interest on certain housing loans as shown in Note 21) was primarily due to the following:

- The net pension liability increased by \$3.7 million, a reduction to the net position mostly due to actual investment return being slightly short of the targeted return (actual 5.8% vs. target 6.8%) and changes in actuarial assumptions regarding future economic and geographic factors affecting the calculation of pension liability.
- Changes in pension actuarial assumptions and pension contributions made by the City after valuation date impact the calculation of deferred inflow of resources and deferred outflow of resources. The net impact of pension changes is a \$1.3 million reduction to the net position.
- Depreciation expense of \$15 million was offset by a \$18 million increase in capital assets.
- Accounts payable increased by \$5 million primarily due to professional service contracts construction and maintenance services.
- Other liabilities reduced by \$1.8 million primarily from to a decrease in American Rescue Plan Act (ARPA) fund unearned revenue, offset by increases in claims and judgments, compensated absences, OPEB liability, and developer deposits.

In fiscal year 2022-23, the net position of governmental activities increased by \$9.3 million compared to a decrease of \$8.7 million in 2023-24, reflecting a year-over year change of \$18 million. A significant factor of the change was due to a one-time \$11.6 million revenue received from a Profit Participation Agreement between the City and the developer during fiscal year 2022-23. Other differences can be attributed to the following:

- Property tax increased by approximately \$1.6 million primarily from annual CPI adjustments and ownership changes in fiscal year 2024.
- Investment earnings increased by \$5.5 million due to the improved market conditions.
- Excluding impact from the Navy North Hange fire incident, expenditure increased by \$10.9 million mainly due to contractually obligated labor costs, public safety expenditures, and inflation adjustments.

Business-Type activities net position increased by \$12.3 million primarily due to a one-time \$12.8 million asset contribution of a per-and polyfluoroalkyl substance (PFAS) treatment plant from OCWD during the fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

As of the end of the current fiscal year, the City's governmental funds reported a total combined ending fund balance of \$265.6 million, a decrease of \$41 million compared to the prior year. The following factors impacted the net change to fund balance:

- A combined increase of \$1.8 million from property tax and transient occupancy tax, driven by a strong real estate market and post pandemic tourism recovery, offset by a \$0.4 million decrease in sales tax and franchise fee due to lower spending from inflation.
- Investment earnings increased by \$5.5 million due to improved market conditions.
- The City incurred \$72 million in costs related to the Navy North Hangar fire incident and received \$36.7 million in reimbursements from the Navy in fiscal year 2024, resulting in a net \$35 million decrease to fund balance. The City anticipates receiving the remaining reimbursements from the Navy in the coming fiscal year.
- Excluding the North Hangar fire incident, expenditure increased by \$13.8 million. This included an \$8.2 million increase in capital outlays for various projects. Noncapital expenditure rose by \$5.6 million mainly due to contractually obligated labor costs, public safety expenditures, and inflation adjustments.

Approximately \$107.5 million or 40.5% of the City's governmental fund balance constitutes nonspendable fund balance. Of this amount, \$102.5 million represents land held for resale. The remaining fund balance includes \$43.4 million in restricted funds, \$16.2 million assigned to capital projects, and \$98.5 million in unassigned funds.

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$98.5 million, while total fund balance was \$233.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance covers 54% of the total General Fund expenditures, including transfers out.

The Housing Authority Special Revenue Fund is the only other major governmental funds of the City. At the end of the current fiscal year, it reported a restricted fund balance of \$0.5 million for increasing or improving low-and-moderate income housing. The Housing Authority Fund holds \$8.6 million in affordable housing loans and related accrued interest receivables.

CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2024

City of Tustin			
Summary of Changes in Fund Balances - General Fund			
For the Year Ended June 30, 2024			
(in millions of dollars)			
	<u>2023</u>	<u>2024</u>	<u>Total % Change 2023-24</u>
Revenues:			
Taxes	\$ 67.6	\$ 69.5	
Charges for services	5.0	5.1	
Intergovernmental	0.6	1.3	
Intergovernmental - N. Hangar fire	-	36.7	
Fines and forfeitures	1.2	0.9	
Licenses and permits	3.0	2.2	
Investment income	5.0	9.7	
Other	4.7	4.4	
Profit participation	11.6	-	
Total Revenues	<u>98.7</u>	<u>129.8</u>	31.5%
Expenditures:			
General government	19.8	22.7	
General government - N. Hangar fire	-	71.7	
Public safety	44.3	46.9	
Public works	16.8	18.4	
Community services	5.4	5.6	
Capital outlay	3.8	10.3	
Debt service	<u>0.6</u>	<u>0.9</u>	
Total Expenses	<u>90.7</u>	<u>176.4</u>	94.5%
Excess of Revenues Over			
(Under) Expenditures	8.0	(46.6)	
Other Financing Sources (Uses):			
Net transfers	2.2	5.2	
Lease acquisition	<u>-</u>	<u>0.1</u>	
Net Change in Fund Balance	<u>\$ 10.2</u>	<u>\$ (41.4)</u>	-505.8%

Financial Analysis of the Government's Funds (Continued)

General Fund total revenues increased by \$31.1 million or 31.5% as noted in the previous table. Significant transactions affecting revenues in the General Fund were as follows:

- Majority of the increase was due to \$36.7 million in intergovernmental revenue from the Navy's reimbursements to cover the cost of the Navy-owned North Hangar fire incident.
- One-time profit participation revenue of \$11.6 million was recorded during last fiscal year 2022-2023.
- Taxes increased by \$1.9 million primarily due to higher property tax revenues as high demands in the housing market continues. Sales tax revenue totaled approximately \$35.4 million, virtually no changes from prior year reflecting a change in consumer spending trends impacted by inflation concerns.
- Other revenues, including charges for services and license and permits, experienced a decrease of \$1 million due to several one-time settlements and cost recovery items in previous fiscal year.
- Investment earnings increased by \$4.7 million during 2024, largely as a result of improved market conditions.

General Fund's total expenditures increased by \$85.7 million, or 94.5%, primarily due to a \$71.7 million expenditure incurred from the Navy North Hangar fire. The remaining \$14 million increase was mainly attributed to labor obligations, higher public service demands, capital outlays, and inflation adjustments.

General Fund Budgetary Highlights

The General Fund actual revenues were \$40 million lower than the amended budgeted revenues, primarily due to a receivable for the Navy North Hangar fire incident cost reimbursement. The amended budgeted expenditures totaled \$237.7 million, reflecting a \$105 million increase from the original budgeted expenditures of \$132.6 million. This increase in appropriations was largely associated with a \$88 million budget for the Navy North Hangar fire incident, as well as additional capital outlays for improvements in public infrastructure, public facilities, and special equipment.

Actual General Fund expenditures were \$61.2 million less than the amended budgeted amount of \$237.7 million, primarily due to appropriations for capital projects spanning multiple years.

Financial Analysis of the Proprietary Funds

The City has one proprietary fund which is the Water Enterprise Fund. Total revenue for the Water Fund exceeded total expenses by \$12.3 million due to a one-time contribution of PFAS treatment plant from Orange County Water District, resulting in an increase in net position, from \$40.3 million as of June 30, 2023 to \$52.6 million as of June 30, 2024.

Operating revenues increased by \$1.1 million. Related operating costs increased by \$0.5 million from the prior fiscal year primarily due to increases in labor and on-going maintenance costs.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2024

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, 2024 amounts to \$621.2 million, net of accumulated depreciation. The investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, and bridges.

City of Tustin
Summary of Changes in Capital Assets
For the Year Ended June 30, 2024
(in millions of dollars)

	Governmental		Business-Type		Total		Total
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		<u>% Change</u>
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023-2024</u>
Land	\$ 105.3	\$ 105.3	\$ 1.2	\$ 1.2	\$ 106.5	\$ 106.4	
Right of way	45.9	45.9	-	-	45.9	45.9	
Construction in progress	6.6	11.9	7.6	23.2	14.2	35.1	
Buildings and improvements	114.8	115.0	9.5	9.1	124.3	124.1	
Machinery and equipment	5.6	6.0	-	-	5.6	6.0	
Infrastructure	257.1	254.7	-	-	257.1	254.7	
Lease assets	0.4	0.3	-	-	0.4	0.3	
Subscription based IT	2.2	1.5	-	-	2.2	1.5	
Property, plant and equipment	<u>-</u>	<u>-</u>	<u>49.1</u>	<u>47.2</u>	<u>49.1</u>	<u>47.2</u>	
Total Capital Assets, Net	<u>\$ 537.9</u>	<u>\$ 540.5</u>	<u>\$ 67.4</u>	<u>\$ 80.7</u>	<u>\$ 605.3</u>	<u>\$ 621.2</u>	2.6%

The net increase of \$15.9 million in capital assets consists of additions totaling \$33.4 million (net of transfers from construction in progress and asset disposals); depreciation expense of \$17.5 million. In fiscal year 2024, the following major construction projects were completed:

- Various Roadway and Public Infrastructure Maintenance
- Red Hill Avenue Rehabilitation between San Juan Street and Melvin Way
- Legacy Annex Tenant Improvement
- Alley Grove Promenade Project in Tustin Legacy

The following major construction projects were in progress in fiscal year 2024: South Hangar Renovation, Neighborhood D-South Infrastructure Phase 2, Tustin Legacy Dog Park, Pedestrian Bridge, Beneta Wells, and various road widening, extension, and traffic signal projects.

CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Capital Assets (continued)

Additional information on the City's capital assets can be found in Note 8 of the notes to the basic financial statements section of this report

Long-term Debt

At the end of the current fiscal year, the City had total outstanding long-term liabilities of \$156.3 million. Of this amount, \$39.5 million is secured solely by specified revenue sources such as water service charges.

City of Tustin
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2024
(in millions of dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities		Activities		% Change
	2023	2024	2023	2024	2023	2024	2023-2024
Bonds payable	\$ -	\$ -	\$ 36.8	\$ 39.5	\$ 36.8	\$ 39.5	
Claims and judgments	9.3	11.0	-	-	9.3	11.0	
Postemployment							
benefits obligation	11.8	12.2	1.5	1.6	13.3	13.8	
Compensated absences	5.0	5.0	0.4	0.4	5.4	5.4	
Lease payable	0.5	0.3	-	-	0.5	0.3	
Subscription based payable	2.1	1.5	-	-	2.1	1.5	
Pension liabilities	<u>76.6</u>	<u>80.3</u>	<u>4.4</u>	<u>4.5</u>	<u>81.0</u>	<u>84.8</u>	
Total Outstanding Debt	<u>\$ 105.3</u>	<u>\$ 110.3</u>	<u>\$ 43.1</u>	<u>\$ 46.0</u>	<u>\$148.4</u>	<u>\$156.3</u>	5.3%

Overall, long-term debt increased by \$7.9 million, or 5.3%, compared to the prior year's balance. This increase was primarily driven by a \$3.8 million rise in the City's net pension liability, as the actual investment return fell short of the assumed discount rate of 6.8%. Additionally, claims and judgments increased by \$1.7 million, and the issuance of the \$4.1 million 2024 Water Revenue Bond contributed to the increase.

Additional information on the City's long-term debt can be found in Notes 9, 10, and 11 in the basic financial statements section of this report.

Next Year's Budget

On June 18, 2024, the City Council adopted the Budget for Fiscal Years 2024–2025, representing the second year of the 2023–2025 Biennial Budget. The Budget allocates resources aligned with the City Council's strategic priorities to deliver effective, high-quality public services across the community. The 2024–2025 Budget includes a total appropriation of \$282 million. The General Fund's estimated revenues are \$97.5 million, while budgeted appropriations amount to \$98.4 million. The resulting operating deficit will be addressed through the planned use of reserves. The appropriations are \$1 million higher than the prior year's amended appropriation, excluding the impact of the Navy North Hangar fire incident.

Requests for Information

This financial report is designed to provide a general overview of the City'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 Finance Director, City of Tustin, 300 Centennial Way, Tustin, California, 92780.

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GOVERNMENT-WIDE
FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TUSTIN

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 171,798,036	\$ 13,830,937	\$ 185,628,973
Receivables:			
Accounts	47,285,455	3,922,372	51,207,827
Interest	4,497,079	40,638	4,537,717
Leases	7,717,950	-	7,717,950
Loans	6,419,992	-	6,419,992
Allowance for uncollectibles	(1,611,436)	-	(1,611,436)
Internal balances	3,830,700	(3,830,700)	-
Prepaid items and deposits	1,211,470	27,863	1,239,333
Land held for resale	102,457,773	-	102,457,773
Restricted assets:			
Cash and investments with fiscal agents	11,813,499	4,093,918	15,907,417
Cash and investments held by trust	14,024,098	-	14,024,098
Capital assets:			
Not being depreciated	163,097,569	24,334,688	187,432,257
Being depreciated, net	377,424,745	56,378,685	433,803,430
TOTAL ASSETS	<u>909,966,930</u>	<u>98,798,401</u>	<u>1,008,765,331</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	2,886,452	2,886,452
Deferred amounts on OPEB plan	1,366,919	131,655	1,498,574
Deferred amounts on pension plans	32,959,170	1,676,446	34,635,616
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>34,326,089</u>	<u>4,694,553</u>	<u>39,020,642</u>
LIABILITIES:			
Accounts payable and accrued liabilities	36,163,429	3,450,011	39,613,440
Interest payable	11,096	485,200	496,296
Deposits payable	10,908,633	827,420	11,736,053
Unearned revenue	5,663,423	-	5,663,423
Noncurrent liabilities:			
Due within one year	5,862,751	1,814,771	7,677,522
Due in more than one year	11,922,915	38,105,551	50,028,466
Due in more than one year - OPEB liability	12,219,424	1,630,724	13,850,148
Due in more than one year - pension liability	80,310,956	4,451,241	84,762,197
TOTAL LIABILITIES	<u>163,062,627</u>	<u>50,764,918</u>	<u>213,827,545</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on leases	7,051,289	-	7,051,289
Deferred amounts on OPEB plan	1,303,850	128,953	1,432,803
Deferred amounts on pension plans	2,573,799	-	2,573,799
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,928,938</u>	<u>128,953</u>	<u>11,057,891</u>
NET POSITION:			
Net investment in capital assets	535,362,349	47,613,869	582,976,218
Restricted for:			
Community services	11,953,645	-	11,953,645
Public safety	1,156,787	-	1,156,787
Public works	41,033,303	-	41,033,303
Unrestricted	180,795,370	4,985,214	185,780,584
TOTAL NET POSITION	<u>\$ 770,301,454</u>	<u>\$ 52,599,083</u>	<u>\$ 822,900,537</u>

CITY OF TUSTIN

STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 98,403,543	\$ 3,836,719	\$ 78,381,343	\$ -
Public safety	51,506,630	1,237,042	5,545,142	-
Public works	34,924,407	6,692,885	4,653,819	2,216,922
Community services	9,918,277	3,034,343	1,306,337	86,075
Interest on long-term liabilities	32,133	-	-	-
Total governmental activities	<u>194,784,990</u>	<u>14,800,989</u>	<u>89,886,641</u>	<u>2,302,997</u>
Business-type activity:				
Water	22,540,741	20,596,504	-	13,376,076
Total	<u>\$ 217,325,731</u>	<u>\$ 35,397,493</u>	<u>\$ 89,886,641</u>	<u>\$ 15,679,073</u>

General revenues:

Taxes:

Property

Franchise

Transient occupancy

Business license

Sales

Unrestricted intergovernmental revenue

Earnings on investments

Miscellaneous

Total general revenues

Change in net position

NET POSITION AT BEGINNING OF YEAR, AS RESTATED

NET POSITION AT END OF YEAR

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (16,185,481)	\$ -	\$ (16,185,481)
(44,724,446)	-	(44,724,446)
(21,360,781)	-	(21,360,781)
(5,491,522)	-	(5,491,522)
(32,133)	-	(32,133)
(87,794,363)	-	(87,794,363)
-	11,431,839	11,431,839
(87,794,363)	11,431,839	(76,362,524)
26,805,569	-	26,805,569
1,864,197	-	1,864,197
2,392,315	-	2,392,315
460,416	-	460,416
35,403,145	-	35,403,145
99,310	-	99,310
11,629,540	819,851	12,449,391
368,622	28,054	396,676
79,023,114	847,905	79,871,019
(8,771,249)	12,279,744	3,508,495
779,072,703	40,319,339	819,392,042
\$ 770,301,454	\$ 52,599,083	\$ 822,900,537

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FUND FINANCIAL STATEMENTS

CITY OF TUSTIN

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	General	Housing Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 133,777,593	\$ 710,114	\$ 37,310,329	\$ 171,798,036
Restricted cash and investments	11,754,830	-	58,669	11,813,499
Restricted cash and investments held by trust	14,024,098	-	-	14,024,098
Receivables:				
Accounts	46,125,328	-	1,160,127	47,285,455
Interest	648,464	3,699,872	148,743	4,497,079
Leases	3,057,633	-	4,660,317	7,717,950
Loans	433,220	5,986,772	-	6,419,992
Allowance for uncollectibles	(533,947)	(1,077,489)	-	(1,611,436)
Prepaid items and deposits	1,175,237	-	36,233	1,211,470
Due from other funds	131,869	-	-	131,869
Advances to other funds	3,830,700	-	-	3,830,700
Land held for resale	102,457,773	-	-	102,457,773
TOTAL ASSETS	\$ 316,882,798	\$ 9,319,269	\$ 43,374,418	\$ 369,576,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 32,779,186	\$ 243,522	\$ 3,140,721	\$ 36,163,429
Deposits payable	10,907,263	1,370	-	10,908,633
Due to other funds	-	-	131,869	131,869
Interest payable	11,096	-	-	11,096
Unearned revenue	1,611,457	-	4,051,966	5,663,423
TOTAL LIABILITIES	45,309,002	244,892	7,324,556	52,878,450
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	35,441,861	8,515,882	51,064	44,008,807
Lease related	2,774,316	-	4,276,973	7,051,289
TOTAL DEFERRED INFLOW OF RESOURCES	38,216,177	8,515,882	4,328,037	51,060,096
FUND BALANCES				
Nonspendable	107,523,830	-	36,233	107,560,063
Restricted	27,317,982	558,495	15,532,283	43,408,760
Assigned	-	-	16,155,894	16,155,894
Unassigned	98,515,807	-	(2,585)	98,513,222
TOTAL FUND BALANCES	233,357,619	558,495	31,721,825	265,637,939
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 316,882,798	\$ 9,319,269	\$ 43,374,418	\$ 369,576,485

CITY OF TUSTIN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2024

Fund balances of governmental funds	\$ 265,637,939
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental funds.	540,522,314
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position: Balance at June 30, 2024 are:

Claims and judgments payable	\$ (10,995,980)	
Compensated absences payable	(4,954,588)	
Subscription-based information technology arrangements	(1,480,460)	
Lease payable	(354,638)	
Total long-term liabilities	(17,785,666)	(17,785,666)

Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:

Deferred outflows of resources	32,959,170	
Deferred inflows of resources	(2,573,799)	
Pension liability	(80,310,956)	(49,925,585)

OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:

Deferred outflows of resources	1,366,919	
Deferred inflows of resources	(1,303,850)	
Post employment benefit liability	(12,219,424)	(12,156,355)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds balance sheet.

Net position of governmental activities	44,008,807 \$ 770,301,454
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CITY OF TUSTIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2024

	General	Housing Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 69,493,486	\$ -	\$ -	\$ 69,493,486
Licenses and permits	2,246,204	-	-	2,246,204
Fines and forfeitures	928,628	-	2,150	930,778
Investment income	9,650,880	11,340	1,967,327	11,629,547
Intergovernmental revenue	37,981,832	659,464	17,166,415	55,807,711
Charges for services	5,110,902	2,245	375,903	5,489,050
Rental income	3,263,520	-	397,953	3,661,473
Other revenue	1,098,165	-	412,500	1,510,665
TOTAL REVENUES	<u>129,773,617</u>	<u>673,049</u>	<u>20,322,248</u>	<u>150,768,914</u>
EXPENDITURES				
Current:				
General government	94,387,427	-	7,000	94,394,427
Public safety	46,860,655	-	169,057	47,029,712
Public works	18,445,346	-	2,019,502	20,464,848
Community services	5,611,123	1,348,502	375,393	7,335,018
Capital outlay	10,255,517	-	11,554,301	21,809,818
Debt service:				
Principal retirement	829,157	-	-	829,157
Interest expenditures	32,133	-	-	32,133
TOTAL EXPENDITURES	<u>176,421,358</u>	<u>1,348,502</u>	<u>14,125,253</u>	<u>191,895,113</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,647,741)</u>	<u>(675,453)</u>	<u>6,196,995</u>	<u>(41,126,199)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	10,262,550	880,616	4,200,200	15,343,366
Transfer out	(5,080,816)	-	(10,262,550)	(15,343,366)
Proceeds of leases	75,055	-	-	75,055
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,256,789</u>	<u>880,616</u>	<u>(6,062,350)</u>	<u>75,055</u>
NET CHANGES IN FUND BALANCES	<u>(41,390,952)</u>	<u>205,163</u>	<u>134,645</u>	<u>(41,051,144)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>274,748,571</u>	<u>353,332</u>	<u>31,587,180</u>	<u>306,689,083</u>
FUND BALANCES - END OF YEAR	<u>\$ 233,357,619</u>	<u>\$ 558,495</u>	<u>\$ 31,721,825</u>	<u>\$ 265,637,939</u>

CITY OF TUSTIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

Net changes in fund balances - total governmental funds \$ (41,051,144)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital expenditures and contributions exceeded depreciation and disposition of capital assets in the current period:

Capital outlay	\$ 17,997,161	
Disposition of capital assets	(366,008)	
Depreciation expense	(15,048,197)	
		2,582,956

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt and changes in other long-term liabilities affects the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term liabilities:

Issuance of debt - lease	(75,055)	
Principal payments - lease	188,366	
Principal payments - subscription-based information technology arrangements	640,791	
Net changes in claims and judgments payable	(1,666,881)	
Net changes in compensated absences payable	1,064	
		(911,715)

Pension expenditures reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. (5,006,605)

OPEB expenditures reported in the governmental funds includes the actuarially determined contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. 20,990

Some revenues are reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are reported as available revenues in the governmental funds:

Net change in unavailable revenue	35,594,269
Change in net position of governmental activities	\$ (8,771,249)

CITY OF TUSTIN

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2024

	Business-type Activity Water Enterprise Fund
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 13,830,937
Accounts receivable	3,922,372
Interest receivable	40,638
Prepaid items	27,863
Restricted cash and investments	4,093,918
TOTAL CURRENT ASSETS	<u>21,915,728</u>
NONCURRENT ASSETS:	
Capital assets:	
Not being depreciated	24,334,688
Being depreciated, net	56,378,685
TOTAL NONCURRENT ASSETS	<u>80,713,373</u>
TOTAL ASSETS	<u>102,629,101</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	2,886,452
Deferred amounts on pension plans	1,676,446
Deferred amounts on OPEB plan	131,655
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,694,553</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	3,450,011
Deposits payable	827,420
Interest payable	485,200
Advances from other funds	3,830,700
Compensated absences payable	287,166
Bonds payable	1,527,605
TOTAL CURRENT LIABILITIES	<u>10,408,102</u>
LONG-TERM LIABILITIES:	
Compensated absences payable	95,722
Bonds payable	38,009,829
Net pension liability	4,451,241
Net OPEB liability	1,630,724
TOTAL LONG-TERM LIABILITIES	<u>44,187,516</u>
TOTAL LIABILITIES	<u>54,595,618</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts on OPEB plan	128,953
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>128,953</u>
NET POSITION:	
Net investment in capital assets	47,613,869
Unrestricted	4,985,214
TOTAL NET POSITION	<u>\$ 52,599,083</u>

CITY OF TUSTIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND

For the year ended June 30, 2024

	Business-type Activity Water Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 20,596,504
TOTAL OPERATING REVENUES	<u>20,596,504</u>
OPERATING EXPENSES:	
Personnel services	4,549,781
Purchased water	9,633,937
Maintenance and operation	4,508,038
Depreciation	2,449,588
TOTAL OPERATING EXPENSES	<u>21,141,344</u>
OPERATING INCOME (LOSS)	<u>(544,840)</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	819,851
Other income	28,054
Interest expense and other fiscal charges	(1,399,397)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(551,492)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	
Capital contributions	555,748
Contributed capital assets	<u>12,820,328</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>13,376,076</u>
CHANGE IN NET POSITION	12,279,744
NET POSITION AT BEGINNING OF YEAR	<u>40,319,339</u>
NET POSITION AT END OF YEAR	<u>\$ 52,599,083</u>

CITY OF TUSTIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2024

	Business-type Activity Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 19,670,161
Payments to suppliers	(13,304,709)
Payments to employees	(4,156,112)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,209,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(2,445,103)
Proceeds from the issuance of long-term debt	4,125,000
Principal paid on bonds	(1,345,000)
Interest paid on long-term debt	(1,084,540)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(749,643)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>819,090</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>819,090</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,278,787
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>15,646,068</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 17,924,855</u></u>
CASH AND CASH EQUIVALENTS:	
Cash and investments - current assets	\$ 13,830,937
Cash and investments - restricted assets	<u>4,093,918</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 17,924,855</u></u>

CITY OF TUSTIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 (CONTINUED)

For the year ended June 30, 2024

	Business-type Activity Water Enterprise Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (544,840)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,449,588
Other nonoperating income (expense)	28,054
Change in assets, liabilities and deferrals:	
(Increase) decrease in accounts receivable	(954,397)
(Increase) decrease in prepaid items	109,787
(Increase) decrease in deferred outflows of resources	170,180
Increase (decrease) in accounts payable and accrued liabilities	627,837
Increase (decrease) in deposits payable	99,642
Increase (decrease) in compensated absences	32,055
Increase (decrease) in net pension liability	80,626
Increase (decrease) in total OPEB liability	120,473
Increase (decrease) in deferred inflows of resources	(9,665)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,209,340</u>
SCHEDULE OF NON-CASH CAPITAL AND INVESTING ACTIVITIES	
Unrealized gain on investments	\$ 195,060
Donated capital assets	12,820,328

CITY OF TUSTIN

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post- Employment Benefit (OPEB) Trust Fund	Custodial Funds
ASSETS:			
Cash and investments	\$ 3,363,976	\$ -	\$ 60,634
Investments:			
Money markets	-	137,783	-
Mutual funds - equity	-	2,145,684	-
Mutual funds - fixed income	-	1,985,540	-
Restricted cash and investments	3,350	-	14,129,068
Receivables:			
Accounts	-	-	53,588
TOTAL ASSETS	3,367,326	4,269,007	14,243,290
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	5,101,118	-	-
LIABILITIES:			
Accounts payable	-	-	35,461
Interest payable	548,508	-	-
Long-term liabilities:			
Due within one year	2,566,077	-	-
Due in more than one year	43,767,495	-	-
TOTAL LIABILITIES	46,882,080	-	35,461
NET POSITION:			
Restricted for:			
Postemployment benefits other than pensions	-	4,269,007	-
Individuals, organizations and other governments	(38,413,636)	-	14,207,829
TOTAL NET POSITION	\$ (38,413,636)	\$ 4,269,007	\$ 14,207,829

CITY OF TUSTIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2024

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Custodial Funds
ADDITIONS:			
Tax revenue	\$ 3,976,973	\$ -	\$ 7,237,941
Investment income	10,952	352,276	566,868
Employer contributions	-	500,000	-
TOTAL ADDITIONS	3,987,925	852,276	7,804,809
DEDUCTIONS:			
Administrative expenses	-	17,386	177,018
Community services	25,803	-	-
Principal	-	-	2,680,000
Interest	1,694,932	-	4,209,525
TOTAL DEDUCTIONS	1,720,735	17,386	7,066,543
CHANGE IN NET POSITION	2,267,190	834,890	738,266
NET POSITION - BEGINNING OF YEAR	(40,680,826)	3,434,117	13,469,563
NET POSITION - END OF YEAR	\$ (38,413,636)	\$ 4,269,007	\$ 14,207,829



ANNUAL COMPREHENSIVE FINANCIAL REPORT



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. The Financial Reporting Entity

The City of Tustin (City) was incorporated in 1927 as a “General Law” City governed by an elected five-member city council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Tustin (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Tustin’s elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity 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, a component unit’s 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 and there is a financial benefit/burden relationship.

Blended Component Units

The Tustin Public Financing Authority (the Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Authority exists under a Joint Exercise of Power Agreement dated May 1, 1995. The members of the City Council constitute the members of the Board of Directors of the Authority. The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes, and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City or Assessment Districts of the City. The Authority’s financial transactions consist of debt service payments that are reported in the Water Enterprise Fund as the Authority has issued debt for the Water Enterprise Fund.

The City of Tustin Housing Authority (the Housing Authority) was established by the City Council in 2011 and is responsible for the administration of providing affordable housing in the City. The Housing Authority is governed by a five-member Board of Directors which consists of members of the City Council, which designates management and has full accountability for the Housing Authority’s financial affairs. The Housing Authority’s financial transactions are reported in the Housing Authority Special Revenue Fund.

All of the City’s component units are considered to be blended component units as the City Council serves as the governing board, management of the City has operational reasonability, and the City is considered financially accountable for these component units. Blended component units, although legally separate entities, are in substance, part of the City’s operations and so data from these units are reported within the funds of the primary government. These component units do not issue separate component unit financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. 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 about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. 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. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, inter-fund services have been eliminated; however, those transactions between governmental and business-type activity have not been eliminated.

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. 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 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 City'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 fund statements, even though excluded from the government-wide financial statements, include financial information for private purpose trust funds, other post-employment benefit trust fund, and custodial funds.

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 and fiduciary private purpose trust fund (fiduciary custodial funds use the economic resource measurement focus) financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. 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.

Proprietary funds result from providing services and producing and delivering goods. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Property taxes are recognized as revenue in the year for which they are levied. Operating revenues are those that result from providing services. Operating expenses for proprietary 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.

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, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. 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.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's fiduciary funds consist of a private purpose trust, other post-employment benefit (OPEB) trust, and custodial funds which are reported using the economic resources measurement focus.

All governmental activities, business-type activity and fund financial statements of the City follow Governmental Accounting Standards Board (GASB) pronouncements.

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.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation. The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City and is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Housing Authority Fund is used to account for revenues and associated expenditures to be used for the operation of the City's homeless shelter; and for increasing or improving low- and moderate-income housing.

The City reports the following major proprietary fund:

The Water Enterprise Fund is used to account for the City's water service operations to residents and businesses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City's fund structure also includes the following fund types:

Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specified purpose.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the Tustin Community Redevelopment Agency.

Other Post-Employment Benefit Trust Fund is used to account for the activities of the City's trust for the OPEB plan.

Custodial Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessment district debt for which the City is not obligated.

d. New Accounting Pronouncements

Pending Accounting Standards

In June 2022, GASB issued Statement No. 101 – *Compensated Absences*. This statement clarifies the existing recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Standards (Continued)

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

In December 2023, GASB issued Statement No. 102 – *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

In April 2024, GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The objective of this Statement is to 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. This Statement also addresses certain application issues.

Management’s Discussion and Analysis

This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This 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. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This Statement 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. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

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.

Budgetary Comparison Information

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash, Cash Equivalents and Investments

Investments are stated at fair value (the value at which a financial instrument would be exchanged in a current transaction between willing parties other than a forced or liquidation sale), except for certain investments which have a remaining life of less than one year when purchased and investment contracts, which are stated at amortized cost.

The City’s proprietary fund participates in the pooling of City-wide cash and investments. Amounts held in the City pool are available to the fund on demand and are considered to be cash and cash equivalents for statement of cash flow purposes. Investments not held in the City pool that are short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

Prepays

The City uses the consumption method to record prepaid items.

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at acquisition value at the date of contribution. Capital asset purchases (other than infrastructure) in excess of \$10,000 are capitalized if they have an expected useful life of five years or more. Infrastructure assets with a cost exceeding \$150,000 are capitalized.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges, and right-of-way corridors within the City.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The lives used for depreciation purposes of each capital asset class generally are:

Buildings	5 - 40 years
Improvements other than buildings	5 - 40 years
Property and plant	5 - 40 years
Machinery and equipment	4 - 10 years
Infrastructure	25 - 75 years
Subscription-based IT assets	1 – 7 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Capital Assets (Continued)

Lease assets are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of at least one year. Such assets are recorded at the present value of the lease liability. Lease assets are amortized using the straight-line method of each leases' term.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The City has the following items that qualify for reporting in the deferred outflows of resources category:

- Deferred charge on refunding, net of accumulated amortization, reported in the government-wide statement of net position, the proprietary fund and fiduciary funds financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow related to pensions resulting from employer contributions made after the measurement date of the net pension liability. These amounts are recognized in the subsequent fiscal year. Deferred outflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions, differences between expected and actual experience, and from changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to OPEB plan resulting from the differences in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years. Deferred outflow related to changes in assumptions, and differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees provided with OPEB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow from unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants and rental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. Deferred inflow related to pension plan resulting from the difference between projected and actual earnings on investments of the pension plan fiduciary net positions. These amounts are amortized over five years.
- Deferred inflow related to pensions and OPEB for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the respective plans. Deferred inflow related to pensions and OPEB plan resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions and OPEB through the respective plans.
- Deferred inflow related to future lease revenue which is recorded at present value at the point of inception and is recognized over the life of each lease term.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value at fiscal year-end. Estimated realizable value is determined only upon the execution of a disposition and development agreement. Land held for resale is recorded in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% 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. The City accrues as revenues only those taxes which are received within 60 days after year end in the fund financial statements.

Property Tax Calendar

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

Lien date	January 1 st
Levy period	July 1 st to June 30 th
Levy date	On or before 4 th Monday in September
Due date	November 1 st - 1 st installment
	February 1 st - 2 nd installment
Collection date	December 10 th - 1 st installment
	April 10 th - 2 nd installment

Interest and penalties are assessed after the collection date.

Compensated Absences

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the proprietary type fund at the time the liability vests. Governmental fund types recognize the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year or is due and payable at year-end. For governmental activities, compensated absences are primarily liquidated from the general fund. Any additional accrued vacation and compensatory time relating to governmental funds and amounts relating to the proprietary fund type are included as long-term liabilities within the government-wide statement of net position.

Leases

At the commencement of the lease, the City initially measures the payable at the present value of payments expected to be paid during the lease term. Subsequently, the payable is reduced by the principal portion of payments made. The lease assets are initially measured by the present value of payments expected to be paid during the lease term. Subsequently, the lease assets are amortized over the life of the lease term.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- e. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Subscription-Based Information Technology (IT) Arrangements

The City is a participant in subscription-based IT arrangements as detailed in Footnote 9. The City recognizes a subscription-based IT payable and right to use IT assets in the financial statements.

At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the statement of net position date, and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 185,628,973	\$ 3,424,610	\$ 189,053,583
Restricted assets:			
Cash and investments	15,907,417	14,132,418	30,039,835
Cash and investments held by trust	14,024,098	4,269,007	18,293,105
Total cash and investments	<u>\$ 215,560,488</u>	<u>\$ 21,826,035</u>	<u>\$ 237,386,523</u>

Cash and investments as of June 30, 2024, consist of the following:

Cash on hand	\$ 10,050
Deposits with financial institutions	4,489,069
Investments	<u>232,887,404</u>
Total cash and investments	<u>\$ 237,386,523</u>

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. The table also identifies certain provisions of the City's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the City or the funds within the Pension Trust and OPEB Trust that are governed by the agreement between the City and the trustee, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

Investment Types Authorized by the City's Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Negotiable certificates of deposit	5 years	30%	5%
Commercial paper	270 days	30%	5%
Local Agency Investment Pool (LAIF)	N/A	None	Max permitted by State Treasurer
Orange County Investment Pool (OCIP)	N/A	None	Max permitted by County Treasurer
Bankers acceptances	180 days	30%	5%
Medium-term notes	5 years	30%	5%
Municipal and state securities	5 years	30%	5%
Federal agency bonds or notes	5 years	None	50%
United States (U.S.) Treasury securities	5 years	None	None
Money market mutual funds	N/A	20%	10%
Agency mortgage pass-through securities	5 years	20%	10%
Repurchase agreements	1 year	30%	5%
Supranationals	5 years	5%	5%
Shares of beneficial interest by a JPA	5 years	None	50%
N/A - Not Applicable			

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and the concentration of credit risk.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements (Continued)

Investment Types Authorized by Debt Agreements	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S Treasury Obligations	None	None	None
U.S Government Sponsored Agency Securities	N/A	None	None
Banker's Acceptances	270 days	None	None
Commercial Paper	180 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Corporate Notes	None	None	None
Repurchase Agreements	None	None	None

N/A - Not Applicable

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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	12 Months or less	12 to 24 Months	25 - 60 Months	Total
U.S. Treasury Notes	\$ 36,818,006	\$ 3,729,141	\$ 5,830,184	\$ 46,377,331
U.S. Government Sponsored Agency Securities:				
Federal National Mortgage Association (FNMA)	1,913,280	-	-	1,913,280
Federal Home Loan Bank (FHLB)	2,960,890	-	5,365,753	8,326,643
Federal Farm Credit Bank (FFCB)	995,683	-	5,366,478	6,362,161
Money Market Fund	812,025	-	-	812,025
Local Agency Investment Pool (LAIF)	7,029,895	-	-	7,029,895
California Asset Management Program (CAMP)	89,532,930	-	-	89,532,930
Negotiable Certificates of Deposit	-	941,929	225,975	1,167,904
Commercial Paper	998,529	-	-	998,529
Medium-term Notes	14,565,584	11,543,008	5,295,630	31,404,222
Commercial Mortgage-backed Securities	242,961	-	2,165,896	2,408,857
Held by Fiscal Agents:				
Money Market Mutual Funds	18,260,522	-	-	18,260,522
Held by Pension Trust:				
Money Market Mutual Funds	450,998	-	-	450,998
Mutual Funds - Equity	7,050,145	-	-	7,050,145
Mutual Funds - Fixed Income	6,522,955	-	-	6,522,955
Held by OPEB Trust:				
Money Market Mutual Funds	137,783	-	-	137,783
Mutual Funds - Equity	2,145,684	-	-	2,145,684
Mutual Funds - Fixed Income	1,985,540	-	-	1,985,540
Total	<u>\$ 192,423,410</u>	<u>\$16,214,078</u>	<u>\$24,249,916</u>	<u>\$ 232,887,404</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill 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 required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standard & Poor's actual rating as of year-end for each investment type.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Total as of June 30, 2024	Minimum Required Rating	AAA	AA	A	Not Rated
U.S. Treasury Notes *	\$ 46,377,331	N/A	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored						
Agency Securities:						
FNMA	1,913,280	N/A	1,913,280	-	-	-
FHLB	8,326,643	N/A	8,326,643	-	-	-
FFCB	6,362,161	N/A	6,362,161	-	-	-
Money Market Fund	812,025	N/A	812,025	-	-	-
LAIF	7,029,895	N/A	-	-	-	7,029,895
CAMP	89,532,930	N/A	89,532,930	-	-	-
Negotiable Certificates of Deposit	1,167,904	N/A	-	-	-	1,167,904
Commercial Paper	998,529	A-1	-	-	998,529	-
Medium-term Notes	31,404,222	A	1,668,603	3,728,577	26,007,042	-
Commercial Mortgage-backed Securities	2,408,857	A	2,408,857	-	-	-
Held by Fiscal Agents:						
Money Market Mutual Funds	18,260,522	AAA	18,260,522	-	-	-
Held by Pension Trust:						
Money Market Mutual Funds	450,998	N/A	450,998	-	-	-
Mutual Funds - Equity	7,050,145	N/A	-	-	-	7,050,145
Mutual Funds - Fixed Income	6,522,955	N/A	-	-	-	6,522,955
Held by OPEB Trust:						
Money Market Mutual Funds	137,783	N/A	137,783	-	-	-
Mutual Funds - Equity	2,145,684	N/A	-	-	-	2,145,684
Mutual Funds - Fixed Income	1,985,540	N/A	-	-	-	1,985,540
Total	<u>\$232,887,404</u>		<u>\$129,873,802</u>	<u>\$ 3,728,577</u>	<u>\$ 27,005,571</u>	<u>\$ 25,902,123</u>

* Securities are exempt from disclosure

Concentration of Credit Risk

There were no investments in any one issuer that represented five percent or more of the total City's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an investor 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, an investor 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:

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

The California Government Code requires that a financial institution secures 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, 2024, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The California Local Agency Investment Fund is not insured or collateralized. The Fund is subject to regulatory oversight by the State of California Treasurer, although it is not registered with the SEC. Deposits and withdrawals to and from LAIF are made on the basis of \$1 and not at fair value. Accordingly, under the fair value hierarchy, the investment with LAIF is uncategorized.

Investment in California Asset Management Program (CAMP)

The City is a voluntary participant in the California Asset Management Program (CAMP) that is regulated by the California Government Code. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments in Pension and OPEB Trusts

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City’s pension and OPEB plans. The Pension and OPEB Trusts’ specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City. Those guidelines are as follows:

Risk Tolerance	Moderate
Risk Management	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.
Investment Objective	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges	0% - 20% Cash 40% - 60% Fixed Income 40% - 60% Equity

Fair Value Measurements

The City categorizes its fair value measurement 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 assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of June 30, 2024:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Notes	\$ -	\$ 46,377,331	\$ -	\$ 46,377,331
U.S. Government Sponsored				
Agency Securities:				
FNMA	-	1,913,280	-	1,913,280
FHLB	-	8,326,643	-	8,326,643
FFCB	-	6,362,161	-	6,362,161
Money Market Fund	-	812,025	-	812,025
Negotiable Certificates of Deposit	-	1,167,904	-	1,167,904
Commercial Paper	-	998,529	-	998,529
Medium-term Notes	-	31,404,222	-	31,404,222
Commercial Mortgage-backed Securities	-	2,408,857	-	2,408,857
Held by Pension Trust:				
Mutual Funds - Equity	7,050,145	-	-	7,050,145
Mutual Funds - Fixed Income	6,522,955	-	-	6,522,955
Held by OPEB Trust:				
Mutual Funds - Equity	2,145,684	-	-	2,145,684
Mutual Funds - Fixed Income	1,985,540	-	-	1,985,540
Total Leveled Investments	<u>\$ 17,704,324</u>	<u>\$ 99,770,952</u>	<u>\$ -</u>	<u>117,475,276</u>
LAIF*				7,029,895
CAMP*				89,532,930
Money Market Mutual Funds*:				
Held by Fiscal Agents				18,260,522
Held by Pension Trust				450,998
Held by OPEB Trust				137,783
Total Investment Portfolio				<u>\$232,887,404</u>

* Not subject to fair value measurement hierarchy.

NOTE 3 - LOANS RECEIVABLE

Multi-Family Development Loan: A bridge loan was provided to a senior apartment developer to assist in the development of 53 affordable rental units. The total outstanding balance as of June 30, 2024, including accrued interest of \$20,524 was \$370,524.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 3 - LOANS RECEIVABLE (CONTINUED)

Home Improvement Loans: Home improvement loans were provided to low- and moderate-income households (rental and ownership). These deferred loans are due upon sale, refinance, or when the rental units are no longer available as affordable units. Term is 30 years. The total outstanding balance as of June 30, 2024, was \$12,840. An allowance of \$12,840 has been recorded to reflect the amount of the loans not expected to be collectible.

Orange County Rescue Mission: On February 10, 2015, the City entered into an agreement with the Orange County Rescue Mission (OCRM), whereby the City agreed to convey two residential buildings to the OCRM to be used for housing for homeless veterans. In exchange, the OCRM executed a promissory note to the City in the amount of \$533,000. The note is payable after 30 years with 3% interest. For every year that the OCRM uses the property for homeless veterans housing, the promissory note and any accrued interest will be forgiven by 1/30th. Should the OCRM successfully utilize the properties for homeless veterans housing for all 30 years in which the note is in effect, as stipulated in the deed of trust, it will owe no money to the City. The total outstanding balance at June 30, 2024, including accrued interest of \$54,662, was \$427,762. An allowance of \$427,762 has been recorded to reflect the amount of the note not expected to be collectible.

Boys' and Girls' Club Roof Loan: On January 7, 2019, the City executed a promissory note with the Boys' and Girls' Club of Tustin (the Club) in the amount of \$86,000 to assist in roof replacements of the Club's facility. The loan is payable over 15 years at 2% interest per annum with annual installments of principal and interest in the amount of \$6,693 commencing on January 11, 2021. The total outstanding balance at June 30, 2024, including accrued interest of \$563, was \$60,684.

Affordable Housing Loans: The City executed promissory notes with approximately 279 affordable home buyers to facilitate the preservation of the City's affordable housing supply. The entire unpaid principal amount and accrued interest is due 45 years from the date of the initial sale of the unit to a member of the home-buying public. No prepayment of the note in whole, or in part, is allowed any time prior to the maturity date. Additionally, 95% of the loan and accrued interest is forgivable, should the owner comply with the Affordable Housing Covenant as of the maturity date. As of June 30, 2024, the total outstanding principal balance was \$92,478,647. An allowance of \$87,854,715 has been recorded to reflect the amount of the note not expected to be collectible.

Family Promise Loan: On February 18, 2020, the Housing Authority entered into an agreement with Family Promise of Orange County, whereby the City agreed to convey real property for the development of transitional housing units for homeless families. In exchange, Family Promise executed a promissory note to the City in the amount of \$1,000,000 on May 12, 2022. The note is payable after 30 years with 3% interest. For each year that Family Promise complies with all applicable terms, conditions, and covenants of the agreement, 1/30 of both principal and interest shall be forgiven. The total outstanding balance at June 30, 2024, including accrued interest of \$64,649, was \$1,064,649. An allowance of \$1,064,649 has been recorded to reflect the amount of the note not expected to be collectible.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 4 – INTERFUND RECEIVABLES, TRANSFERS, AND ADVANCES

The composition of interfund receivable/payable balances as of June 30, 2024:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 131,869	\$ -
CDBG Fund	-	76,550
CFD Construction	-	55,319
Total	<u>\$ 131,869</u>	<u>\$ 131,869</u>

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 10,262,550
Other Governmental Funds	General Fund	4,200,200
Housing Authority Fund	General Fund	880,616
		<u>\$ 15,343,366</u>

The transfers during the fiscal year ended June 30, 2024, were for the following purposes:

Other governmental fund (ARPA Special Revenue Fund) transferred to the General Fund \$4,297,000 for costs of rehiring public sector staff and revenue replacement intended to cover public facility safety salaries.

Other governmental fund (Special Tax B Special Revenue Fund) transferred \$5,733,521 to the General Fund for eligible Special Tax B area expenditures.

Other governmental fund (Measure M Special Revenue Fund) transferred \$149,199 to the General Fund for eligible Measure M expenditures.

Other governmental fund (Construction 95-1 Fund) transferred \$82,830 to the General Fund for eligible Assessment District 95-1 expenditures.

The General Fund transferred to the Housing Authority Fund \$880,616 to support the homeless shelter and to buy back an affordable housing property.

General Fund transferred to other governmental fund (Other Capital Projects Fund) \$3,900,000 to support the Main Street project, and \$300,200 went to Facility Improvement.

The composition of interfund advances for the year ended June 30, 2024, is as follows:

Advance From	Advance To	Amount
General Fund	Water Enterprise Fund	\$ 3,830,700

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 4 – INTERFUND RECEIVABLES, TRANSFERS, AND ADVANCES (CONTINUED)

In May 2023, the General Fund advanced a total of \$3,830,700 to the Water Enterprise Fund to replenish cash to meet bond covenant requirements. The advance accrues interest at a 3.5% annual interest rate and has a maturity date no later than July 1, 2030.

NOTE 5 - LAND HELD FOR RESALE

Land held for resale as of June 30, 2024, consisted of the following:

	<u>General Fund</u>
Pacific Center East*	\$ 30,380,902
Tustin Legacy	<u>72,076,871</u>
Total Land Held for Resale	<u>\$ 102,457,773</u>

*Pacific Center East includes several parcels bordered by Del Amo, Valencia, Edinger and Newport Avenue.

NOTE 6 - LAND TRANSFER FROM THE UNITED STATES GOVERNMENT

On May 13, 2002, the City entered into an agreement with the United States of America (the Government) wherein the Government agreed to convey to the City a portion of the former Marine Corps Air Station Tustin (MCAS Tustin). The transfer is pursuant to the authority provided by Section 2905(b)4 of the Defense Base Closure and Realignment Act of 1990, as amended, and the implementing regulations of the Department of Defense to convey surplus property at a closing installation to the local redevelopment authority at no cost for economic development purposes.

The real properties, consisting of approximately 1,153 acres of land located within the bounds of the former MCAS Tustin, were conveyed to the City in multiple parcels, by separate conveyances. Parcel Group I, (consisting of approximately 977 acres), was conveyed to the City on May 14, 2002. A portion of Parcel Group I (consisting of approximately 23 acres) was conveyed to the City during fiscal year 2003 and the remainder was conveyed to the City in fiscal year 2004. Conveyance of Parcel Group II (consisting of a total of 49 acres) was conveyed in September 2006 and May and July 2003. Conveyance of Parcel Group III (consisting of approximately 18 acres) and Parcel Group IV (consisting of approximately 119 acres) were conveyed in September 2006 and April 2008, respectively. As part of the agreement, the City also received certain personal property and utilities on the base. The land parcels were recorded at their estimated fair values at the dates of conveyance.

Subsequent to the conveyance of properties from the Government, the Agreement required the City to convey approximately 22 acres to Santa Ana Unified School District (SAUSD), 15 acres to Rancho Santiago Community College District (RSCCD) and 65 acres to South Orange County Community College District (SOCCCD) subject to certain conditions as detailed in the agreement with the Government and the terms and conditions of the settlement and release agreements between the City and SAUSD and the City and the RSCCD.

NOTE 6 – LAND TRANSFER FROM THE UNITED STATES GOVERNMENT (CONTINUED)

The SAUSD declined the conveyance of the land from the City and instead of receiving the land, the SAUSD was paid \$60,000,000 under an agreement dated December 20, 2002. The City conveyed the RSCCD parcel during fiscal year 2003. Conveyance of the SOCCCD parcel happened in fiscal year 2004.

On May 21, 2013, the City Council approved a General Plan Amendment, MCAS Tustin Specific Plan Amendment, Development Agreement, and Agreement for Exchange of Real Property with the SOCCCD. The Exchange Agreement delineates the terms and processes associated with the exchange of the ultimate ownership of approximately 89 acres of land within Planning Area 1 of Tustin Legacy. The City of Irvine has identified concerns about that project's traffic impacts in Irvine, and about the traffic analysis of projects in the MCAS Tustin Specific Plan area generally. In July 2013, the City entered into a settlement agreement with the City of Irvine which allowed the City to proceed with the Exchange Agreement. The transfer of the parcels occurred in August 2014 and was considered an even exchange.

The City also entered into a separate agreement with the SOCCCD in July 2014 to acquire the Valencia Parcels, approximately five acres of land, for \$1,083,220 less a demolition credit of \$500,000.

In August 2014, the City sold 74 acres of the land to a developer for \$56,000,000 resulting in a gain on land held for resale of \$40,143,447.

In February 2015, the City entered into an Exchange Agreement with the United States of America Department of Army. The Exchange Agreement delineates the terms associated with the exchange of the ultimate ownership of approximately 15 acres of usable land and improvements. The transfer of the property occurred in April 2015 and was determined to be of equivalent value.

In fiscal year 2015-16, the City reclassified 279 acres of the land held for resale related to the land transfer from the United States Government to land to be used for government purposes. The reclassification was for land to be given to another governmental agency and to be used for parks and roads. In addition, the Valencia Parcels (about five acres) were reclassified due to a change in the intended use of the property. As a result, land held for resale was reduced by \$64,002,073 in the General Fund and is reported as land in the government-wide statement of net position.

In July 2016, the City sold 20.96 acres of the land to a developer for \$8,300,000 resulting in a gain on land held for resale of \$3,808,739.

In June 2017, the City sold 17.54 acres of land to a developer for \$18,292,602 resulting in a gain on land held for resale of \$14,533,528.

In June 2018, the City sold 14.48 acres of land to a developer for \$34,202,712 resulting in a gain on land held for resale of \$31,100,613.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 6 - LAND TRANSFER FROM THE UNITED STATES GOVERNMENT (CONTINUED)

In September 2021, the City sold 25.44 acres of land to a developer for \$61,500,000 resulting in a gain on land held for resale of \$56,048,775.

Additionally, in September of 2021 the City of Tustin took title to approximately 7.93 acres of property at the Tustin Legacy, which was former Lease in Furtherance of Conveyance (LIFOC) property. The property consists of Carveout 2 (6.23 acres) and Carveout 9 (1.7 acres). In May 2022, 4.74 acres associated with Carveout 2 was sold to a land developer for \$1,784,115. An additional 1.49 acres of Carveout 2 and 0.14 acres of Carveout 9 were reclassified by the City out of land held for resale to appropriately record the assets as rights-of-way. The remaining 1.56 acres from Carveout 9 remains in land held for resale at a value of \$587,177.

The recorded value of the remaining conveyed parcels as of June 30, 2024, was \$72,076,871. The value of the parcels was recorded at estimated value at the time of conveyance. The remaining property not sold will be park space or conveyed to other governmental agencies.

NOTE 7 – LEASE RECIEVABLES

The City is a lessor in 18 noncancellable leases for use of City land and buildings. The lessees are required to make fixed monthly payments ranging from \$500 to \$43,680. The City recognized \$1,726,797 in lease revenue and \$187,090 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2024, the lease receivable is \$7,717,950 and deferred inflows of resources is \$7,051,289.

A schedule of future payments is included below:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,680,076	\$ 153,531	\$ 1,833,607
2026	1,710,411	111,434	1,821,845
2027	471,800	82,854	554,654
2028	390,153	75,503	465,656
2028	411,604	67,909	479,513
2030 - 2034	1,928,643	222,033	2,150,676
2035 - 2039	946,394	73,673	1,020,067
2040 - 2041	178,869	3,155	182,024
Totals	<u>\$ 7,717,950</u>	<u>\$ 790,092</u>	<u>\$ 8,508,042</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2024, is as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not depreciated:				
Land	\$ 105,254,634	\$ -	\$ -	\$ 105,254,634
Right of way	45,926,681	-	-	45,926,681
Construction in progress	6,629,658	16,337,832	(11,051,236)	11,916,254
Total capital assets, not depreciated	157,810,973	16,337,832	(11,051,236)	163,097,569
Capital assets, being depreciated:				
Buildings	86,708,311	3,469,232	-	90,177,543
Improvements other than buildings	75,546,529	1,271,767	(9,782)	76,808,514
Machinery and equipment	20,188,465	1,807,426	(921,029)	21,074,862
Infrastructure	425,533,864	6,070,519	(4,594,775)	427,009,608
Lease assets - buildings	258,160	-	(8,720)	249,440
Lease assets - machinery and equipment	156,937	75,055	-	231,992
Lease assets - vehicles	250,601	-	-	250,601
Subscription-based IT assets	2,797,692	-	(26,558)	2,771,134
Total capital assets, being depreciated	611,440,559	12,693,999	(5,560,864)	618,573,694
Less accumulated depreciation for:				
Buildings	(27,796,315)	(1,692,298)	-	(29,488,613)
Improvements other than buildings	(19,668,652)	(2,883,733)	9,782	(22,542,603)
Machinery and equipment	(14,528,137)	(1,419,643)	828,714	(15,119,066)
Infrastructure	(168,456,822)	(8,193,833)	4,329,802	(172,320,853)
Lease assets - buildings	(75,749)	(52,625)	-	(128,374)
Lease assets - machinery and equipment	(107,593)	(65,070)	-	(172,663)
Lease assets - vehicles	(100,240)	(50,120)	-	(150,360)
Subscription-based IT assets	(562,100)	(690,875)	26,558	(1,226,417)
Total accumulated depreciation	(231,295,608)	(15,048,197)	5,194,856	(241,148,949)
Total capital assets, being depreciated, net	380,144,951	(2,354,198)	(366,008)	377,424,745
Total governmental activities capital assets, net	\$ 537,955,924	\$ 13,983,634	\$ (11,417,244)	\$ 540,522,314

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General Government	\$	3,180,477
Public Safety		394,152
Public Works		9,235,283
Community Services		2,238,285
Total	\$	<u>15,048,197</u>

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2024, is as follows:

Business-Type Activities

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets, not depreciated:				
Land	\$ 1,177,216	\$ -	\$ -	\$ 1,177,216
Construction in progress	7,612,275	15,795,197	(250,000)	23,157,472
Total capital assets, not depreciated	<u>8,789,491</u>	<u>15,795,197</u>	<u>(250,000)</u>	<u>24,334,688</u>
Capital assets, being depreciated:				
Buildings and improvements	16,498,710	11,390	(10,694)	16,499,406
Property, plant and equipment	83,663,680	264,592	(8,700)	83,919,572
Total capital assets, being depreciated	<u>100,162,390</u>	<u>275,982</u>	<u>(19,394)</u>	<u>100,418,978</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,009,317)	(360,758)	10,694	(7,359,381)
Property, plant and equipment	<u>(34,600,782)</u>	<u>(2,088,830)</u>	<u>8,700</u>	<u>(36,680,912)</u>
Total accumulated depreciation	<u>(41,610,099)</u>	<u>(2,449,588)</u>	<u>19,394</u>	<u>(44,040,293)</u>
Total capital assets, being depreciated, net	<u>58,552,291</u>	<u>(2,173,606)</u>	<u>-</u>	<u>56,378,685</u>
Total business-type activity capital assets, net	<u>\$ 67,341,782</u>	<u>\$ 13,621,591</u>	<u>\$ (250,000)</u>	<u>\$ 80,713,373</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 9 - LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Claims and judgments	\$ 9,329,099	\$2,935,084	\$(1,268,203)	\$10,995,980	\$ 1,401,024
Subscription-based IT payable	2,121,251	-	(640,791)	1,480,460	629,084
Lease payable	467,949	75,055	(188,366)	354,638	116,702
Compensated absences	4,955,652	3,890,106	(3,891,170)	4,954,588	3,715,941
Total governmental activities long-term liabilities	<u>\$16,873,951</u>	<u>\$6,900,245</u>	<u>\$(5,988,530)</u>	<u>\$17,785,666</u>	<u>\$ 5,862,751</u>
Business-type Activity:					
2016 Water Refunding					
Revenue Bonds	\$21,515,000	\$ -	\$ (905,000)	\$20,610,000	\$ 925,000
Bond premium	960,039	-	(52,605)	907,434	52,605
2020 Taxable Water Refunding Revenue Bonds	14,335,000	-	(440,000)	13,895,000	445,000
Direct Placement 2024					
2024 Water Revenue Bonds	-	4,125,000	-	4,125,000	105,000
Compensated absences	350,833	325,609	(293,554)	382,888	287,166
Total business-type activity long-term liabilities	<u>\$37,160,872</u>	<u>\$4,450,609</u>	<u>\$(1,691,159)</u>	<u>\$39,920,322</u>	<u>\$ 1,814,771</u>

Governmental Activities

Subscription-Based Information Technology (IT) Arrangements Payable

The City has entered into 18 subscription-based IT arrangements for various software applications and is required to make annual principal and interest payments ranging from \$1,815 to \$172,746 over the arrangement terms. The payable at June 30, 2024, was \$1,480,460. The future principal and interest lease payments as of June 30, 2024, were as follows:

June 30,	Principal	Interest	Total
2025	\$ 629,084	\$ 46,647	\$ 675,731
2026	298,126	20,978	319,104
2027	208,899	13,263	222,162
2028	140,455	7,720	148,175
2029	115,307	4,447	119,754
2030	88,589	1,227	89,816
Totals	<u>\$ 1,480,460</u>	<u>\$ 94,282</u>	<u>\$ 1,574,742</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Lease Payable

The City has entered into 12 leases as a lessee for facilities, vehicles and equipment and is required to make principal and interest payments ranging from \$485 to \$3,844 over the lease terms. The lease liability at June 30, 2024, was \$354,638. The future principal and interest lease payments as of June 30, 2024, were as follows:

June 30,	Principal	Interest	Total
2025	\$ 116,702	\$ 14,512	\$ 131,214
2026	125,213	9,898	135,111
2027	93,316	2,470	95,786
2028	9,570	438	10,008
2029	9,837	171	10,008
Totals	<u>\$ 354,638</u>	<u>\$ 27,489</u>	<u>\$ 382,127</u>

Business-type Activity

2016 Refunding Water Revenue Bonds

On September 28, 2016, the City issued \$21,515,000, 2016 Water Refunding Revenue Bonds. The Bonds were issued to provide funds to defease the 2011 Water Revenue Bonds and pay the costs of issuing the bonds. The 2016 Water Refunding Revenue Bonds proceeds were invested in an escrow fund with a trustee to pay interest on the 2011 Water Revenue Bonds until April 1, 2021 and to redeem all 2011 Bonds in full on April 1, 2021.

The Bonds are payable in annual installments ranging from \$905,000 to \$1,540,000 until maturity on April 1, 2041. Interest is payable semiannually on April 1 and October 1, with rates ranging from 2.0% to 4.0% per annum.

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,273,764. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2041. The remaining balance at June 30, 2024, is \$2,258,897.

The City has pledged net revenues received from the operation of the Water Enterprise to repay the outstanding debt service. The net revenues are the amount of the gross revenues received less the amount of maintenance and operation costs, which include management, personnel, services, equipment, repair and other necessary costs of maintaining and operating the Water Enterprise. The City has covenanted to fix, prescribe, revise and collect rates, fees and charges for the services and facility furnished by the Water Enterprise during each fiscal year which are sufficient to yield net revenues, at least equal to 120% of the annual debt service on the bonds. At June 30, 2024, total

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2016 Water Refunding Revenue Bonds (Continued)

interest and principal remaining on the bonds is \$27,050,362. During the fiscal year, the total interest expense incurred was \$687,300, principal payments were \$905,000, and net revenues were \$3,348,526.

The annual debt service requirements to amortize the bonds are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 925,000	\$ 669,200	\$ 1,594,200
2026	950,000	645,450	1,595,450
2027	975,000	615,450	1,590,450
2028	1,015,000	576,450	1,591,450
2029	1,035,000	551,075	1,586,075
2030 - 2034	5,790,000	2,168,062	7,958,062
2035 - 2039	6,880,000	1,077,275	7,957,275
2040 - 2041	3,040,000	137,400	3,177,400
Subtotals	20,610,000	6,440,362	27,050,362
Add: Premium	907,434	-	907,434
Totals	<u>\$ 21,517,434</u>	<u>\$ 6,440,362</u>	<u>\$ 27,957,796</u>

2020 Taxable Water Refunding Revenue Bonds

On February 11, 2020, the City issued \$14,910,000, Taxable Water Refunding Revenue Bonds, Series 2020. The Bonds were issued to provide funds to defease the 2013 Water Revenue Bonds and pay the costs of issuing the bonds. The 2020 Bonds proceeds were invested in an escrow fund with a trustee to pay interest and principal on the 2013 Bonds until April 1, 2022 and to redeem all 2013 Bonds in full on April 1, 2022.

The City refunded the 2013 Bonds to reduce its total debt services payments over 23 years by \$3,101,131 and to obtain an economic gain (difference between the present values of the old and new debt) of \$2,160,323.

The Bonds are payable in annual installments ranging from \$609,834 to \$2,429,165 until maturity on April 1, 2043. Interest is payable semiannually on April 1 and October 1, with rates ranging from 1.567% to 3.107% per annum.

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$773,237. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2043. The remaining balance at June 30, 2024, is \$627,555.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2020 Taxable Water Refunding Revenue Bonds (Continued)

The City has pledged net revenues received from the operation of Water Enterprise to repay the outstanding debt service. The net revenues are the amount of the gross revenues received less the amount of maintenance and operation costs, which include management, personnel, services, equipment, repair and other necessary costs of maintaining and operating the Water Enterprise. The City has covenanted to fix, prescribe, revise and collect rates, fees and charges for the services and facility furnished by the Water Enterprise during each fiscal year which are sufficient to yield net revenues, at least equal to 120% of the annual debt service on the bonds. At June 30, 2024, total interest and principal remaining on the bonds is \$19,124,376. During the fiscal year, the total interest expense incurred was \$397,240, principal payments were \$440,000, and net revenues were \$3,348,526.

The annual debt service requirements to amortize the bonds are as follows:

June 30,	Principal	Interest	Total
2025	\$ 445,000	\$ 389,721	\$ 834,721
2026	450,000	381,760	831,760
2027	465,000	373,169	838,169
2028	475,000	363,827	838,827
2029	490,000	353,904	843,904
2030-2034	2,605,000	1,589,214	4,194,214
2035-2039	2,990,000	1,209,510	4,199,510
2040-2043	5,975,000	568,271	6,543,271
Totals	<u>\$ 13,895,000</u>	<u>\$ 5,229,376</u>	<u>\$ 19,124,376</u>

2024 Water Revenue Bonds

On February 6, 2024, the Tustin Public Financing Authority (“Authority”) and the City of Tustin (“City”) authorized the issuance of direct placement debt with Capital One Public Financing, LLC. The City received \$4,125,000 of proceeds with a 4.82% fixed interest rate over the 20-year life of the bonds. The bonds are being issued for the purpose of providing funds to finance the acquisition and construction of certain improvements and facilities to the City’s municipal water enterprise.

The City’s outstanding bonds are secured by a pledge, charge and lien upon revenue which consist primarily of installment payments to be made by the City to the Authority pursuant to an Installment Sale Agreement, dated as of February 1, 2024, by and between the City and the Authority. The City’s obligations under the Installment Sale Agreement will be subordinate to the City’s obligations with respect to the payment of debt service on its City of Tustin 2016 Water Refunding Revenue Bonds and its City of Tustin Taxable Water Refunding Revenue Bonds, Series 2020.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2024 Water Revenue Bonds (Continued)

The outstanding debt contains (1) a provision that in an event of default, the holder of any outstanding Parity Obligations is entitled to accelerate such Indebtedness, Bank may declare all sums of interest and principal and any other amounts owing under the Note or under any other Loan Document immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands. Otherwise, an Event of Default hereunder shall not result in an acceleration of Borrower's obligations hereunder or under the Note and (2) a provision that the District may prepay all, but not less than all of the aggregate unpaid amounts after giving the Original Purchaser 30 days' prior written notice and at a price of 101% of the principal amount so paid.

At June 30, 2024, total interest and principal remaining on the bonds is \$6,559,030. During the fiscal year, the total interest expense incurred was \$75,222 and there were no principal payments.

The annual debt service requirements to amortize the bonds are as follows:

June 30,	Principal	Interest	Total
2025	\$ 105,000	\$ 224,783	\$ 329,783
2026	135,000	193,764	328,764
2027	140,000	187,257	327,257
2028	145,000	180,509	325,509
2029	155,000	173,520	328,520
2030-2034	890,000	748,546	1,638,546
2035-2039	1,125,000	512,125	1,637,125
2040-2044	1,430,000	213,526	1,643,526
Totals	<u>\$ 4,125,000</u>	<u>\$ 2,434,030</u>	<u>\$ 6,559,030</u>

NOTE 10 - PENSION PLANS

a. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Plans. The Miscellaneous Plan is an agent multiple-employer defined benefit pension plan, and the Safety Plan is a cost-sharing multiple employer defined benefit pension plan. Both of these Plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability retirement benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or their beneficiaries. Benefits are based on three factors: service credit (up to one year of service per fiscal year), benefit factor (based on plan and age at retirement), and final compensation (highest pensionable compensation for a consecutive 12- or 36-month period, depending on plan). Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. Members of all but one plan available to employees are eligible to retire upon reaching age 50 and attaining five years of service credit. PEPRA Miscellaneous members (membership date on or after January 1, 2013) are eligible to retire upon reaching age 52 and attaining five years of service. All members are eligible for non-duty disability retirement benefits after five years of service. Safety members are eligible for industrial disability retirement benefits, regardless of age or years of service, if they are determined to be industrially disabled within the meaning of the retirement law. The survivors of members are eligible for the Basic Death Benefit, the 1957 Survivor Benefit, and/or the 1959 Survivor Benefit. The survivors of Safety members who die prior to retirement are also eligible for the Pre-Retirement Option 2W Death Benefit and, if the member is actively employed and dies in the course of duty, the Special Death Benefit. Each plan provides retirees with a cost-of-living adjustment of up to 2% per year.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The information below includes the aggregate total pension plan related items:

	Miscellaneous	Safety	Total
Net pension liability	\$ (34,240,313)	\$ (50,521,884)	\$ (84,762,197)
Deferred outflows of resources - pension	11,798,428	22,837,188	34,635,616
Deferred inflows of resources - pension	-	(2,573,799)	(2,573,799)
Pension expense	7,714,903	9,547,285	17,262,188

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2023, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	2%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of			
eligible compensation	2.00%	2.00%	2.00%
Required employee contribution rates	10.00%	10.00%	7.25%
Required employer contribution rates			
Normal cost rate		10.01%	
Payment of unfunded liability		\$2,613,842	

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2023, are summarized as follows:

	Safety		
Hire date	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	50+
Monthly benefits, as a % of eligible compensation	3.00%	2.00%	2.70%
Required employee contribution rates	12.00%	12.00%	13.75%
Required employer contribution rates:			
Normal cost rate	27.11%	19.95%	13.54%
Payment of unfunded liability	\$ 3,366,887	\$ -	\$ 27,231

Employees Covered

At the valuation date ended June 30, 2022, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	323
Inactive employees entitled to but not yet receiving benefits	305
Active employees	213
Total	841

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City 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 contributions requirements are classified as plan member contributions.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

Contributions (Continued)

a. General Information about the Pension Plans (Continued)

The liability for governmental activities is primarily liquidated from the General Fund and the liability for business-type activities is liquidated from the Water Enterprise Fund.

b. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) 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.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

NOTE 10 - PENSION PLANS (CONTINUED)

b. Net Pension Liability (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 ¹	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 2021 Asset Liability Management study.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

b. Net Pension Liability (Continued)

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.

c. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2022 (Valuation Date)	<u>\$149,716,480</u>	<u>\$116,096,362</u>	<u>\$ 33,620,118</u>
Changes in the Year:			
Service cost	3,103,217	-	3,103,217
Interest on the total pension liability	10,246,763	-	10,246,763
Differences between actual and expected experience	647,330	-	647,330
Changes of benefit terms	199,701	-	199,701
Contribution - employer	-	5,229,452	(5,229,452)
Contribution - employee	-	1,267,450	(1,267,450)
Net investment income	-	7,165,286	(7,165,286)
Administrative expenses	-	(85,372)	85,372
Benefit payments, including refunds of employee contributions	(7,222,606)	(7,222,606)	-
Net Changes	<u>6,974,405</u>	<u>6,354,210</u>	<u>620,195</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 156,690,885</u>	<u>\$ 122,450,572</u>	<u>\$ 34,240,313</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability (Continued)

As of June 30, 2024, the City reported \$50,521,884 of liabilities for its proportionate share of the net pension liability for the Safety Plan.

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Safety Plan is measured as of June 30, 2023, and the total pension liability for the Safety Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Safety Plan as of measurement dates ended June 30, 2022, and 2023 was as follows:

	Safety
Proportion - June 30, 2022	0.68936%
Proportion - June 30, 2023	0.67588%
Change - Increase (Decrease)	-0.01348%

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan of 6.90%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 55,568,211	\$ 76,745,092
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 34,240,313	\$ 50,521,884
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 16,719,702	\$ 29,082,546

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense of \$7,714,906 and \$9,547,285 for the Miscellaneous and Safety Plans, respectively. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,333,352	\$ -
Differences between actual and expected experience	468,802	-
Change in assumptions	1,549,063	-
Net differences between projected and actual earnings on plan investments	5,447,211	-
Total	<u>\$ 11,798,428</u>	<u>\$ -</u>
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,729,176	\$ -
Differences between actual and expected experience	3,709,238	(317,550)
Change in assumptions	2,948,525	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,707,454	(425,059)
Net differences between employer's contributions and proportionate share of contributions	828,889	(1,831,190)
Net differences between projected and actual earnings on plan investments	6,913,906	-
Total	<u>\$ 22,837,188</u>	<u>\$ (2,573,799)</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 10 - PENSION PLANS (CONTINUED)

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources \$5,430,658 and \$6,989,388 reported in the Miscellaneous and Safety Plans, respectively, are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous	Safety
2025	\$ 2,765,614	\$ 4,496,767
2026	740,502	3,165,613
2027	3,797,034	5,678,852
2028	161,926	192,981
2029	-	-
Thereafter	-	-

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the OPEB Plan

Plan Description

The City administers a single-employer defined benefit other post-employment benefit (OPEB) plan that provides eligible retirees with a subsidy towards retiree medical insurance premiums. An employee hired by the City prior to July 1, 2011, is eligible for this benefit if they retire from the City on or after age 50 (unless disabled), with five years of service and are eligible for a CalPERS pension and enroll in a CalPERS medical insurance plan immediately after retirement. An employee hired by the City on or after July 1, 2011, is eligible for this benefit if they retire from the City on or after age 50 (unless disabled), with ten years of service and are eligible for a CalPERS pension and enroll in a CalPERS medical insurance plan immediately after retirement. Eligible employees who suffer a disability may satisfy the continuous service requirement using a combination of service with the City and service with any public agency with a reciprocal retirement system. Benefits vary by hire date, employment status and employment classification. In the event of a retiree's death, benefits may continue to surviving beneficiaries in certain circumstances.

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

a. General Information about the OPEB Plan (Continued)

A portion of the City’s OPEB liability is in the form of an implied rate subsidy. Retirees and active employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees receive the benefit of a lower rate. The difference between these amounts is the implied rate subsidy, which is considered an OPEB liability.

Plan Description (Continued)

In 2018, the City established a trust with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for the City’s OPEB plan under Section 115 of the Internal Revenue Code. The City makes discretionary contributions to the OPEB Trust. Contributions to the OPEB Trust and earnings on those contributions are irrevocable. The City also determines the timing of the distribution of trust assets and whether those assets will be paid directly to the insurance provider or to reimburse the City for plan benefits and expenses paid by the City. The OPEB Trust is reported as a fiduciary fund since it would be misleading to exclude the OPEB Trust Fund from the City’s financial statements. PARS issues a publicly available financial report for the fiduciary net position of the OPEB Trust, which is available upon request. The plan itself does not issue a separate financial report.

Employees Covered

At June 30, 2023, valuation date, the benefit terms covered the following employees:

Inactive employees or beneficiaries currently receiving benefits	136
Active employees	<u>314</u>
Total	<u><u>450</u></u>

Accounting for the Plan

The OPEB trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value, which is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

a. General Information about the OPEB Plan (Continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by City Council. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The annual contribution is based on the actuarially determined contributions.

For measurement period ending June 30, 2024, the City contributed \$500,000 to the PARS OPEB trust, made payments of \$564,457 to insurance providers and retirees, and the estimated implied subsidy was \$326,538, resulting in total contributions of \$1,390,995. The liability for governmental activities is primarily liquidated from the General Fund and the liability for the business-type activity is liquidated from the Water Enterprise Fund.

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown on the next page.

Actuarial Assumptions

The net OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

b. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	6.00%
Expected long term investment rate of return	6.00% net of OPEB plan investment expense
Inflation	2.50%
Salary Increase	2.75%.
Healthcare Cost Trend Rates	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2024-2029 and 4.00 percent for 2030 and later years.
Pre-Retirement Mortality:	
Miscellaneous	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019)
Safety	Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019)
Post-Retirement Mortality:	
Miscellaneous	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019)
Safety	Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019)

Actuarial assumptions used in the June 30, 2023, valuation were based on a review of plan experience during the period June 30, 2021, to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate).

The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

b. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
PARS OPEB Trust		
Broad U.S Equity	60.00%	4.40%
U.S Fixed	40.00%	1.80%
Total	100.00%	

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investment – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City’s Total OPEB liability is based on these requirements and the following information:

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2023	June 30, 2023	6.25%	3.86%	6.25%
June 30, 2024	June 30, 2023	6.00%	3.86%	6.00%
June 30, 2024	June 30, 2024	6.00%	3.97%	6.00%

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

c. Changes in the net OPEB liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023 (Measurement Date)	<u>\$ 16,780,571</u>	<u>\$ 3,434,117</u>	<u>\$ 13,346,454</u>
Changes in the Year:			
Service cost	639,177	-	639,177
Interest on the total OPEB liability	1,051,197	-	1,051,197
Differences between actual and expected experience	(163,610)	-	(163,610)
Changes in assumptions	702,814	-	702,814
Contribution - employer	-	1,390,995	(1,390,995)
Net investment income	-	352,275	(352,275)
Benefit payments	(890,995)	(890,995)	-
Administrative expenses	-	(17,386)	17,386
Net Changes	<u>1,338,583</u>	<u>834,889</u>	<u>503,694</u>
 Balance at June 30, 2024 (Measurement Date)	 <u><u>\$ 18,119,154</u></u>	 <u><u>\$ 4,269,006</u></u>	 <u><u>\$ 13,850,148</u></u>

Change of Assumptions

From measurement date June 30, 2023, to measurement date June 30, 2024, there were no changes in assumptions.

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 15,882,576	\$ 13,850,148	\$ 12,132,855

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

c. Changes in the net OPEB liability (Continued)

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, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 12,193,633	\$ 13,850,148	\$ 15,989,934

d. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense of \$1,434,667. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 368,661	\$ (1,071,605)
Change in assumptions	1,094,167	(361,198)
Differences between projected and actual earnings on investments	35,746	-
Total	<u>\$ 1,498,574</u>	<u>\$ (1,432,803)</u>

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

Fiscal Year Ending June 30,	Amount
2025	\$ (61,988)
2026	(5,353)
2027	(112,520)
2028	(87,049)
2029	(38,928)
Thereafter	371,609

NOTE 12 - IRS SECTION 457 DEFERRED COMPENSATION PLAN

In accordance with federal law, all part-time employees must be enrolled in Social Security or another “qualified” retirement plan. Since the City does not participate in Social Security, part-time employees are enrolled in the City’s IRS Section 457 deferred compensation plan. Nationwide Retirement Solutions, Inc. acts as the third-party administrative services provider for the defined contribution plan. Employees are required to contribute 5.5% of their salary to the deferred compensation plan every pay period. The City contributes an additional 2% of salary, for a total contribution of 7.5%. The City Council established the plan by resolution in fiscal year 2011-2012 and has the authority to amend contribution requirements. Contributions to the participant’s account must equal at least 7.5% of the participant’s compensation, or such other minimum amount as required for the plan to be considered a retirement system under applicable government code and legal requirements. Total contributions to the plan during fiscal year 2024 were \$113,198.

NOTE 13 - SELF-INSURANCE PROGRAM/RISK POOL

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for worker’s compensation, automotive, and general liability risks. Excess liability coverage for the City’s self-insurance retention of \$350,000 per occurrence is provided through a risk sharing pool, the California Insurance Pool Authority (CIPA). The CIPA provides excess liability coverage above \$3,000,000 per occurrence and \$20,000,000 annual aggregate. The City’s self-insurance retention limit is \$300,000 per occurrence for worker’s compensation claims. Worker’s compensation claims which exceed the self-insurance retention are insured by CIPA up to \$2,000,000. Property, pollution, cyber and employment practices liability risk are financed through insurance contracts and have various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with ten other Orange County cities. Members may be assessed the difference between the funds available and the \$20,000,000 annual aggregate in proportion to their annual premium. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels.

The pool is managed by an independent general manager and contracted legal advisers. Two internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel, and electing subcommittee members. The financial statements of the CIPA are available at the administrative office located at 366 San Miguel Drive, Newport Beach, California.

The government retains a risk of loss, due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City’s coverage amounts in any of the last three fiscal years, and there were no reductions in the City’s coverage during the year ended June 30, 2024. At June 30, 2024, estimated claims payable of \$10,995,980, which includes a provision for incurred but not reported claims and loss adjustment expenses, are reported as a long-term liability.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 13 - SELF-INSURANCE PROGRAM/RISK POOL (CONTINUED)

Changes in the balances of claims liabilities for the years ended June 30, 2024, and 2023, including a provision for incurred but not reported claims and loss adjustment expenses, were as follows:

June 30,	Beginning Balance	Additions	Deletions	Ending Balance
2023	\$ 10,428,570	\$ 744,173	\$ (1,843,644)	\$ 9,329,099
2024	9,329,099	2,935,084	(1,268,203)	10,995,980

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS' BONDS

Special assessment districts exist in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements and must be sufficient to repay this debt. The bonds listed below were issued pursuant to the Refunding Act of 1984 for the 1915 Improvement Act Bonds and the Improvement Bond Act of 1915. They are the liabilities of the property owners and secured by liens against the assessed property. The City Treasurer acts as an agent for the collection of principal and interest payments by the property owners and remittance of such monies to bondholders.

Neither the faith and credit nor the general taxing power of the City have been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds have been included in the accompanying financial statements.

District Bonds	Amount of Issue	Outstanding June 30, 2024
Community Facilities District 04-1, 2013	\$ 9,350,000	\$ 5,910,000
Community Facilities District 06-1, 2015A	49,740,000	40,895,000
Community Facilities District 06-1, 2015B	2,735,000	1,955,000
Community Facilities District 07-1, 2015A	13,155,000	11,950,000
Community Facilities District 2014-01, 2015A	27,665,000	25,870,000
	<u>\$ 102,645,000</u>	<u>\$ 86,580,000</u>

In May 2013, the City issued \$9,350,000 of Special Tax Refunding Bonds, Series 2013, to refund in full and defease the City of Tustin Community Facilities District No. 04-1 Special Tax Bonds, Series 2004. The 2004 series was originally issued to facilitate the new infrastructure construction on the former MCAS being converted into various public, housing, commercial and educational uses. The proceeds of the bonds will be used to pay the cost and expense of acquisition and construction of certain public facilities necessary for the development of the Tustin Legacy District, fund the reserve account, pay capitalized interest on bonds through September 1, 2032, and pay costs of issuing the Series 2013 Bonds. Serial current interest bonds will mature from September 1, 2014, to September 1, 2032. Term current interest bonds will mature on September 1, 2034, with mandatory sinking payments from September 1, 2033, through September 1, 2034. Interest maturity rates of the current interest bonds range from 2.00% at September 1, 2014 to 5.00% at September 1, 2024. At June

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

30, 2024, the outstanding amount of the Special Tax Refunding Bonds, Series 2013 was \$5,910,000. In November 2015, the City issued \$27,665,000 Community Facilities District No. 2014-01 Special Tax Bonds, Series 2015A (CFD 2014-01 2015A Special Tax Bonds). The CFD 2014-01 2015A Special Tax Bonds were issued to finance certain infrastructure improvements and school facilities, fund a reserve account, and pay for costs of issuance and administrative costs. Serial current interest bonds will mature from September 1, 2016, to September 1, 2035, with interest rates ranging from 2.0% to 5.0%. Term current interest bonds will mature on September 1, 2040, and September 1, 2045, with mandatory sinking payments from September 1, 2036, through September 1, 2045, with interest rates of 5.0%. At June 30, 2024, the outstanding amount of the CFD 2014-01 2015A Special Tax Bonds was \$25,870,000.

In December 2015, the City issued \$13,155,000 Community Facilities District No. 07-1 Special Tax Refunding Bonds, Series 2015A (CFD 07-1 2015A Refunding Bonds). The CFD 07-1 2015A Refunding Bonds were issued to refund in full and defease the CFD 07-1 Series 2007 Bonds. Serial bonds will mature from September 1, 2021, to September 1, 2025, with interest rates ranging from 2.5% to 3.125%. Term current interest bonds will mature on September 1, 2030, and September 1, 2037, with mandatory sinking payments from September 1, 2030, through September 1, 2037, with interest rates of 5.00%. The City's refunding of the CFD 07-1 Series 2007 Bonds resulted in a decrease of its total debt service payments by \$2,152,849 and an economic gain (difference between the present values of the old and new debt) of \$1,423,246. At June 30, 2024, the outstanding amount of the CFD 07-1 2015A Refunding Bonds was \$11,950,000.

In November 2015, the City issued \$49,740,000 Community Facilities District No. 06-1 Special Tax Refunding Bonds, Series 2015A (CFD 06-01 2015A Refunding Bonds). The CFD 06-01 2015A Refunding Bonds were issued to refund in full and defease the CFD No 06-1 Series 2007A Bonds and Special Tax Bonds 2010. Serial current bonds will mature from September 1, 2016, to September 1, 2035, with interest rates ranging from 2.0% to 5.0%. Term current interest bonds will mature on September 1, 2037, with an interest rate of 5.00%, September 1, 2037, with an interest rate of 3.75% and September 1, 2039, with an interest rate of 4.0% with mandatory sinking fund payments due September 1, 2036, through September 1, 2039. The City's refunding of the CFD No. 06-1 Series 2007A Bonds and Special Tax Bonds 2010 resulted in a decrease of its total debt service payments by \$15,726,836 and an economic gain (difference between the present values of the old and new debt) of \$7,020,039. At June 30, 2024, the outstanding amount of the CFD 06-01 2015A Refunding Bonds was \$40,895,000.

In November 2015, the City issued \$2,735,000 Community Facilities District No. 06-1 Special Tax Bonds, Series 2015B (CFD 06-1 Special Tax 2015B Bonds). The CFD 06-1 Special Tax 2015B Bonds were issued to finance public improvements, fund a reserve account, and pay for costs of issuance. Serial current bonds will mature from September 1, 2016, to September 1, 2033, with interest rates ranging from 2.0% to 3.75%. Term current interest bonds will mature on September 1, 2035, with an interest rate of 3.75%, and September 1, 2037, with an interest rate of 3.75% with mandatory sinking fund payments due September 1, 2035, through September 1, 2037. At June 30, 2024, the outstanding amount of the CFD 06-1 Special Tax 2015B Bonds was \$1,955,000.

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The fund balances reported on the fund statements consist of the following categories:

Nonspendable - This classification includes 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 - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - This classification includes amounts that are intended to be used for specific purposes as indicated by City Council or by persons to whom City Council has delegated the authority to assign amounts for specific purposes. The City Council has not delegated such authority.

Unassigned - This classification includes the residual balance for the City's general fund including all spendable amounts not contained in other classifications. Negative fund balance in governmental funds, after determining the fund balance classifications described above, is also reported as unassigned fund balance. The General Fund is the only fund that reports a positive unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

	General Fund	Housing Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 1,175,237	\$ -	\$ 36,233	\$ 1,211,470
Land held for resale	102,457,773	-	-	102,457,773
Loan receivable	60,120	-	-	60,120
Advances to other funds	3,830,700	-	-	3,830,700
Restricted for:				
Capital projects (1)	12,489,709	-	10,311,155	22,800,864
Public safety program	226,230	-	869,363	1,095,593
Community services	577,945	-	-	577,945
Housing projects	-	558,495	2,301,323	2,859,818
Solid waste program	-	-	2,050,442	2,050,442
Pension	14,024,098	-	-	14,024,098
Assigned to:				
Capital projects (2)	-	-	16,155,894	16,155,894
Unassigned	98,515,807	-	(2,585)	98,513,222
Total fund balances	<u>\$ 233,357,619</u>	<u>\$ 558,495</u>	<u>\$ 31,721,825</u>	<u>\$ 265,637,939</u>

(1) Restricted for capital projects:

- General Fund \$11,428,934 - legally restricted for backbone infrastructure at the Tustin Legacy development.
- General Fund \$903,316 – legally restricted for cable Public Education and Access (PEG) support.
- General Fund \$157,459 – retention withheld in restricted escrow account to be paid to contractors once projects are completed.
- Other Governmental Funds:
 - Gas Tax Special Revenue Fund \$1,831,965 - comprised of state gas taxes restricted for allowable street-related purposes.
 - Air Quality Special Revenue Fund \$121,896 - restricted for projects to reduce pollution.
 - Road Maintenance and Rehabilitation Special Revenue Fund \$5,120,034 - restricted for maintenance and rehabilitation of streets.
 - Measure M Special Revenue Fund \$2,987,481 – allocations from Orange County voter-approved transportation sales tax, restricted for allowable street-related purposes.
 - Assessment District Construction 95-1 Capital Projects Fund \$249,779 - restricted for uses specified in the bond indenture.

(2) Assigned to capital projects:

- Other Capital Projects Fund \$14,126,898– for specific projects indicated in the adopted budget.
- Park Acquisition and Development Special Revenue Fund \$2,028,996 – comprised of park fees for improvement of City parks.

NOTE 16 - JOINT POWERS AUTHORITY

Orange County Fire Authority

In January 1995, the City of Tustin entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Villa Park, and Yorba Linda and the County of Orange (County) to create the Orange County Fire Authority (Fire Authority). The purpose of the Fire Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services. In 2021, the City of Placentia left the Fire Authority.

The effective date of formation was March 1, 1995. The Fire Authority's governing board consists of one representative from each City and two from the County. The operations of the Fire Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, and Seal Beach. The County pays all structural fees it collects to the Fire Authority. The cities of Stanton, Tustin, San Clemente, Buena Park, and Seal Beach are considered "cash contract cities" and, accordingly, make cash contributions based on the Fire Authority's annual budget.

The financial statements of the Orange County Fire Authority are available at 1 Fire Authority Road, Irvine, California.

Orange County Housing Finance Trust

In May 2019, the City of Tustin entered into a joint powers agreement with cities throughout the county and the County of Orange (County) to create the Orange County Housing Finance Trust (OCHFT). The purpose of the OCHFT is to fund the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income as defined in the Section 50093 of the Health and Safety Code, including but not limited to, permanent supportive housing, and to receive public and private financing and funds.

The OCHFT's governing board consists of nine members: two members of the Board of Supervisors of the County, two countywide elected officials, one city council member for each city member with the greatest population in the North, Central, and South Region Service Planning Area, as depicted in the agreement, and two city council members selected from member cities that are not already represented. The County is responsible for OCHFT's administrative costs for one year following the creation of OCHFT. After the initial year, the member cities will make annual contributions towards the budgeted administrative costs in accordance with a cost allocation formula approved by the governing board. The particular programs and program budget, funded, sponsored or operated by OCHFT, as well as the level of and mechanisms for, the involvement of OCHFT and each member city, in such programs and program budget, will be determined and approved by the governing board. A member city's individual contribution, involvement and role in any particular program or budgeted program costs will be mutually agreed to between the member city and OCHFT.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 16 - JOINT POWERS AUTHORITY (CONTINUED)

The financial statements of the Orange County Housing Finance Trust are available at 333 W. Santa Ana Blvd, Santa Ana, California.

NOTE 17 - SUCCESSOR AGENCY TO THE TUSTIN COMMUNITY REDEVELOPMENT AGENCY DISCLOSURES

The assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the Tustin Community Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former redevelopment agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

Long-Term Liabilities

A summary of long-term liabilities activity for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Tax allocation bonds	\$44,045,000	\$ -	\$ (2,215,000)	\$41,830,000	\$2,305,000
Unamortized premium	4,764,649	-	(261,077)	4,503,572	261,077
Total long-term liabilities	<u>\$48,809,649</u>	<u>\$ -</u>	<u>\$ (2,476,077)</u>	<u>\$46,333,572</u>	<u>\$2,566,077</u>

2016 Tax Allocation Refunding Bonds

On September 29, 2016, the Successor Agency to the Tustin Community Redevelopment Agency issued \$55,940,000 Refunding Tax Allocation Bonds, Series 2016 (2016 Bonds) for the purpose of refunding in advance the 2010 Housing Bonds and the MCAS 2010 Redevelopment Bonds and pay for a surety bond insurance policy and costs of issuance of the bonds. The 2016 Bonds proceeds were invested in escrow funds (2010 Housing Escrow Fund and 2010 Redevelopment Escrow Fund) with a trustee which together will pay interest and principal on the 2010 Housing Bonds up to and including September 1, 2021 and to redeem the then outstanding 2010 Housing Bonds in full on September 1, 2021; and pay interest and principal on the MCAS 2010 Redevelopment Bonds up to and including September 1, 2018 and to redeem the then outstanding MCAS 2010 Redevelopment Bonds in full on September 1, 2018. As of June 30, 2024, the amount of defeased 2010 Housing Bonds outstanding was \$5,101,118. The defeased MCAS 2010 Redevelopment Bonds were paid in full on September 1, 2018.

The 2016 Bonds are payable in annual installments ranging from \$2,025,000 to \$2,925,000 commencing on September 1, 2017. Interest is payable semiannually on March 1 and September 1, with rates ranging from 2.0% to 5.0% per annum. The bonds maturing on or after September 1, 2027, are subject to optional redemption prior to maturity, as a whole or in part, from any available source of

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 17 - SUCCESSOR AGENCY TO THE TUSTIN COMMUNITY REDEVELOPMENT AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

2016 Tax Allocation Refunding Bonds (Continued)

funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,392,925. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2040. The remaining balance at June 30, 2024, is \$5,101,118.

At June 30, 2024, the 2016 Tax Allocation Refunding Bonds outstanding balance was \$41,830,000.

The annual debt service requirements to amortize the tax allocation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 2,305,000	\$ 1,599,425	\$ 3,904,425
2026	2,395,000	1,493,450	3,888,450
2027	2,515,000	1,370,700	3,885,700
2028	2,640,000	1,241,825	3,881,825
2029	2,360,000	1,116,825	3,476,825
2030 - 2034	11,070,000	4,134,638	15,204,638
2035 - 2039	13,350,000	1,858,700	15,208,700
2040 - 2041	5,195,000	146,025	5,341,025
Totals	<u>\$ 41,830,000</u>	<u>\$ 12,961,588</u>	<u>\$ 54,791,588</u>

NOTE 18 - SCHOOL FACILITIES IMPLEMENTATION COMMITMENT

In August 2015, the City entered into a School Facilities Implementation, Funding and Mitigation Agreement (I/M Agreement) as amended with the Tustin Unified School District (TUSD), as well as a joint community facilities agreement with TUSD and Standard Pacific that provides a framework for development of grades 6-12 schools on the 40-acre designated site, along with the opening of Heritage Elementary School as a magnet elementary site in the fall of 2016. The estimated cost to complete the project is \$75,117,850. In order to facilitate the implementation plan, the City will advance funds to the project development with three different approaches. First, the City advanced \$4 million in October 2015. Second, the City will deposit an additional \$15 million in the project development account which occurred on August 1, 2016. Third, the City will have the option to advance additional funds for the entire project or just certain projects. The City also issued 2014-1 Community Facilities District Special Tax Bonds, Series 2015A, totaling \$27,665,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 18 - SCHOOL FACILITIES IMPLEMENTATION COMMITMENT (CONTINUED)

In October 2017, the City conveyed approximately 40 acres of the former Marine Corps Air Station Tustin (MCAS Tustin) to the Tustin Unified School District for the establishment of the grades 6-12 schools facility project in accordance with the site conveyance agreement.

The total obligation under the I/M Agreement with TUSD is the lesser of the actual cost to construct TUSD facilities or \$85,000,000. In January 2019, the City advanced \$14,958,598 to TUSD to provide the remaining funds necessary to fund both: (a) the Legacy Magnet Academy classroom building for grades 6-9 along with associated parking and athletic fields, and (b) the Administration Building portion of the Legacy Magnet Academy 6-12 School Project. These expenses are expected to be offset by a credit the City will receive from TUSD in the amount of \$11,849,685 which credit will be redeemable by the City against any future prepayment by the City of the special tax obligations within CFD 15-2. As of June 30, 2024, the City's total contributions to TUSD under the I/M agreement was \$65,226,635. The balance remaining under the I/M Agreement is \$19,773,365.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Legal Claims

There are certain legal actions pending against the City which have arisen in the normal course of operations. In the opinion of management and the City Attorney, the ultimate resolution of such actions is not expected to have a significant impact, if any, on the financial statements or operations of the City.

Capital Projects

Various capital projects were in progress at June 30, 2024, with an estimated cost to complete of approximately \$56,166,815 across all fund types.

Families Forward Affordable Housing Grant

In November 2023, the City entered into an Affordable Housing Grant Agreement with Families Forward to construct six to eight affordable rental units using \$2,000,000 from Voluntary Workforce Housing Incentive Special Revenue Fund. This affordable housing project aims to provide housing for extremely low to low income families with at least one minor child that are homeless or at risk of homelessness.

Under the grant agreement, Families Forward is required to contribute \$500,000 of its own funding toward the project and secure a \$2.5 million grant from CalOptima. The agreement also specifies that the City will not disburse grant funding until the affordable housing project has been fully entitled and all necessary building permits have been issued.

As of June 30, 2024, the City has appropriated \$2,100,000 from the Voluntary Workforce Housing Incentive Special Revenue Fund to cover the grant and associated administrative costs. Construction is estimated to begin toward the end of fiscal year 2024-2025, with a projected completion date in fiscal year 2025-2026.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2024

NOTE 20 – NAVY NORTH HANGAR FIRE

On November 7, 2023, a fire erupted at the former Marine Corps Air Station Tustin North Hangar, a 17-story, 300,000-square-foot wooden structure designated as a historical landmark. The fire eventually destroyed the North Hangar. The debris and other matters from the fire spread to the surrounding communities. The U.S. Navy (Navy), who owns the North Hangar and the approximately 78 acres surrounding the North Hangar, entered into a Cooperative Agreement with the City that allows the City to take all appropriate emergency measures necessary to address public health and environmental concerns related to this fire incident. Since then, the Cooperative Agreement has been amended several times to reflect the Navy’s commitment to provide up to \$103.3 million in funding for the costs of the emergency response and subsequent clean-up work in the nearby communities. The clean-up work is still on-going. For the year ended June 30, 2024, the City recognized \$71,712,518 in emergency and clean-up expenses related to the fire incident. The City also recognized \$36,633,952 in reimbursement revenue from the Navy with the remaining costs to be reimbursed in the coming year.

NOTE 21 – PRIOR PERIOD ADJUSTMENT

During the year, the City determined that interest had not been accrued on certain loans due to the City since the inception of the loans. The effect of recording the interest receivable as well as the associated interest revenue from prior years is shown below.

	Governmental Activities
Net position, beginning of year, as previously reported	\$ 775,689,798
Interest receivable	3,382,905
Net position, beginning of year, as restated	<u>\$ 779,072,703</u>

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT



REQUIRED SUPPLEMENTAL
INFORMATION



REQUIRED SUPPLEMENTAL
INFORMATION

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Plan's proportion of the net pension liability	0.67588%	0.68936%	0.66329%	0.64745%	0.61609%
Plan's proportionate share of the net pension liability	\$ 50,521,884	\$ 47,370,171	\$ 23,278,195	\$ 40,839,584	\$ 38,459,938
Plan's covered payroll	\$ 13,375,405	\$ 12,664,376	\$ 11,498,163	\$ 10,848,695	\$ 9,896,349
Plan's proportionate share of the net pension liability as a percentage of covered payroll	377.72%	374.04%	202.45%	376.45%	388.63%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.87%	75.53%	86.61%	73.12%	73.37%
Plan's proportionate share of aggregate employer contributions	\$ 5,604,256	\$ 8,968,451	\$ 7,653,147	\$ 6,191,362	\$ 5,000,688

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amount to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2022 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

Changes in Assumptions:

There were no assumption changes in 2023. 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, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.62908%	0.60938%	0.60679%	0.58972%	0.68843%
Plan's proportionate share of the net pension liability	\$ 36,911,786	\$ 36,411,988	\$ 31,427,228	\$ 24,298,906	\$ 25,822,675
Plan's covered payroll	\$ 9,967,145	\$ 10,443,467	\$ 10,013,168	\$ 9,495,434	\$ 9,640,345
Plan's proportionate share of the net pension liability as a percentage of covered payroll	370.33%	348.66%	313.86%	255.90%	267.86%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%
Plan's proportionate share of aggregate employer contributions	\$ 4,600,007	\$ 3,520,089	\$ 3,193,318	\$ 3,182,851	\$ 2,544,912

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (actuarially determined)	\$ 5,989,388	\$ 5,729,176	\$ 5,243,210	\$ 4,592,442	\$ 4,132,787
Contributions in relation to the actuarially determined contributions	(6,989,388)	(6,729,176)	(6,243,210)	(4,592,442)	(5,782,787)
Contribution deficiency (excess)	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ (1,650,000)</u>
Covered payroll	\$ 14,000,339	\$ 13,375,405	\$ 12,664,376	\$ 11,498,163	\$ 10,848,695
Contributions as a percentage of covered payroll	49.92%	50.31%	49.30%	39.94%	53.30%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value

Inflation	2.300%	2.300%	2.500%	2.500%	2.625%
Salary increases	(2)	(2)	(2)	(2)	(2)
Discount rate	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.

(2) Varies by category, entry age, and duration of service.

(3) Net of pension plan investment expense, including inflation

(4) The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

(5) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 3,641,308	\$ 3,204,833	\$ 3,002,977	\$ 2,708,192	\$ 3,045,919
Contributions in relation to the actuarially determined contributions	<u>(5,291,308)</u>	<u>(3,204,833)</u>	<u>(3,002,977)</u>	<u>(2,708,192)</u>	<u>(7,049,591)</u>
Contribution deficiency (excess)	<u>\$ (1,650,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,003,672)</u>
Covered payroll	\$ 9,896,349	\$ 9,967,145	\$ 10,443,467	\$ 10,013,668	\$ 9,495,434
Contributions as a percentage of covered payroll	53.47%	32.15%	28.75%	27.04%	74.24%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value

Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

CITY OF TUSTIN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability:					
Service cost	\$ 3,103,217	\$ 3,049,919	\$ 2,693,820	\$ 2,581,396	\$ 2,456,587
Interest on total pension liability	10,246,763	9,777,454	9,379,056	8,860,960	8,458,273
Differences between expected and actual experience	647,330	134,069	1,568,479	(417,769)	(222,610)
Changes in assumptions	-	4,647,187	-	-	-
Changes in benefit terms	199,701	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,222,606)	(6,576,321)	(6,434,816)	(5,207,052)	(4,648,016)
Net Change in Total Pension Liability	6,974,405	11,032,308	7,206,539	5,817,535	6,044,234
Total Pension Liability - Beginning of Year	149,716,480	138,684,172	131,477,633	125,660,098	119,615,864
Total Pension Liability - End of Year (a)	<u>\$ 156,690,885</u>	<u>\$ 149,716,480</u>	<u>\$ 138,684,172</u>	<u>\$ 131,477,633</u>	<u>\$ 125,660,098</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 5,229,452	\$ 4,877,030	\$ 3,581,172	\$ 4,837,028	\$ 4,373,702
Contributions - employee	1,267,450	1,239,440	1,196,644	1,190,426	1,097,180
Net investment income	7,165,286	(9,500,196)	23,665,065	5,011,357	6,030,153
Benefit payments	(7,222,606)	(6,576,321)	(6,434,816)	(5,207,052)	(4,648,016)
Net plan to plan resource movement	-	-	-	-	-
Other miscellaneous expense	-	-	-	-	213
Administrative expense	(85,372)	(78,575)	(104,120)	(138,915)	(65,475)
Net Change in Plan Fiduciary Net Position	6,354,210	(10,038,622)	21,903,945	5,692,844	6,787,757
Plan Fiduciary Net Position - Beginning of Year	116,096,362	126,134,984	104,231,039	98,538,195	91,750,438
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 122,450,572</u>	<u>\$ 116,096,362</u>	<u>\$ 126,134,984</u>	<u>\$ 104,231,039</u>	<u>\$ 98,538,195</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 34,240,313</u>	<u>\$ 33,620,118</u>	<u>\$ 12,549,188</u>	<u>\$ 27,246,594</u>	<u>\$ 27,121,903</u>
Plan fiduciary net position as a percentage of the total pension liability	78.15%	77.54%	90.95%	79.28%	78.42%
Covered payroll	\$ 18,865,908	\$ 18,260,967	\$ 17,513,680	\$ 16,946,205	\$ 16,542,504
Net pension liability as percentage of covered payroll	181.49%	184.11%	71.65%	160.78%	163.95%

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.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes in Assumptions:

There were no assumption changes in 2023. 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, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

CITY OF TUSTIN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:					
Service cost	\$ 2,402,594	\$ 2,211,312	\$ 1,840,275	\$ 1,779,008	\$ 1,747,494
Interest on total pension liability	8,052,611	7,614,130	7,306,376	6,982,672	6,613,765
Differences between expected and actual experience	(426,547)	(737,480)	(531,595)	452,122	-
Changes in assumptions	1,050,413	6,589,964	-	(1,770,351)	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,523,921)	(4,300,829)	(4,102,189)	(3,956,389)	(3,974,724)
Net Change in Total Pension Liability	6,555,150	11,377,097	4,512,867	3,487,062	4,386,535
Total Pension Liability - Beginning of Year	113,060,714	101,683,617	97,170,750	93,683,688	89,297,153
Total Pension Liability - End of Year (a)	<u>\$ 119,615,864</u>	<u>\$ 113,060,714</u>	<u>\$ 101,683,617</u>	<u>\$ 97,170,750</u>	<u>\$ 93,683,688</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 2,249,216	\$ 1,881,701	\$ 1,850,072	\$ 1,503,081	\$ 1,379,562
Contributions - employee	1,043,932	1,037,304	998,937	905,331	962,617
Net investment income	7,268,642	8,829,526	372,172	1,753,374	11,900,167
Benefit payments	(4,523,921)	(4,300,829)	(4,102,189)	(3,956,389)	(3,974,724)
Net plan to plan resource movement	(213)	-	-	(114)	-
Other miscellaneous expense	(254,792)	-	-	-	-
Administrative expense	(134,170)	(116,299)	(48,573)	(89,714)	-
Net Change in Plan Fiduciary Net Position	5,648,694	7,331,403	(929,581)	115,569	10,267,622
Plan Fiduciary Net Position - Beginning of Year	86,101,744	78,770,341	79,699,922	79,584,353	69,316,731
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 91,750,438</u>	<u>\$ 86,101,744</u>	<u>\$ 78,770,341</u>	<u>\$ 79,699,922</u>	<u>\$ 79,584,353</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 27,865,426</u>	<u>\$ 26,958,970</u>	<u>\$ 22,913,276</u>	<u>\$ 17,470,828</u>	<u>\$ 14,099,335</u>
Plan fiduciary net position as a percentage of the total pension liability	76.70%	76.16%	77.47%	82.02%	84.95%
Covered payroll	\$ 15,403,283	\$ 14,684,868	\$ 13,828,003	\$ 12,847,036	\$ 12,270,014
Net pension liability as percentage of covered payroll	180.91%	183.58%	165.70%	135.99%	114.91%

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (actuarially determined)	\$ 5,430,658	\$ 4,333,352	\$ 3,877,030	\$ 3,581,172	\$ 3,187,028
Contributions in relation to the actuarially determined contributions	(6,375,658)	(5,278,352)	(4,877,030)	(3,581,172)	(4,837,028)
Contribution deficiency (excess)	<u>\$ (945,000)</u>	<u>\$ (945,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ (1,650,000)</u>
Covered payroll	\$ 19,265,627	\$ 18,865,908	\$ 18,260,967	\$ 17,513,680	\$ 16,946,205
Contributions as a percentage of covered payroll	33.09%	27.98%	21.22%	20.45%	28.54%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.300%	2.500%	2.500%	2.625%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

(5) The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 2,723,702	\$ 2,249,217	\$ 1,881,701	\$ 1,850,100	\$ 1,503,081
Contributions in relation to the actuarially determined contributions	<u>(4,373,702)</u>	<u>(2,249,217)</u>	<u>(1,881,701)</u>	<u>(1,850,100)</u>	<u>(1,503,081)</u>
Contribution deficiency (excess)	<u>\$ (1,650,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,542,504	\$ 15,403,283	\$ 14,684,868	\$ 13,828,003	\$ 12,847,036
Contributions as a percentage of covered payroll	26.44%	14.60%	12.81%	13.38%	11.70%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Fair Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

CITY OF TUSTIN

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended Measurement date	June 30, 2024 June 30, 2024	June 30, 2023 June 30, 2023	June 30, 2022 June 30, 2022	June 30, 2021 June 30, 2021	June 30, 2020 June 30, 2020	June 30, 2019 June 30, 2019	June 30, 2018 June 30, 2018
Total OPEB Liability:							
Service cost	\$ 639,177	\$ 546,336	\$ 531,714	\$ 482,722	\$ 437,360	\$ 735,504	\$ 714,949
Interest on total OPEB liability	1,051,197	1,012,346	970,235	894,576	824,887	890,622	862,866
Differences between expected and actual experience	(163,610)	-	(10,715)	627,373	(1,778,679)	-	-
Changes of assumptions	702,814	-	639,802	-	(416,384)	(398,848)	-
Benefit payments	(890,995)	(845,810)	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Net Change in Total OPEB Liability	1,338,583	712,872	1,291,166	1,155,019	(1,723,969)	449,593	891,643
Total OPEB Liability - Beginning of Year	16,780,571	16,067,699	14,776,533	13,621,514	15,345,483	14,895,890	14,004,247
Total OPEB Liability - End of Year (a)	18,119,154	16,780,571	16,067,699	14,776,533	13,621,514	15,345,483	14,895,890
Plan Fiduciary Net Position:							
Contributions - employer	1,390,995	1,345,810	1,339,870	849,652	1,291,153	1,277,685	1,686,172
Net investment income	352,275	212,945	(335,000)	431,637	97,677	77,171	3,283
Benefit payments	(890,995)	(845,810)	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Administrative expense	(17,386)	(14,960)	(14,404)	(13,016)	(11,216)	-	-
Net Change in Plan Fiduciary Net Position	834,889	697,985	150,596	418,621	586,461	577,171	1,003,283
Plan Fiduciary Net Position - Beginning of Year	3,434,117	2,736,132	2,585,536	2,166,915	1,580,454	1,003,283	-
Plan Fiduciary Net Position - End of Year (b)	4,269,006	3,434,117	2,736,132	2,585,536	2,166,915	1,580,454	1,003,283
Net OPEB Liability - Ending (a)-(b)	\$ 13,850,148	\$ 13,346,454	\$ 13,331,567	\$ 12,190,997	\$ 11,454,599	\$ 13,765,029	\$ 13,892,607
Plan fiduciary net position as a percentage of the total OPEB liability	23.56%	20.46%	17.03%	17.50%	15.91%	10.30%	6.74%
Covered - employee payroll	\$ 45,427,638	\$ 44,626,782	\$ 39,276,574	\$ 31,930,486	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Net OPEB liability as percentage of covered - employee payroll	30.49%	29.91%	33.94%	38.18%	32.80%	58.43%	57.51%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2018 to June 30, 2019:

The discount rate increased from 6.00% to 6.25%. The inflation rate decreased from 2.75% to 2.50%. Salary increase changed from 2.875% to 2.75%. June 30, 2018 contained healthcare cost trend rates of 7.00% trending down to 3.84% over 58 years while June 30, 2019 contained healthcare cost trend rates from 6.50% trending down to 3.84% over 57 years.

From fiscal year June 30, 2019 to June 30, 2020:

The inflation rate increased from 2.50% to 2.75%. Healthcare cost trend rates changed to 3.50% trending down to 4.00% for 2070 and later years.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

Healthcare cost trend rates changed to 4.00% for 2023, 5.20% for 2024-2069 and 4.00% for 2070 and later years.

From fiscal year June 30, 2023 to June 30, 2024:

Healthcare cost trend rates changed to 5.50% for 2024, 5.25% for 2025 to 2029, 5.00% for 2030 to 2039, 4.75% for 2040 to 2049, 4.50% for 2050 to 2069, and 4.00% for 2070 and later years.

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 1,898,528	\$ 1,641,241	\$ 1,597,315	\$ 1,354,712	\$ 1,318,454	\$ 1,780,746	\$ 1,729,589
Contributions in relation to the actuarially determined contributions	(1,390,995)	(1,345,810)	(1,339,870)	(849,652)	(1,291,153)	(1,277,685)	(1,686,172)
Contribution deficiency (excess)	<u>\$ 507,533</u>	<u>\$ 295,431</u>	<u>\$ 257,445</u>	<u>\$ 505,060</u>	<u>\$ 27,301</u>	<u>\$ 503,061</u>	<u>\$ 43,417</u>
Covered - employee payroll	\$ 45,427,638	\$ 44,626,782	\$ 39,276,574	\$ 31,930,486	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Contributions as a percentage of covered-employee payroll	3.06%	3.02%	3.41%	2.16%	4.04%	5.42%	6.98%

Notes to Schedule:

Valuation Date	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	6/30/2017	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.50%	2.75%	2.75%	2.75%	2.50%	2.50%	2.50%
Salary increases	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Healthcare trend rates	(5)	(4)	(3)	(3)	(2)	(2)	(2)
Rate of return on assets	6.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality rate	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates
Retirement rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates	CalPERS Rates

(1) Level percentage of payroll, closed

(2) 7.00%, trending down to 3.84%

(3) 3.50% until 2023, 5.20% for 2024 to 2069 and 4.00% for 2070 and later years

(4) 4.00% until 2023, 5.20% for 2024 to 2069 and 4.00% for 2070 and later years

(5) 5.50% until 2024, 5.25% for 2025 to 2029, 5.00% for 2030 to 2039, 4.75% for 2040 to 2049, 4.50% for 2050 to 2069, and 4.00% for 2070 and later years

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

CITY OF TUSTIN
OTHER POST-EMPLOYMENT BENEFIT PLAN
ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS

Last Ten Fiscal Years*

Retiree Health Plan

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense (1)
6/30/2018	N/A*
6/30/2019	6.16%
6/30/2020	5.35%
6/30/2021	19.62%
6/30/2022	-11.23%
6/30/2023	6.99%
6/30/2024	9.92%

(1) Ten years of historical information is required by the Governmental Accounting Standards Board Statement No. 74. Fiscal year ended June 30, 2018 was the first year of implementation; therefore, only seven years are presented.

* Initial deposit to the OPEB trust was made on June 26, 2018.

CITY OF TUSTIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 67,573,700	\$ 68,233,498	\$ 69,493,486	\$ 1,259,988
Licenses and permits	1,260,535	1,849,749	2,246,204	396,455
Fines and forfeitures	1,016,000	966,578	928,628	(37,950)
Investment income	1,508,247	2,300,000	9,650,880	7,350,880
Intergovernmental revenue	300,300	613,703	1,305,651	691,948
Intergovernmental revenue - Hanger fire	-	88,000,000	36,676,181	(51,323,819)
Charges for services	4,184,172	4,389,625	5,110,902	721,277
Rental income	1,931,497	3,045,465	3,263,520	218,055
Other revenue	388,600	548,600	1,098,165	549,565
TOTAL REVENUES	<u>78,163,051</u>	<u>169,947,218</u>	<u>129,773,617</u>	<u>(40,173,601)</u>
EXPENDITURES:				
Current:				
General government	27,698,501	30,038,278	22,674,909	7,363,369
General government - Hanger Fire	-	88,000,000	71,712,518	16,287,482
Public safety	45,983,303	47,695,188	46,860,655	834,533
Public works	17,245,613	18,019,107	18,445,346	(426,239)
Community services	5,227,039	5,365,958	5,611,123	(245,165)
Capital outlay	36,379,564	48,469,364	10,255,517	38,213,847
Debt service:				
Principal retirement	81,200	81,200	786,049	(704,849)
Interest expense	3,500	7,000	75,241	(68,241)
TOTAL EXPENDITURES	<u>132,618,720</u>	<u>237,676,095</u>	<u>176,421,358</u>	<u>61,254,737</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,455,669)</u>	<u>(67,728,877)</u>	<u>(46,647,741)</u>	<u>21,081,136</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	9,000,233	9,906,596	10,262,550	355,954
Transfer out	(349,359)	(5,437,181)	(5,080,816)	356,365
Lease acquisition	-	-	75,055	75,055
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,650,874</u>	<u>4,469,416</u>	<u>5,256,789</u>	<u>787,373</u>
NET CHANGE IN FUND BALANCE	<u>(45,804,795)</u>	<u>(63,259,461)</u>	<u>(41,390,952)</u>	<u>21,868,509</u>
FUND BALANCE - BEGINNING OF YEAR	<u>274,748,571</u>	<u>274,748,571</u>	<u>274,748,571</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 228,943,776</u>	<u>\$ 211,489,110</u>	<u>\$ 233,357,619</u>	<u>\$ 21,868,509</u>

See accompanying notes to the required supplementary information

CITY OF TUSTIN

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 11,340	\$ 11,340
Intergovernmental revenue	659,464	659,464	659,464	-
Charges for services	1,120	1,120	2,245	1,125
TOTAL REVENUES	660,584	660,584	673,049	12,465
EXPENDITURES:				
Current:				
Community services	1,592,318	1,592,316	1,348,502	243,814
TOTAL EXPENDITURES	1,592,318	1,592,316	1,348,502	243,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(931,734)	(931,732)	(675,453)	256,279
OTHER FINANCING SOURCES (USES):				
Transfer in	753,343	1,219,994	880,616	339,378
NET CHANGE IN FUND BALANCE	(178,391)	288,262	205,163	595,657
FUND BALANCE - BEGINNING OF YEAR	353,332	353,332	353,332	-
FUND BALANCE - END OF YEAR	\$ 174,941	\$ 641,594	\$ 558,495	\$ 595,657

See accompanying notes to the required supplementary information

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgets.

- (1) The annual budget is adopted by the City Council after the holding of a public hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- (2) The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. The adopted budget and subsequent amendments cover City expenditures in all governmental funds.

The City Manager is authorized to transfer budgeted amounts between departments. Actual expenditures may not exceed budgeted appropriations at the fund level. Budget figures used in the accompanying required supplementary information are the original and final adjusted amounts.

- (3) Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Unspent capital projects appropriations are an automatic supplemental appropriation for the next year. All other operating appropriations lapse unless they are re-appropriated through the formal budget process.
- (4) Annual budgets are adopted and amended for the General and Special Revenue Funds, on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the City's Proprietary Funds as the City is not legally required to adopt budgets for these fund types. Budgetary comparisons of Capital Projects Funds are primarily "long-term" budgets, which emphasize capital outlay plans extending over one year. Because of the long-term nature of these budgets, "annual" budget comparisons are not considered meaningful and accordingly, no budgetary information is provided.

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT



SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for a specific purpose.

Gas Tax – This fund accounts for revenues and expenditures apportioned under the Street and Highways Code of the State of California. Expenditures may be made for any street-related purpose allowable under the Code.

Community Development Block Grant – This fund is used to account for funds received from U.S. Department of Housing and Urban Development to meet low-income housing and community development needs.

Asset Forfeiture – This fund is used to account for monies received from the Federal government that are used for special law enforcement purchases.

Air Quality – This fund is used to account for funds received from the South Coast Air Quality Management District to be used for reducing pollution.

American Rescue Plan Act (ARPA) Fund – This fund is used to account for monies received from the U.S. Treasury for COVID-19 related expenses.

Supplemental Law Enforcement – This law was established under Government Code Section 30061 enacted by AB3229, Chapter 134, of the 1996 Statutes and is an appropriation from the State Budget for the “Citizen Option for Public Safety Program”. This fund can only be used for police front line municipal activities that provide police services to the City in prevention of drug abuse, crime prevention and community awareness programs.

Special Tax B – This fund is used to account for Special Tax B service tax levied on taxable property in the Tustin Legacy to pay for public services and administrative expenses.

Road Maintenance and Rehabilitation – This fund is used to account for revenues and expenditures apportioned under the Road Repair and Accountability Act of 2017 (SB1) for road maintenance and rehabilitation.

Voluntary Workforce Housing Incentive – This fund is used to account for in-lieu fees collected and the associated expenditures that support development of City affordable housing programs and projects under the City of Tustin Ordinance 1491.

Solid Waste – This fund is used to account for solid waste program revenues and expenditures.

Park Acquisition and Development – This fund is used to account for fees received from developers and park activities to develop the City’s park system.

Measure M – This fund is used to account for monies received from the County of Orange for street and maintenance projects.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Construction 95-1 – This fund accounts for infrastructure improvements to the Assessment District 95-1 Area.

Other Capital Projects – This fund is used to account for capital projects which are not funded by a specific source.

CFD Construction – This fund is used to account for construction and improvements to the Tustin Legacy area.

CITY OF TUSTIN

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue Funds						
	Gas Tax	CDBG	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	American Rescue Plan Act (ARPA) Fund	Special Tax B
ASSETS							
Cash and investments	\$3,539,139	\$ -	\$ 303,651	\$ 244,753	\$ 534,214	\$ 3,767,841	\$ 1,750
Restricted cash and investments	-	-	-	-	-	-	-
Receivables:							
Accounts	190,537	135,184	-	26,766	93	-	35,489
Interest	9,870	-	837	668	1,472	50,603	-
Leases	-	-	-	-	-	-	-
Prepaid items	1,805	-	34,428	-	-	-	-
TOTAL ASSETS	\$3,741,351	\$ 135,184	\$ 338,916	\$ 272,187	\$ 535,779	\$ 3,818,444	\$ 37,239
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued liabilities	\$1,907,581	\$ 61,219	\$ -	\$ 123,525	\$ 6,393	\$ -	\$ 1,750
Due to other funds	-	76,550	-	-	-	-	-
Unearned revenue	-	-	-	-	-	3,818,444	-
TOTAL LIABILITIES	1,907,581	137,769	-	123,525	6,393	3,818,444	1,750
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	-	-	-	26,766	-	-	-
Lease related	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOW OF RESOURCES:	-	-	-	26,766	-	-	-
FUND BALANCES:							
Nonspendable	1,805	-	34,428	-	-	-	-
Restricted	1,831,965	-	304,488	121,896	529,386	-	35,489
Assigned	-	-	-	-	-	-	-
Unassigned	-	(2,585)	-	-	-	-	-
TOTAL FUND BALANCES	1,833,770	(2,585)	338,916	121,896	529,386	-	35,489
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$3,741,351	\$ 135,184	\$ 338,916	\$ 272,187	\$ 535,779	\$ 3,818,444	\$ 37,239

Special Revenue Funds (Continued)					Capital Projects Funds			Total Other Governmental Funds
Road Maintenance and Rehabilitation	Voluntary Workforce Housing Incentive	Solid Waste	Park Acquisition and Development	Measure M	Construction 95-1	Other Capital Projects	CFD Construction	
\$ 5,530,180	\$ 2,294,984	\$ 2,307,305	\$ 1,699,961	\$ 2,699,017	\$ 249,779	\$ 14,137,755	\$ -	\$ 37,310,329
-	-	-	-	-	-	-	58,669	58,669
361,589	-	23,803	24,353	362,313	-	-	-	1,160,127
15,308	6,339	5,486	12,735	7,491	-	37,934	-	148,743
-	-	-	4,660,317	-	-	-	-	4,660,317
-	-	-	-	-	-	-	-	36,233
<u>\$ 5,907,077</u>	<u>\$ 2,301,323</u>	<u>\$ 2,336,594</u>	<u>\$ 6,397,366</u>	<u>\$ 3,068,821</u>	<u>\$ 249,779</u>	<u>\$ 14,175,689</u>	<u>\$ 58,669</u>	<u>\$ 43,374,418</u>
\$ 787,043	\$ -	\$ 52,630	\$ 67,099	\$ 81,340	\$ -	\$ 48,791	\$ 3,350	\$ 3,140,721
-	-	-	-	-	-	-	55,319	131,869
-	-	233,522	-	-	-	-	-	4,051,966
<u>787,043</u>	<u>-</u>	<u>286,152</u>	<u>67,099</u>	<u>81,340</u>	<u>-</u>	<u>48,791</u>	<u>58,669</u>	<u>7,324,556</u>
-	-	-	24,298	-	-	-	-	51,064
-	-	-	4,276,973	-	-	-	-	4,276,973
-	-	-	4,301,271	-	-	-	-	4,328,037
-	-	-	-	-	-	-	-	36,233
5,120,034	2,301,323	2,050,442	-	2,987,481	249,779	-	-	15,532,283
-	-	-	2,028,996	-	-	14,126,898	-	16,155,894
-	-	-	-	-	-	-	-	(2,585)
<u>5,120,034</u>	<u>2,301,323</u>	<u>2,050,442</u>	<u>2,028,996</u>	<u>2,987,481</u>	<u>249,779</u>	<u>14,126,898</u>	<u>-</u>	<u>31,721,825</u>
<u>\$ 5,907,077</u>	<u>\$ 2,301,323</u>	<u>\$ 2,336,594</u>	<u>\$ 6,397,366</u>	<u>\$ 3,068,821</u>	<u>\$ 249,779</u>	<u>\$ 14,175,689</u>	<u>\$ 58,669</u>	<u>\$ 43,374,418</u>

CITY OF TUSTIN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2024

	Special Revenue Funds						
	Gas Tax	CDBG	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	American Rescue Plan Act (ARPA) Fund	Special Tax B
REVENUES:							
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	222,109	-	16,342	11,816	28,026	247,634	-
Intergovernmental revenue	2,202,251	407,632	86,490	80,249	230,027	4,049,366	5,712,453
Charges for services	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	2,424,360	407,632	102,832	92,065	258,053	4,297,000	5,712,453
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	7,000
Public safety	-	-	-	-	169,057	-	-
Public works	1,613,411	-	-	-	-	-	-
Community services	-	312,755	-	-	-	-	-
Capital outlay	4,015,922	-	175,153	223,582	-	-	-
TOTAL EXPENDITURES	5,629,333	312,755	175,153	223,582	169,057	-	7,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,204,973)	94,877	(72,321)	(131,517)	88,996	4,297,000	5,705,453
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(4,297,000)	(5,733,521)
TOTAL OTHER FINANCING (USES)	-	-	-	-	-	(4,297,000)	(5,733,521)
NET CHANGE IN FUND BALANCES	(3,204,973)	94,877	(72,321)	(131,517)	88,996	-	(28,068)
FUND BALANCES - BEGINNING OF YEAR	5,038,743	(97,462)	411,237	253,413	440,390	-	63,557
FUND BALANCES - END OF YEAR	\$ 1,833,770	\$ (2,585)	\$ 338,916	\$ 121,896	\$ 529,386	\$ -	\$ 35,489

Road Maintenance and Rehabilitation	Special Revenue Funds (Continued)				Capital Projects Funds			Total Other Governmental Funds
	Voluntary Workforce Housing Incentive	Solid Waste	Park Acquisition and Development	Measure M	Construction 95-1	Other Capital Projects	CFD Construction	
\$ -	\$ -	\$ 2,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,150
308,740	115,864	96,104	184,754	141,786	-	591,128	3,024	1,967,327
2,074,781	-	49,112	-	2,274,054	-	-	-	17,166,415
-	101,346	255,692	18,865	-	-	-	-	375,903
-	-	-	397,953	-	-	-	-	397,953
98,100	-	314,400	-	-	-	-	-	412,500
2,481,621	217,210	717,458	601,572	2,415,840	-	591,128	3,024	20,322,248
-	-	-	-	-	-	-	-	7,000
-	-	-	-	-	-	-	-	169,057
25,636	-	380,455	-	-	-	-	-	2,019,502
-	5,471	-	57,167	-	-	-	-	375,393
3,166,358	-	-	313,602	2,430,383	-	1,159,855	69,446	11,554,301
3,191,994	5,471	380,455	370,769	2,430,383	-	1,159,855	69,446	14,125,253
(710,373)	211,739	337,003	230,803	(14,543)	-	(568,727)	(66,422)	6,196,995
-	-	-	-	-	-	4,200,200	-	4,200,200
-	-	-	-	(149,199)	(82,830)	-	-	(10,262,550)
-	-	-	-	(149,199)	(82,830)	4,200,200	-	(6,062,350)
(710,373)	211,739	337,003	230,803	(163,742)	(82,830)	3,631,473	(66,422)	134,645
5,830,407	2,089,584	1,713,439	1,798,193	3,151,223	332,609	10,495,425	66,422	31,587,180
\$ 5,120,034	\$ 2,301,323	\$ 2,050,442	\$ 2,028,996	\$ 2,987,481	\$ 249,779	\$ 14,126,898	\$ -	\$ 31,721,825

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 222,109	\$ 222,109
Intergovernmental revenue	2,180,879	2,180,879	2,202,251	21,372
TOTAL REVENUES	2,180,879	2,180,879	2,424,360	243,481
EXPENDITURES:				
Current:				
Public works	1,904,249	1,904,249	1,613,411	290,838
Capital outlay	2,625,000	5,425,000	4,015,922	1,409,078
TOTAL EXPENDITURES	4,529,249	7,329,249	5,629,333	1,699,916
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,348,370)	(5,148,370)	(3,204,973)	1,943,397
NET CHANGE IN FUND BALANCE	(2,348,370)	(5,148,370)	(3,204,973)	1,943,397
FUND BALANCE - BEGINNING OF YEAR	5,038,743	5,038,743	5,038,743	-
FUND BALANCE - END OF YEAR	\$ 2,690,373	\$ (109,627)	\$ 1,833,770	\$ 1,943,397

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 749,455	\$ 749,455	\$ 407,632	\$ (341,823)
TOTAL REVENUES	749,455	749,455	407,632	(341,823)
EXPENDITURES:				
Current:				
Community services	360,308	360,308	312,755	47,553
Capital outlay	389,147	389,147	-	389,147
TOTAL EXPENDITURES	749,455	749,455	312,755	436,700
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	94,877	94,877
NET CHANGE IN FUND BALANCE	-	-	94,877	94,877
FUND BALANCE - BEGINNING OF YEAR	(97,462)	(97,462)	(97,462)	-
FUND BALANCE - END OF YEAR	<u>\$ (97,462)</u>	<u>\$ (97,462)</u>	<u>\$ (2,585)</u>	<u>\$ 94,877</u>

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ASSET FORFEITURE SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 16,342	\$ 16,342
Intergovernmental revenue	-	-	86,490	86,490
TOTAL REVENUES	-	-	102,832	102,832
EXPENDITURES:				
Current:				
Capital outlay	210,000	210,000	175,153	34,847
TOTAL EXPENDITURES	210,000	210,000	175,153	34,847
EXCESS OF REVENUES OVER EXPENDITURES	(210,000)	(210,000)	(72,321)	137,679
NET CHANGE IN FUND BALANCE	(210,000)	(210,000)	(72,321)	137,679
FUND BALANCE - BEGINNING OF YEAR	411,237	411,237	411,237	-
FUND BALANCE - END OF YEAR	\$ 201,237	\$ 201,237	\$ 338,916	\$ 137,679

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 500	\$ 500	\$ 11,816	\$ 11,316
Intergovernmental revenue	103,000	103,000	80,249	(22,751)
TOTAL REVENUES	103,500	103,500	92,065	(11,435)
EXPENDITURES:				
Capital outlay	-	247,082	223,582	23,500
TOTAL EXPENDITURES	-	247,082	223,582	23,500
NET CHANGE IN FUND BALANCE	103,500	(143,582)	(131,517)	12,065
FUND BALANCE - BEGINNING OF YEAR	253,413	253,413	253,413	-
FUND BALANCE - END OF YEAR	\$ 356,913	\$ 109,831	\$ 121,896	\$ 12,065

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 28,026	\$ 28,026
Intergovernmental revenue	190,000	190,000	230,027	40,027
TOTAL REVENUES	190,000	190,000	258,053	68,053
EXPENDITURES:				
Current:				
Public safety	183,059	183,059	169,057	14,002
TOTAL EXPENDITURES	183,059	183,059	169,057	14,002
EXCESS OF REVENUES OVER EXPENDITURES	6,941	6,941	88,996	82,055
NET CHANGE IN FUND BALANCE	6,941	6,941	88,996	82,055
FUND BALANCE - BEGINNING OF YEAR	440,390	440,390	440,390	-
FUND BALANCE - END OF YEAR	\$ 447,331	\$ 447,331	\$ 529,386	\$ 82,055

CITY OF TUSTIN

SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ARPA SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES:	Original	Final	Actual	
Investment income	\$ 15,000	\$ 15,000	\$ 247,634	\$ 232,634
Intergovernmental revenue	3,932,500	4,319,500	4,049,366	(270,134)
 TOTAL REVENUES	 3,947,500	 4,334,500	 4,297,000	 (37,500)
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 3,947,500	 4,334,500	 4,297,000	 (37,500)
 OTHER FINANCING SOURCES (USES):				
Transfer out	(3,900,000)	(4,297,000)	(4,297,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,900,000)	(4,297,000)	(4,297,000)	-
 NET CHANGE IN FUND BALANCE	 47,500	 37,500	 -	 (37,500)
 FUND BALANCE - BEGINNING OF YEAR	 -	 -	 -	 -
 FUND BALANCE - END OF YEAR	 \$ 47,500	 \$ 37,500	 \$ -	 \$ (37,500)

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL TAX B SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 5,724,417	\$ 5,724,417	\$ 5,712,453	\$ (11,964)
TOTAL REVENUES	5,724,417	5,724,417	5,712,453	(11,964)
EXPENDITURES:				
Current:				
General government	-	7,000	7,000	-
TOTAL EXPENDITURES	-	7,000	7,000	-
EXCESS OF REVENUES OVER EXPENDITURES	5,724,417	5,717,417	5,705,453	(11,964)
OTHER FINANCING SOURCES (USES):				
Transfer out	(5,724,417)	(5,329,780)	(5,733,521)	(403,741)
NET CHANGE IN FUND BALANCE	-	387,637	(28,068)	(415,705)
FUND BALANCE - BEGINNING OF YEAR	63,557	63,557	63,557	-
FUND BALANCE - END OF YEAR	\$ 63,557	\$ 451,194	\$ 35,489	\$ (415,705)

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROAD MAINTENANCE AND REHABILITATION SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 308,740	\$ 308,740
Intergovernmental revenue	1,948,194	1,948,194	2,074,781	126,587
Other revenue	-	-	98,100	98,100
 TOTAL REVENUES	 1,948,194	 1,948,194	 2,481,621	 533,427
EXPENDITURES:				
Current:				
Public works	24,826	24,826	25,636	(810)
Capital outlay	3,750,000	5,350,000	3,166,358	2,183,642
 TOTAL EXPENDITURES	 3,774,826	 5,374,826	 3,191,994	 2,182,832
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (1,826,632)	 (3,426,632)	 (710,373)	 2,716,259
 NET CHANGE IN FUND BALANCE	 (1,826,632)	 (3,426,632)	 (710,373)	 2,716,259
 FUND BALANCE - BEGINNING OF YEAR	 5,830,407	 5,830,407	 5,830,407	 -
 FUND BALANCE - END OF YEAR	 \$ 4,003,775	 \$ 2,403,775	 \$ 5,120,034	 \$ 2,716,259

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

VOLUNTARY WORKFORCE HOUSING INCENTIVE SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 115,864	\$ 115,864
Charges for services	-	-	101,346	101,346
TOTAL REVENUES	-	-	217,210	217,210
EXPENDITURES:				
Current:				
Community services	-	2,000,000	5,471	1,994,529
TOTAL EXPENDITURES	-	2,000,000	5,471	1,994,529
EXCESS OF REVENUES OVER EXPENDITURES	-	(2,000,000)	211,739	2,211,739
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(100,000)	-	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(100,000)	-	(100,000)
NET CHANGE IN FUND BALANCE	-	(2,100,000)	211,739	2,111,739
	2,089,584	2,089,584	2,089,584	-
FUND BALANCE - END OF YEAR	\$ 2,089,584	\$ (10,416)	\$ 2,301,323	\$ 2,111,739

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SOLID WASTE SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 2,150	\$ 2,150
Investment income	-	-	96,104	96,104
Intergovernmental revenue	-	-	49,112	49,112
Charges for services	220,000	220,000	255,692	35,692
Other revenue	-	-	314,400	314,400
TOTAL REVENUES	220,000	220,000	717,458	497,458
EXPENDITURES:				
Current:				
Public works	416,174	441,174	380,455	60,719
TOTAL EXPENDITURES	416,174	441,174	380,455	60,719
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(196,174)	(221,174)	337,003	558,177
NET CHANGE IN FUND BALANCE	(196,174)	(221,174)	337,003	558,177
FUND BALANCE - BEGINNING OF YEAR	1,713,439	1,713,439	1,713,439	-
FUND BALANCE - END OF YEAR	\$ 1,517,265	\$ 1,492,265	\$ 2,050,442	\$ 558,177

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK ACQUISITION AND DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 184,754	\$ 164,754
Intergovernmental revenue	700,000	700,000	-	(700,000)
Charges for services	25,000	25,000	18,865	(6,135)
Rental income	332,800	332,800	397,953	65,153
TOTAL REVENUES	1,077,800	1,077,800	601,572	(476,228)
EXPENDITURES:				
Current:				
Community services	-	60,000	57,167	2,833
Capital outlay	1,074,427	1,314,729	313,602	1,001,127
TOTAL EXPENDITURES	1,074,427	1,374,729	370,769	1,003,960
EXCESS OF REVENUES OVER EXPENDITURES	3,373	(296,929)	230,803	527,732
NET CHANGE IN FUND BALANCE	3,373	(296,929)	230,803	527,732
FUND BALANCE - BEGINNING OF YEAR	1,798,193	1,798,193	1,798,193	-
FUND BALANCE - END OF YEAR	\$ 1,801,566	\$ 1,501,264	\$ 2,028,996	\$ 527,732

CITY OF TUSTIN

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 141,786	\$ 121,786
Intergovernmental revenue	2,230,000	2,230,000	2,274,054	44,054
TOTAL REVENUES	2,250,000	2,250,000	2,415,840	165,840
EXPENDITURES:				
Capital outlay	4,628,423	5,158,371	2,430,383	2,727,988
TOTAL EXPENDITURES	4,628,423	5,158,371	2,430,383	2,727,988
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,378,423)	(2,908,371)	(14,543)	2,893,828
OTHER FINANCING SOURCES (USES):				
Transfer out	(80,000)	(80,000)	(149,199)	(69,199)
NET CHANGE IN FUND BALANCE	(2,458,423)	(2,988,371)	(163,742)	2,824,629
FUND BALANCE - BEGINNING OF YEAR	3,151,223	3,151,223	3,151,223	-
FUND BALANCE - END OF YEAR	\$ 692,800	\$ 162,852	\$ 2,987,481	\$ 2,824,629

CITY OF TUSTIN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2024

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Total
ASSETS					
Cash and investments	\$ 3,921	\$ 21,242	\$ -	\$ 35,471	\$ 60,634
Restricted cash and investments	1,207,804	7,017,602	2,077,425	3,826,237	14,129,068
Accounts receivable	3,901	37,471	-	12,216	53,588
TOTAL ASSETS	1,215,626	7,076,315	2,077,425	3,873,924	14,243,290
LIABILITIES					
Accounts payable	-	-	34,086	1,375	35,461
TOTAL LIABILITIES	-	-	34,086	1,375	35,461
NET POSITION					
Restricted for:					
Bondholders	<u>\$ 1,215,626</u>	<u>\$ 7,076,315</u>	<u>\$ 2,043,339</u>	<u>\$ 3,872,549</u>	<u>\$ 14,207,829</u>

CITY OF TUSTIN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the year ended June 30, 2024

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Total
ADDITIONS					
Tax revenue	\$ 693,207	\$ 3,787,693	\$ 1,108,740	\$ 1,648,301	\$ 7,237,941
Investment Income	41,785	278,177	82,523	164,383	566,868
TOTAL ADDITIONS	734,992	4,065,870	1,191,263	1,812,684	7,804,809
DEDUCTIONS					
Administrative expenses	17,914	86,288	42,611	30,205	177,018
Principal	405,000	1,485,000	460,000	330,000	2,680,000
Interest	269,506	2,103,819	584,275	1,251,925	4,209,525
TOTAL DEDUCTIONS	692,420	3,675,107	1,086,886	1,612,130	7,066,543
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	42,572	390,763	104,377	200,554	738,266
NET POSITION AT BEGINNING OF YEAR	1,173,054	6,685,552	1,938,962	3,671,995	13,469,563
NET POSITION AT END OF YEAR	\$ 1,215,626	\$ 7,076,315	\$ 2,043,339	\$ 3,872,549	\$ 14,207,829

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT



STATISTICAL SECTION

STATISTICAL SECTION

CITY OF TUSTIN
Description of Statistical Contents
June 30, 2024

This part of the City of Tustin’s Annual Comprehensive Financial Report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	132
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	142
<u>Debt Capacity</u> – These schedules present information to help the read assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	148
<u>Demographic and Economic Information</u> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	154
<u>Operating Information</u> – 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.	156

Sources:
Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant years.

CITY OF TUSTIN

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 456,649,085	\$ 483,229,135	\$ 490,574,647	\$ 499,190,473
Restricted	72,929,522	95,241,025	102,027,853	87,395,188
Unrestricted	140,727,040	107,224,779	144,442,931	151,119,177
Total governmental activities net position	<u>\$ 670,305,647</u>	<u>\$ 685,694,939</u>	<u>\$ 737,045,431</u>	<u>\$ 737,704,838</u>
Business-type activities:				
Net investment in capital assets	\$ 24,270,718	\$ 25,443,651	\$ 23,252,432	\$ 22,753,763
Restricted	-	-	-	-
Unrestricted	11,845,734	12,227,557	15,129,697	16,505,744
Total business-type activities net position	<u>\$ 36,116,452</u>	<u>\$ 37,671,208</u>	<u>\$ 38,382,129</u>	<u>\$ 39,259,507</u>
Primary government:				
Net investment in capital assets	\$ 480,919,803	\$ 508,672,786	\$ 513,827,079	\$ 521,944,236
Restricted	72,929,522	95,241,025	102,027,853	87,395,188
Unrestricted	152,572,774	119,452,336	159,572,628	167,624,921
Total primary government net position	<u>\$ 706,422,099</u>	<u>\$ 723,366,147</u>	<u>\$ 775,427,560</u>	<u>\$ 776,964,345</u>

* Fiscal year 2020 net position was restated.

Fiscal Year					
2019	2020*	2021	2022	2023	2024
\$ 520,166,300	\$ 549,473,651	\$ 565,395,034	\$ 540,256,185	\$ 533,745,376	\$ 535,362,349
67,892,989	59,304,350	39,407,529	48,269,367	53,735,373	54,143,735
108,567,573	114,195,576	106,773,829	177,884,930	188,209,049	180,795,370
<u>\$ 696,626,862</u>	<u>\$ 722,973,577</u>	<u>\$ 711,576,392</u>	<u>\$ 766,410,482</u>	<u>\$ 775,689,798</u>	<u>\$ 770,301,454</u>
\$ 20,650,435	\$ 24,145,887	\$ 25,941,133	\$ 29,184,048	\$ 34,501,119	\$ 47,613,869
-	-	-	-	-	-
19,489,664	15,070,837	12,918,451	9,775,999	5,818,220	4,985,214
<u>\$ 40,140,099</u>	<u>\$ 39,216,724</u>	<u>\$ 38,859,584</u>	<u>\$ 38,960,047</u>	<u>\$ 40,319,339</u>	<u>\$ 52,599,083</u>
\$ 540,816,735	\$ 573,619,538	\$ 591,336,167	\$ 569,440,233	\$ 568,246,495	\$ 582,976,218
67,892,989	59,304,350	39,407,529	48,269,367	53,735,373	54,143,735
128,057,237	129,266,413	119,692,280	187,660,929	194,027,269	185,780,584
<u>\$ 736,766,961</u>	<u>\$ 762,190,301</u>	<u>\$ 750,435,976</u>	<u>\$ 805,370,529</u>	<u>\$ 816,009,137</u>	<u>\$ 822,900,537</u>

CITY OF TUSTIN

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUESLast Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2015	2016	2017	2018
Expenses:				
Governmental activities:				
General government	\$ 17,121,057	\$ 20,023,280	\$ 24,504,764	\$ 23,949,544
Public safety	29,886,284	27,779,830	34,611,078	33,713,796
Public works	34,435,214	47,326,664	24,822,480	37,599,662
Community services	3,699,059	7,869,124	19,524,660	10,795,733
Interest on long-term debt	-	-	5,802	12,043
Total governmental activities expenses	85,141,614	102,998,898	103,468,784	106,070,778
Business-type activities:				
Water	15,982,078	15,586,463	16,654,429	17,680,886
Total business-type activities expenses	15,982,078	15,586,463	16,654,429	17,680,886
Program revenues:				
Governmental activities:				
Charges for services:				
General government	252,074	2,072,540	1,979,211	1,630,903
Public safety	1,071,099	1,195,350	1,255,299	1,283,672
Public works	1,564,314	3,538,906	1,861,045	2,167,726
Community services	892,102	953,149	1,101,294	1,434,988
Operating grants and contributions	3,546,823	2,722,978	2,742,140	3,863,547
Capital grants and contributions	20,244,479	48,711,583	26,535,693	7,641,510
Total governmental activities program revenues	27,570,891	59,194,506	35,474,682	18,022,346
Business-type activities:				
Charges for services:				
Water	19,375,359	16,511,795	17,100,836	18,229,013
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	19,375,359	16,511,795	17,100,836	18,229,013
Net revenues (expenses):				
Governmental activities	\$ (57,570,723)	\$ (43,804,392)	\$ (67,994,102)	\$ (88,048,432)
Business-type activities	3,393,281	925,332	446,407	548,127
Total net revenues (expenses)	\$ (54,177,442)	\$ (42,879,060)	\$ (67,547,695)	\$ (87,500,305)

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 27,097,686	\$ 29,282,004	\$ 27,172,397	\$ 19,435,937	\$ 23,229,440	\$ 98,403,543
36,215,060	39,064,730	42,307,312	37,274,550	43,411,070	51,506,630
45,849,976	40,430,009	25,720,382	34,752,971	34,453,960	34,924,407
20,304,550	5,682,249	7,898,475	11,705,919	11,011,517	9,918,277
9,297	6,444	3,476	25,311	25,402	32,133
129,476,569	114,465,436	103,102,042	103,194,688	112,131,389	194,784,990
17,763,633	17,767,158	19,283,136	21,303,398	22,544,478	22,540,741
17,763,633	17,767,158	19,283,136	21,303,398	22,544,478	22,540,741
1,920,214	2,157,735	2,011,470	3,072,210	3,344,041	3,836,719
1,285,584	1,205,519	1,298,587	1,222,841	1,400,441	1,237,042
3,300,906	3,123,961	2,586,033	5,825,437	7,436,265	6,692,885
2,426,578	1,892,126	1,232,539	2,654,817	3,445,025	3,034,343
4,952,271	4,911,642	8,618,631	12,264,401	12,781,132	89,886,641
3,942,834	4,565,393	4,422,891	12,852,760	3,133,846	2,302,997
17,828,387	17,856,376	20,170,151	37,892,466	31,540,750	106,990,627
17,329,090	17,364,694	18,891,433	19,633,007	19,466,690	20,596,504
-	-	-	48,914	-	-
-	-	-	1,575,140	4,090,446	13,376,076
17,329,090	17,364,694	18,891,433	21,257,061	23,557,136	33,972,580
\$ (111,648,182)	\$ (96,609,060)	\$ (82,931,891)	\$ (65,302,222)	\$ (80,590,639)	\$ (87,794,363)
(434,543)	(402,464)	(391,703)	(46,337)	1,012,658	11,431,839
\$ (112,082,725)	\$ (97,011,524)	\$ (83,323,594)	\$ (65,348,559)	\$ (79,577,981)	\$ (76,362,524)

CITY OF TUSTIN

CHANGES IN NET POSITION
GENERAL REVENUESLast Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2015	2016	2017	2018
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 14,552,535	\$ 16,451,763	\$ 24,437,717	\$ 25,636,673
Transient occupancy taxes	1,090,675	1,554,754	1,609,318	1,575,830
Business license taxes	419,148	406,891	420,684	431,457
Other taxes	1,763,878	1,839,963	1,931,185	1,781,175
Sales tax	22,269,896	24,513,610	25,133,146	24,925,934
Motor vehicle in lieu, unrestricted	6,380,698	6,778,329	37,056	43,359
Investment income (loss)	1,052,276	2,430,087	611,964	1,109,193
Other general revenues	7,829,149	2,671,845	4,594,651	4,838,383
Gain on sale of land held for resale	48,136,121	-	24,241,261	33,636,759
Profit participation	-	-	31,327,612	-
Transfers	-	-	-	-
Contribution from successor agency	32,137,773	-	-	-
Extraordinary and special items	-	2,546,442	5,000,000	-
Total governmental activities	<u>135,632,149</u>	<u>59,193,684</u>	<u>119,344,594</u>	<u>93,978,763</u>
Business-type activities:				
Investment income (loss)	249,863	480,050	108,669	150,371
Miscellaneous	489,090	149,374	155,845	178,880
Transfers	-	-	-	-
Total business-type activities	<u>738,953</u>	<u>629,424</u>	<u>264,514</u>	<u>329,251</u>
Total primary government	<u>\$ 136,371,102</u>	<u>\$ 59,823,108</u>	<u>\$ 119,609,108</u>	<u>\$ 94,308,014</u>
Changes in net position:				
Governmental activities	\$ 78,061,426	\$ 15,389,292	\$ 51,350,492	\$ 5,930,331
Business-type activities	4,132,234	1,554,756	710,921	877,378
Total primary government	<u>\$ 82,193,660</u>	<u>\$ 16,944,048</u>	<u>\$ 52,061,413</u>	<u>\$ 6,807,709</u>

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 26,275,789	\$ 27,358,525	\$ 29,142,850	\$ 28,324,241	\$ 30,283,746	\$ 26,805,569
1,825,957	1,593,532	1,218,924	1,857,502	2,151,007	2,392,315
466,828	438,632	416,266	435,626	470,064	460,416
1,762,642	1,792,263	1,862,200	1,850,139	2,011,849	1,864,197
26,634,458	25,487,518	30,753,042	34,391,644	35,889,406	35,403,145
39,526	64,400	58,955	92,431	82,411	99,310
7,167,093	4,445,124	1,676,386	(3,500,691)	6,081,889	11,629,540
6,002,632	4,556,040	1,308,076	190,141	1,126,304	368,622
395,281	1,014,511	85,240	56,048,775	-	-
-	-	5,012,767	337,972	11,622,220	-
-	-	-	108,532	-	-
-	-	-	-	-	-
-	-	-	-	-	-
70,570,206	66,750,545	71,534,706	120,136,312	89,718,896	79,023,114
1,084,525	869,426	5,629	(173,093)	326,716	819,851
230,610	23,193	28,934	428,425	19,918	28,054
-	-	-	(108,532)	-	-
1,315,135	892,619	34,563	146,800	346,634	847,905
\$ 71,885,341	\$ 67,643,164	\$ 71,569,269	\$ 120,283,112	\$ 90,065,530	\$ 79,871,019
\$ (41,077,976)	\$ (29,858,515)	\$ (11,397,185)	\$ 54,834,090	\$ 9,128,257	\$ (8,771,249)
880,592	490,155	(357,140)	100,463	1,359,292	12,279,744
\$ (40,197,384)	\$ (29,368,360)	\$ (11,754,325)	\$ 54,934,553	\$ 10,487,549	\$ 3,508,495

CITY OF TUSTIN

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2015	2016	2017	2018
General fund:				
Nonspendable	\$ 122,458,642	\$ 88,579,214 ³	\$ 84,344,748	\$ 82,868,217
Restricted	16,650,332	18,657,461	34,901,943	41,269,878
Unassigned	84,278,138 ¹	79,667,061	102,517,562	116,332,458
Total general fund	<u>\$ 223,387,112</u>	<u>\$ 186,903,736</u>	<u>\$ 221,764,253</u>	<u>\$ 240,470,553</u>
All other governmental funds:				
Nonspendable	\$ -	\$ 1,922	\$ 1,922	\$ -
Restricted	24,048,818	54,438,343	51,069,708	46,322,996
Assigned	37,350,531 ²	26,871,816	20,408,936	17,719,394
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 61,399,349</u>	<u>\$ 81,312,081</u>	<u>\$ 71,480,566</u>	<u>\$ 64,042,390</u>

Fiscal Year					
2019	2020*	2021	2022	2023	2024
\$ 82,902,130	\$ 107,921,521	\$ 108,201,957	\$ 103,464,420	\$ 107,508,711	\$ 107,523,830
31,250,893	16,438,469	15,684,164	24,668,684	27,466,991	27,317,982
88,768,803	74,972,202	78,811,634	136,230,562 ⁴	139,772,869	98,515,807
<u>\$ 202,921,826</u>	<u>\$ 199,332,192</u>	<u>\$ 202,697,755</u>	<u>\$ 264,363,666</u>	<u>\$ 274,748,571</u>	<u>\$ 233,357,619</u>
\$ 1,922	\$ -	\$ 3,305	\$ 5,731	\$ 7,301	\$ 36,233
37,215,903	37,107,137	27,060,075	21,976,212	19,752,931	16,090,778
5,762,048	1,432,974	4,918,161	4,807,905	12,277,742	16,155,894
-	(628,792)	-	-	(97,462)	(2,585)
<u>\$ 42,979,873</u>	<u>\$ 37,911,319</u>	<u>\$ 31,981,541</u>	<u>\$ 26,789,848</u>	<u>\$ 31,940,512</u>	<u>\$ 32,280,320</u>

¹ Increase of \$65.5 million due to the gain on sale of land held for resale of \$48.1 million for the development of residential housing and special item totaling \$21.4 million due to reclassification of promissory note to long-term debt.

² Increase of \$31.9 million due to the transfer of bond proceeds from the Successor Agency to the TCRA to the MCAS 2010 Capital Project Fund.

³ Decrease of \$33.9 million due to the reclassification of \$34 million of land held for resale to land reported as capital assets which is not reflected in the governmental funds statements.

⁴ Increase of \$56 million due to the gain on sale of land in the former Marine Corp Air Station referred to as the Legacy.

* Fiscal year 2020 fund balance was restated.

CITY OF TUSTIN

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2015	2016	2017	2018
Revenues:				
Taxes	\$ 21,426,308	\$ 23,525,899	\$ 24,825,401	\$ 25,770,970
Licenses and permits	885,043	1,334,311	853,990	905,086
Fines and forfeitures	752,597	982,123	953,665	996,912
Investment income (loss)	1,041,661	2,422,072	608,888	1,120,276
Intergovernmental revenues	37,302,283	42,838,003	35,382,444	42,121,841
Charges for services	1,870,401	2,357,268	1,999,860	2,177,345
Rental income	1,113,340	1,308,852	1,542,281	1,674,068
Developer contributions	16,934,704	26,357,490	16,804,964	1,341,143
Profit participation	-	-	23,495,709	7,179,553
Gain on sale of land held for resale	48,136,121	-	24,241,261	33,636,759
Contribution from Successor Agency	32,137,773	-	-	-
Other revenues	6,302,392	4,714,101	5,849,937	8,848,778
Total revenues	<u>167,902,623</u>	<u>105,840,119</u>	<u>136,558,400</u>	<u>125,772,731</u>
Expenditures:				
Current:				
General government	17,568,297	20,372,454	24,052,915	21,259,806
Public safety	33,062,929	27,897,182	30,733,524	32,335,404
Public works	6,417,257	7,182,380	7,591,876	7,795,849
Community services	3,170,747	7,308,498	18,727,257	9,747,562
Capital outlay	23,800,093	22,498,621	26,657,177	40,082,440
Debt service:				
Principal retirement	5,000,000	4,101,171	4,129,203	3,271,503
Interest and fiscal charges	-	-	5,802	12,043
Total expenditures	<u>89,019,323</u>	<u>89,360,306</u>	<u>111,897,754</u>	<u>114,504,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,883,300</u>	<u>16,479,813</u>	<u>24,660,646</u>	<u>11,268,124</u>
Other financing sources (uses):				
Transfers in	5,266,102	5,453,988	4,242,209	8,908,605
Transfers out	(5,266,102)	(5,453,988)	(4,242,209)	(8,908,605)
Leases issued	-	-	368,356	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>368,356</u>	<u>-</u>
Extraordinary gain (loss)	-	976,042	-	-
Special item	<u>21,404,683</u>	<u>(34,026,499)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 100,287,983</u>	<u>\$ (16,570,644)</u>	<u>\$ 25,029,002</u>	<u>\$ 11,268,124</u>
Debt service as a percentage of noncapital expenditures	8.86%	6.03%	5.28%	3.46%

¹ Sales tax revenues were classified as intergovernmental revenues prior to June 30, 2021.
Effective June 30, 2021, sales tax revenues have been classified as taxes in the financial statements.

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 26,385,383	\$ 27,187,012	\$ 58,744,483 ¹	\$ 64,078,031	\$ 67,837,438	\$ 69,493,486
1,212,696	1,280,180	1,227,707	2,179,335	3,007,410	2,246,204
909,355	841,747	929,637	1,011,519	1,160,608	930,778
7,172,443	4,455,060	1,676,386	(3,500,691)	6,081,889	11,629,547
39,613,110	38,156,567	16,875,101 ¹	19,174,643	21,609,227	55,807,711
2,761,688	2,688,921	2,017,100	4,293,614	5,101,300	5,489,050
2,055,135	2,133,706	1,905,553	3,259,121	3,323,645	3,661,473
-	-	-	-	-	-
212,651	-	5,012,767	-	11,622,220	-
395,281	1,014,511	85,240	56,048,775	-	-
-	-	-	-	-	-
7,590,956	4,918,426	5,678,057	12,238,083	2,197,505	1,510,665
88,308,698	82,676,130	94,152,031	158,782,430	121,941,242	150,768,914
25,539,637	27,145,126	25,336,809	18,626,105	19,838,017	94,394,427
33,200,885	36,427,058	37,592,859	41,515,077	44,351,748	47,029,712
9,105,493	8,231,789	8,784,309	17,365,084	19,183,766	20,464,848
19,603,654	4,955,971	4,711,435	9,799,151	8,781,817	7,335,018
59,389,068	42,277,454	20,209,628	14,954,652	13,586,395	21,809,818
71,908	74,763	77,730	131,364	638,528	829,157
9,297	6,444	3,476	25,311	25,402	32,133
146,919,942	119,118,605	96,716,246	102,416,744	106,405,673	191,895,113
(58,611,244)	(36,442,475)	(2,564,215)	56,365,686	15,535,569	(41,126,199)
7,281,771	4,745,170	11,814,494	12,495,004	15,528,398	15,343,366
(7,281,771)	(4,745,170)	(11,814,494)	(12,386,472)	(15,528,398)	(15,343,366)
-	-	-	-	-	75,055
-	-	-	108,532	-	75,055
-	-	-	-	-	-
-	-	-	-	-	-
\$ (58,611,244)	\$ (36,442,475)	\$ (2,564,215)	\$ 56,474,218	\$ 15,535,569	\$ (41,051,144)
0.06%	0.09%	0.10%	0.16%	0.71%	0.50%

CITY OF TUSTIN

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
(IN THOUSANDS)

Last Ten Fiscal Years

Fiscal Year Ended June 30	City		Taxable Assessed Value
	Secured	Unsecured	
2015	\$ 7,503,074	\$ 287,558	\$ 7,790,632
2016	7,924,736	293,492	8,218,228
2017	8,254,232	312,525	8,566,757
2018	8,684,095	311,475	8,995,570
2019	9,092,631	313,242	9,405,874
2020	9,494,882	324,715	9,819,597
2021	9,958,441	326,678	10,285,119
2022	10,296,800	312,672	10,609,472
2023	10,921,736	408,806	11,330,542
2024	11,625,131	532,993	12,158,124

Notes:

Exemptions are netted directly against individual categories.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ Effective February 1, 2012, the Redevelopment Agency was dissolved. The Successor Agency took over the assets and liabilities of the former Redevelopment Agency. See Note 18 for more information.

⁴ This rate represents the weighted average of all individual direct rates applied by the City of Tustin.

Successor Agency ¹			Taxable Assessed Value	Total Direct Tax Rate ²
Secured	Unsecured			
\$ 2,362,339	\$ 139,834	\$ 2,502,173	0.116%	
2,643,865	141,934	2,785,799	0.116%	
2,872,602	138,433	3,011,035	0.116%	
3,260,212	143,833	3,404,045	0.116%	
3,498,105	138,599	3,811,347	0.116%	
3,671,553	167,199	3,996,268	0.116%	
3,900,575	186,969	4,087,544	0.116%	
4,077,588	125,960	4,203,548	0.116%	
4,290,538	145,081	4,435,619	0.117%	
4,627,872	172,806	4,800,678	0.117%	

CITY OF TUSTIN

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(rate per \$100 of taxable value)

	Fiscal Year			
	2015	2016	2017	2018
Direct Rate:				
City of Tustin	\$ 0.1272	\$ 0.1272	\$ 0.1272	\$ 0.1272
Tustin Unified School District	0.4397	0.4397	0.4397	0.4397
South Orange County Community College District	0.0886	0.0886	0.0886	0.0886
County of Orange	0.0617	0.0617	0.0617	0.0617
Orange County Flood Control District	0.0198	0.0198	0.0198	0.0198
Orange County Library District	0.0167	0.0167	0.0167	0.0167
Orange County Department of Education	0.0161	0.0161	0.0161	0.0161
Various Special Districts	0.2302	0.2302	0.2302	0.2302
Total Direct Rate	1.0000	1.0000	1.0000	1.0000
Overlapping Rates:				
Tustin Unified School District Bonds	0.0696	0.0775	0.0700	0.0687
Metropolitan Water District Bonds	0.0035	0.0035	0.0035	0.0035
Rancho Santiago Community College District Bonds	0.0508	0.0504	0.0495	0.0509
Orange Unified School District Bonds	-	-	-	-
Irvine Ranch Water District Bonds	0.0960	0.0960	0.1270	0.1270
Santa Ana Unified School District Bonds	0.0687	0.0660	0.0638	0.0633
Irvine Unified School District Bonds	-	-	-	0.0271
Total Overlapping Rates	0.2886	0.2934	0.3138	0.3405
Total Direct and Overlapping Rates	\$ 1.2886	\$ 1.2934	\$ 1.3138	\$ 1.3405

Source: HdL, Coren & Cone

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 0.1272	\$ 0.1272	\$ 0.1272	\$ 0.1272	\$ 0.1272	\$ 0.1272
0.4397	0.4397	0.4397	0.4397	0.4397	0.4397
0.0886	0.0886	0.0886	0.0886	0.0886	0.0886
0.0617	0.0617	0.0617	0.0617	0.0617	0.0617
0.0198	0.0198	0.0198	0.0198	0.0198	0.0198
0.0167	0.0167	0.0167	0.0167	0.0167	0.0167
0.0161	0.0161	0.0161	0.0161	0.0161	0.0161
0.2302	0.2302	0.2302	0.2302	0.2302	0.2302
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0669	0.0638	0.0710	0.0652	0.0665	0.0586
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
0.0454	0.0518	0.0452	0.0429	0.0469	0.0456
0.0269	0.0229	0.0166	0.0166	0.0256	0.0253
0.1270	0.1270	0.1270	0.1270	0.1270	0.1270
0.0556	0.0730	0.0813	0.0686	0.0698	0.0589
0.0280	0.0253	0.0280	0.0231	0.0258	0.0239
0.3532	0.3673	0.3727	0.3469	0.3651	0.3428
\$ 1.3532	\$ 1.3672	\$ 1.3727	\$ 1.3469	\$ 1.3651	\$ 1.3427

CITY OF TUSTIN

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2024		2015	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Tustin LP	\$ 194,080,141	1.14%	\$ 162,372,463	1.58%
Raintree Tustin LLC	158,921,136	0.94%		
CSHV Myford Tustin LLC	142,137,552	0.84%		
Schools First Federal Credit Union	139,649,608	0.82%		
Legacy Villas LLC	139,268,642	0.82%		
AVID Bioservices Inc	134,801,018	0.80%		
Flight Phase I Owner LLC	134,355,435	0.79%		
Tustin Market Place	92,255,693	0.54%		
Costco Wholesale Corporation	72,051,827	0.42%	47,286,886	0.46%
Borchard Redhill SKB-Tustin LLC	71,236,070	0.42%	47,709,881	0.46%
Irvine Company LLC			228,477,924	2.22%
Avalon II California Value I			98,143,300	0.95%
PK II Larwin Square SC LP			48,263,673	0.47%
Irvine Apartment Communities			50,873,840	0.49%
Ricoh Development			48,516,780	0.47%
Cadigan Communities			47,482,617	0.46%
CP II Park Place LLC			42,498,878	0.41%
	<u>\$ 1,278,757,122</u>	<u>7.54%</u>	<u>\$ 821,626,242</u>	<u>7.97%</u>

Source: HdL, Coren & Cone

CITY OF TUSTIN

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

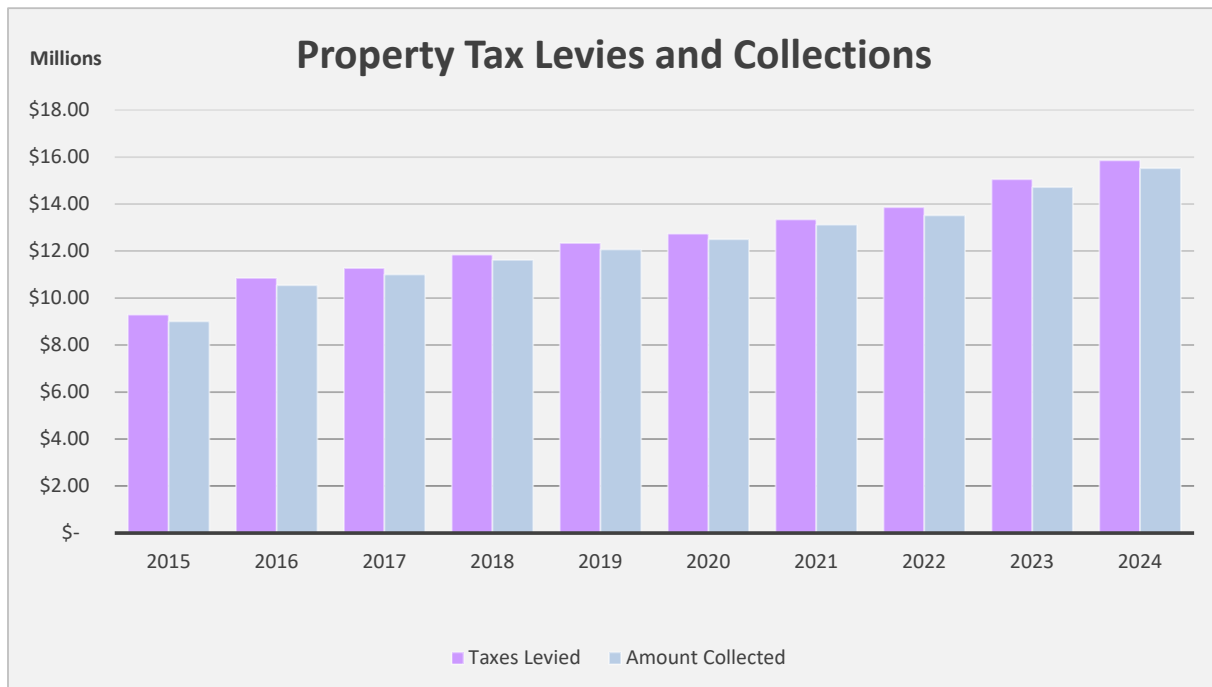
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2015	\$ 9,287,149	\$ 9,007,785	96.99%	\$ 163,497	\$ 9,171,282	98.75%
2016	10,847,984	10,541,516	97.17%	233,935	10,775,451	99.33%
2017	11,278,643	10,996,314	97.50%	207,332	11,203,646	99.34%
2018	11,844,150	11,615,833	98.07%	174,112	11,789,945	99.54%
2019	12,335,873	12,072,342	97.86%	183,788	12,256,130	99.35%
2020	12,732,756	12,500,616	98.18%	182,977	12,683,593	99.61%
2021	13,346,141	13,122,458	98.32%	180,669	13,303,126	99.68%
2022	13,867,033	13,518,415	97.49%	279,787	13,798,202	99.50%
2023	15,050,249	14,717,998	97.79%	277,170	14,995,168	99.63%
2024	15,859,881	15,521,841	97.79%	251,597	15,773,437	99.45%

Notes:

The amounts presented for fiscal years 2009 through 2012 include City property taxes and former Redevelopment

Effective February 1, 2012, the former Redevelopment Agency was dissolved. See Notes 18 for more information.

Source: County of Orange Auditor Controller's Office



CITY OF TUSTIN

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Notes Payable ¹	Lease Payable ²	Lease Payable ³	Subscription Payable ⁴	
2015	\$ 16,404,683	\$ -	\$ -	\$ -	\$ 16,404,683
2016	12,303,512	-	-	-	12,303,512
2017	3,202,341	340,324	-	-	3,542,665
2018	-	271,162	-	-	271,162
2019	-	199,255	-	-	199,255
2020	-	124,492	-	-	124,492
2021	-	46,761	-	-	46,761
2022	-	-	564,529	-	564,529
2023	-	-	467,949	2,121,251	2,589,200
2024	-	-	354,638	1,480,460	1,835,098

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ In December of 2008 the City executed a note payable to the Tustin Redevelopment Agency in the amount of \$18,881,750 to increase its deposit of probable compensation per court order pending litigation. As of February 1, 2012, this note became payable to the Successor Agency to the Tustin Community Redevelopment Agency. See Note 18 for more information.

² In February 2017 the City entered into a lease to finance equipment with a present value of \$368,356.

³ In fiscal year 2021-2022, the City implemented GASB 87 Lease Payable as a lessee for facilities, vehicles and equipment. See Note # for more information.

⁴ In fiscal year 2022-2023, the City implemented GASB 96 Subscription Payable as a lessee for facilities, vehicles and equipment. See Note # for more information.

Source: LT Debt-City & Water
Revenue Bonds + Bond Premium

Water Revenue Bonds ⁵	Water Revenue Bonds ⁶	Water Revenue Bonds ⁷	Business-type Activity		Advance to Water ¹⁰	Water Revenue Bonds ¹¹	Total Business-type Activity	Total Primary Government	Percentage of Personal Income	Debt Per Capita
			Water Revenue Bonds ⁸	Water Revenue Bonds ⁹						
\$ 21,023,911	\$ 7,398,615	\$ 14,111,418	\$ -	\$ -	\$ -	\$ -	\$ 42,533,944	\$ 58,938,627	2.44%	752
21,013,711	6,571,858	14,062,474	-	-	-	-	41,648,043	53,951,555	2.21%	656
-	5,720,101	14,013,530	22,790,666	-	-	-	42,524,297	46,066,962	1.82%	559
-	4,843,344	13,959,586	22,738,061	-	-	-	41,540,991	41,812,153	1.63%	508
-	3,931,858	13,905,642	22,685,456	-	-	-	40,522,956	40,722,211	1.46%	500
-	2,989,831	-	22,632,852	14,910,000	-	-	40,532,683	40,657,175	1.37%	506
-	2,023,074	-	22,580,247	14,745,000	-	-	39,348,321	39,395,082	1.27%	492
-	1,021,317	-	22,527,643	14,540,000	-	-	38,088,960	38,653,489	1.18%	486
-	-	-	22,475,037	14,335,000	3,830,700	-	40,640,737	43,229,937	1.23%	543
-	-	-	21,517,432	13,895,000	3,830,700	4,125,000	43,368,132	45,203,230	1.19%	573

⁵ In May 2011 the City issued \$20,760,000 Water Revenue Bonds, 2011 Series A to finance water capital improvement projects.

⁶ In March 2012 the City issued \$8.91 million of Refunding Water Bonds to defease the outstanding 2003 Water Revenue Bonds.

⁷ In October 2013 the City issued \$14,045,000 Water Revenue Bonds to finance water capital improvement projects.

⁸ In September 2016 the City issued \$21.515 million of Refunding Water Bonds to defease the outstanding 2011 Water Revenue Bonds.

⁹ In February 2020 the City issued \$14.91 million of Refunding Water Bonds to defease the outstanding 2013 Water Revenue Bonds.

¹⁰ On June 1, 2023, the General Fund purchased a seven year Promissory Note issued by the Water Enterprise Fund to provide cash flows.

¹¹ On February 2024, the City issued \$4,125,000 Water Revenue Bond to fund capital improvements for the City's Water System

CITY OF TUSTIN

OVERLAPPING DEBT SCHEDULE

June 30, 2024

2023-24 Assessed Valuation:	\$ 16,960,027,928
Redevelopment Incremental Valuation	(4,620,989,504)
Adjusted Assessed Value	<u>\$ 12,339,038,424</u>

	Total Debt 6/30/24	% Applicable ¹	City's Share of Debt at 6/30/2024
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 18,210,000	0.438%	\$ 79,760
Rancho Santiago Community College District	154,276,441	0.16	246,842
Rancho Santiago Community College District School Facilities Improvement District No.1	144,765,000	0.276	399,551
Irvine Unified School District School Facilities Improvement District No. 1	211,575,000	2.737	5,790,808
Orange Unified School District	276,295,000	0.028	77,363
Santa Ana Unified School District	409,228,633	0.34	1,391,377
Tustin Unified School District School Facilities Improvement District No. 2002-1	36,420,000	47.276	17,217,919
Tustin Unified School District School Facilities Improvement District No. 2008-1	73,030,000	45.865	33,495,210
Tustin Unified School District School Facilities Improvement District No. 2012-1	47,005,000	46.186	21,709,729
Tustin Unified School District Community Facilities District No. 88-1	2,040,000	100	2,040,000
Tustin Unified School District Community Facilities District No. 06-1	12,570,000	100	12,570,000
City of Tustin Community Facilities Districts	86,580,000	100	86,580,000
Irvine Ranch Water District Improvement Districts	419,685,952	4.779 - 88.794	49,657,877
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>231,256,436</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Orange County General Fund Obligations	\$ 440,385,000	2.203%	\$ 9,701,682
Orange County Board of Education General Fund Obligations	10,030,000	2.203	220,961
Orange Unified School District Certificates of Participation	8,440,000	0.028	2,363
Orange Unified School District Benefit Obligations	56,260,000	0.028	15,753
Santa Ana Unified School District General Fund Obligations	42,399,216	0.34	144,157
City of Tustin Lease Payable	354,638	100	354,638
City of Tustin Subscription Payable	1,480,460	100	1,480,460
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>11,920,014</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>	\$ 88,820,000	0.001-100.%	<u>41,830,470 ²</u>
TOTAL OVERLAPPING DEBT			<u>283,171,822 ³</u>
TOTAL DIRECT DEBT			<u>1,835,098</u>
COMBINED TOTAL DEBT			<u>\$ 285,006,920</u>

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 Effective February 1, 2012, the former Redevelopment Agency was dissolved. The Successor Agency took over assets and liability of the former Redevelopment agency. See Note 18 for more information

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded leases

Ratios to 2023-2024 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	1.36%
Total Direct Debt	0.01%
Combined Total Debt	1.68%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,255,930,133):

Total Overlapping Tax Increment Debt	0.91%
--------------------------------------	-------

Source: California Municipal Statistics, Inc. via HdL

CITY OF TUSTIN

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year				
	2015	2016	2017	2018	2019
Assessed valuation	\$ 7,790,632,000	\$ 8,218,228,000	\$ 8,566,757,000	\$ 8,995,570,000	\$ 9,405,874,000
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,947,658,000	2,054,557,000	2,141,689,250	2,248,892,500	2,351,468,500
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	292,148,700	308,183,550	321,253,388	337,333,875	352,720,275
Total net debt applicable to limitation	-	-	-	-	-
Legal debt margin	\$ 292,148,700	\$ 308,183,550	\$ 321,253,388	\$ 337,333,875	\$ 352,720,275
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted

Sources: County Tax Assessor's Office
City Finance Department

Fiscal Year				
2020	2021	2022	2023	2024
\$ 9,819,597,000	\$ 10,285,119,000	\$ 10,609,472,000	\$ 11,330,542,000	\$ 12,158,124,000
25%	25%	25%	25%	25%
2,454,899,250	2,571,279,750	2,652,368,000	2,832,635,500	3,039,531,000
15%	15%	15%	15%	15%
368,234,888	385,691,962.50	397,855,200	424,895,325	455,929,650
-	-	-	-	-
<u>\$ 368,234,888</u>	<u>\$ 385,691,963</u>	<u>\$ 397,855,200</u>	<u>\$ 424,895,325</u>	<u>\$ 455,929,650</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF TUSTIN

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue	Proceeds from Advance ¹	Less Operating Expenses	Net Available Revenue	Water Revenue Bonds		
					Debt Service		Coverage
					Principal	Interest	
2015	\$ 19,428,741	\$ -	\$ 12,511,648	\$ 6,917,093	\$ 770,000	\$ 1,973,820	2.52
2016	17,141,219	-	12,013,376	5,127,843	790,000	1,951,170	1.87
2017	17,365,350	-	13,032,698	4,332,652	815,000	1,229,673	2.12
2018	18,558,264	-	14,315,827	4,242,437	845,000	1,535,895	1.78
2019	18,644,225	-	14,284,473	4,359,752	880,000	1,503,095	1.83
2020	18,257,313	-	14,022,416	4,234,897	860,000	1,474,120	1.81
2021	19,083,377	-	15,889,077	3,194,300	1,050,000	1,251,630	1.39
2022	21,740,382	-	18,481,674	3,258,708	1,125,000	1,166,362	1.42
2023	18,550,021	3,830,700	18,072,628	4,308,093	1,165,000	1,126,308	1.88
2024	21,743,329	-	18,394,803	3,348,526	1,345,000	1,084,540	1.38

¹ On June 1, 2023, the General Fund purchased a seven year Promissory Note issued by the Water Enterprise Fund to provide cash flows.

Notes:

Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Operating expenses do not include interest or depreciation and amortization expenses.

Source: Proprietary Fund (ACFR) & Debt Service Schedules

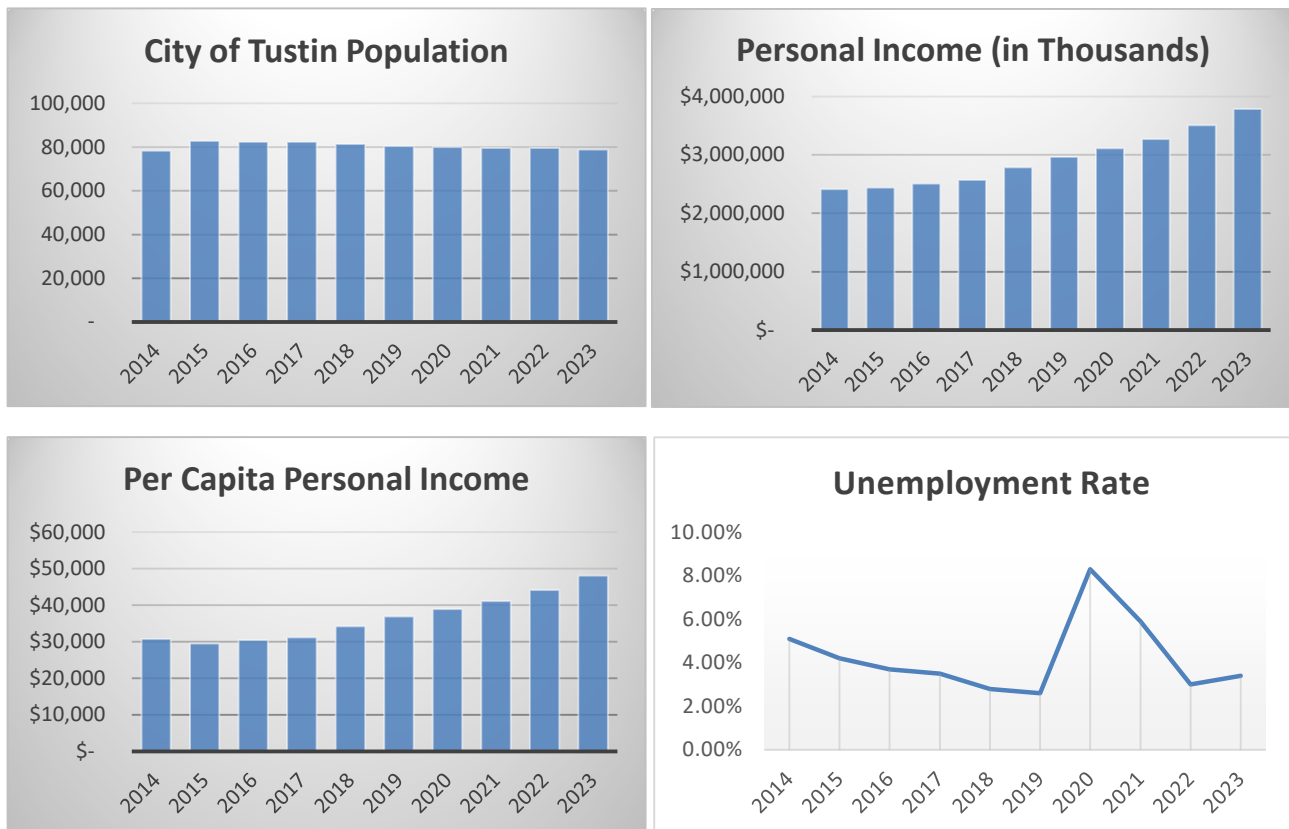
CITY OF TUSTIN

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	City of Tustin Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
2014	78,347	\$ 2,411,442	\$ 30,779	5.10%
2015	82,717	2,441,169	29,512	4.20%
2016	82,372	2,506,380	30,427	3.70%
2017	82,344	2,570,460	31,216	3.50%
2018	81,369	2,785,795	34,237	2.80%
2019	80,382	2,963,734	36,870	2.60%
2020	80,009	3,112,332	38,899	8.30%
2021	79,535	3,271,521	41,133	5.90%
2022	79,558	3,510,034	44,119	3.00%
2023	78,844	3,788,661	48,052	3.40%

Source: HdL Coren & Cone, LLC



CITY OF TUSTIN

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2024		2015	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tustin Unified School District	2,491	6.20%	1,449	3.39%
Schools First Federal Credit Union	1,089	2.71%		
Costco Wholesale Corporation	749	1.86%	450	1.05%
Rivian	500	1.24%		
City of Tustin	440	1.09%	372	0.87%
Foothill Regional Medical Center	450	1.12%		
Pacific Bell	416	1.03%		
New American Funding	412	1.02%		
Avid BioSciences	387	0.96%		
Virgin Galactic	339	0.84%		
Rockwell Collins	-	0.00%	600	1.40%
Ricoh Electronics Inc	-	0.00%	500	1.17%
Newport Specialty Hospital	-	0.00%	300	0.70%
Tustin Hospital Medical Center	-	0.00%	300	0.70%
Toshiba America Medical Systems	-	0.00%	300	0.70%
Micro Vention Inc.	-	0.00%	300	0.70%
Balboa Water Group	-	0.00%	253	0.59%

Sources: State of California Employment Development Department

City of Tustin

US Census Bureau

CITY OF TUSTIN
FULL-TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	33	38	35	39	42	42	45	42	46	43
Community Development	16	19	19	19	20	20	23	24	24	20
Public Works	48	45	48	47	49	50	53	60	61	64
Police	141	141	137	142	140	143	150	147	163	157
Parks and Recreation	14	14	17	17	17	16	17	19	17	27
Water	18	19	18	18	19	17	21	16	20	25
Total	<u>270</u>	<u>276</u>	<u>274</u>	<u>282</u>	<u>287</u>	<u>288</u>	<u>309</u>	<u>308</u>	<u>331</u>	<u>336</u>

The City contracts with the OC Fire Authority for fire services.

Source: City of Tustin Human Resources Department

CITY OF TUSTIN

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations ¹	2	2	2	2	2	2	2	2	2	2
Public Works										
Street (miles)	129.1	130.1	130.7	131.3	131.3	132.6	132.6	132.6	134.4	134.4
Street Lights	3,640	3,680	3,700	3,700	3,740	3,797	3,789	3,789	3,874	3,874
Traffic Signals	121	125	126	128	128	128	131	131	135	135
Storm Drain (miles)	51.4	51.8	52.9	53.9	53.9	53.9	54.8	54.8	56.5	56.5
Street Trees	15,815	15,706	15,542	15,574	15,042	14,606	14,546	14,546	14,566	14,183
Parks and Recreation										
Parks	13	14	14	14	14	16	16	16	18	19
Parks (acres)	98.5	116.0	116.0	116.0	116.0	173.5	173.5	173.5	173.6	175.6
Community Centers	3	3	3	3	3	3	4	4	4	4
Senior Centers	1	1	1	1	1	1	1	1	1	1
Water										
Metered Services	14,148	14,099	14,109	14,104	14,241	14,328	14,325	14,392	14,405	14,413
Average daily consumption	13,975	9,975	10,601	11,770	11,098	11,097	12,494	11,755	10,389	10,131
Reservoirs	6	6	6	6	6	6	6	7	7	7
Wells	13	13	14	14	14	14	14	14	14	14
Water Main (miles)	178	178	178	178	178	178	178	178	183	183
Fire Hydrants	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911

¹ The City contracts with the OC Fire Authority for fire services, and they have full use of City owned stations.

Source: City of Tustin Finance Department

CITY OF TUSTIN

WATER CONSUMPTION BY CUSTOMER TYPE

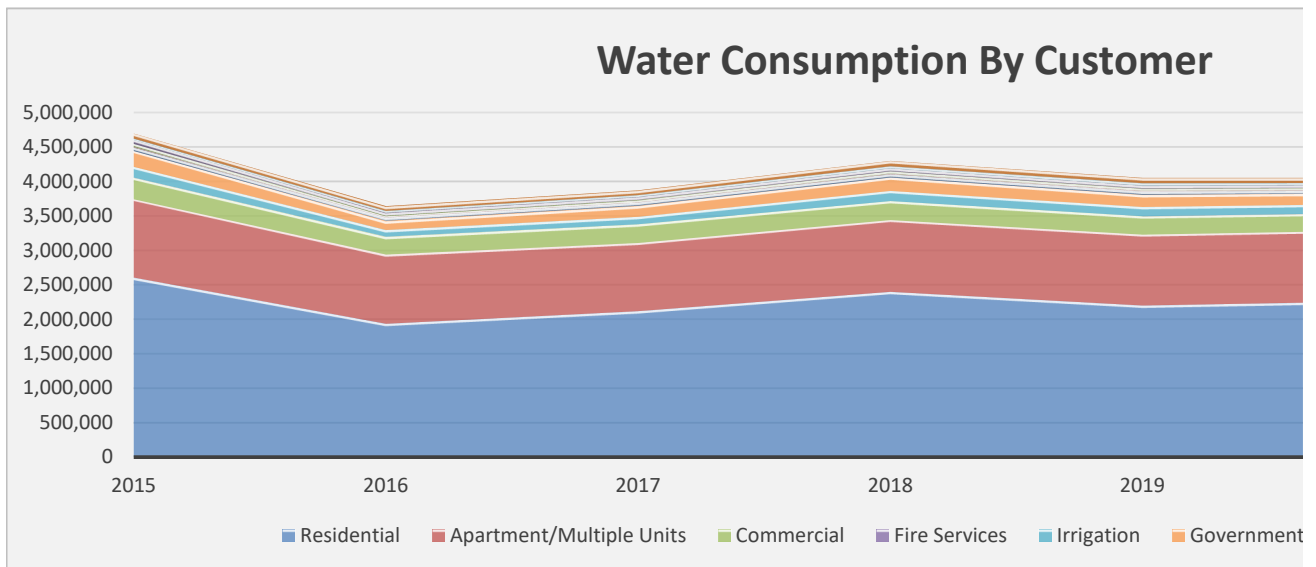
Last Ten Fiscal Years

Type of Customer	Fiscal Year			
	2015	2016	2017	2018
Residential	2,603,538	1,934,761	2,119,716	2,398,744
Apartment/Multiple Units	1,139,321	1,003,808	987,688	1,039,878
Commercial	310,585	259,459	271,649	274,943
Fire Services	837	646	504	589
Irrigation	155,766	96,082	105,750	146,941
Government	229,262	134,446	162,843	195,695
Restaurants	51,658	45,069	44,947	45,086
Hospitals	10,018	11,166	11,276	10,536
Non-Profit	41,601	22,989	26,751	34,539
Industrial	59,292	40,407	45,071	45,062
Hotel/Motels	21,379	23,387	25,185	28,908
All Others	71,324	68,830	70,721	75,208
	<u>4,694,581</u>	<u>3,641,050</u>	<u>3,872,101</u>	<u>4,296,129</u>

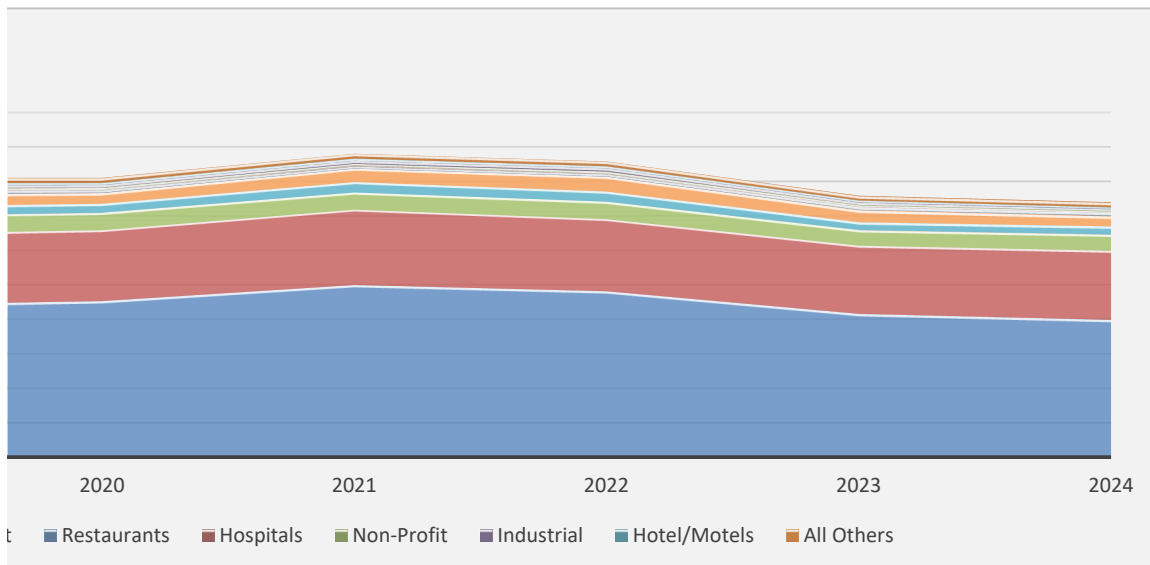
Measured in hundred cubic feet.

*2021 data was restated.

Source: City of Tustin Finance Department



Fiscal Year					
2019	2020	2021*	2022	2023	2024
2,199,236	2,264,772	2,498,332	2,407,301	2,079,303	1,993,145
1,029,284	1,026,696	1,093,537	1,045,809	988,524	999,361
267,541	255,245	247,832	252,125	229,890	239,886
564	475	595	767	479	832
131,579	127,429	151,390	147,165	112,562	113,504
177,321	158,344	195,034	214,756	174,594	153,130
45,905	37,786	30,574	36,088	37,173	40,695
13,102	10,158	10,256	9,687	15,232	11,458
32,021	28,491	28,792	30,534	26,749	23,722
44,693	37,520	43,009	45,838	32,634	26,028
32,594	32,754	33,598	31,621	26,531	23,819
76,873	70,777	66,722	68,762	68,168	72,070
4,050,713	4,050,447	4,399,671	4,290,453	3,791,839	3,697,650



CITY OF TUSTIN

WATER RATES

Last Ten Fiscal Years

Fiscal Year	Bi-Monthly Fixed Charge	Consumption Charges						
		Up to 10 HCF	From 11 to 20 HCF	From 21 to 30 HCF	From 31 to 40 HCF	From 41 to 50 HCF	From 51 to 60 HCF	All Over 61 HCF
2015	¹ \$ 46.85	\$ 0.84	\$ 1.48	\$ 1.94	\$ 2.41	\$ 3.05	\$ 3.53	\$ 4.05
2016	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2017	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2018	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2019	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020	² 39.76	2.79	2.79	2.79	2.79	2.79	2.79	2.79
2021	41.75	2.93	2.93	2.93	2.93	2.93	2.93	2.93
2022	43.84	11.44	3.08	3.08	3.08	3.08	3.08	3.08
2023	46.03	12.02	3.24	3.24	3.24	3.24	3.24	3.24
2024	49.73	3.57	3.57	3.57	3.57	3.57	3.57	3.57

Fiscal Year	Bi-Monthly Fixed Charge	Emergency Drought Stage 2 - Consumption Charges						
		Up to 8 HCF	From 9 to 16 HCF	From 17 to 24 HCF	From 25 to 32 HCF	From 33 to 40 HCF	From 41 to 48 HCF	All Over 49 HCF
2015	¹ \$ 46.85	\$ 0.84	\$ 1.48	\$ 1.94	\$ 2.41	\$ 3.05	\$ 3.53	\$ 4.05
2016	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2017	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2018	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2019	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020	³ 46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05

Notes:

HCF = Hundred Cubic Feet (1 HCF = 748 gallons)

¹ A revised seven (7) tiered rate structure was approved on August 5, 2014 to address a stage 2 emergency drought water demand reduction mandate.

A seven (7) tiered rate structure was implemented on July 1, 2010. Additionally, a new fixed charge (Capital Fee) was implemented with the new rate structure, which has been included in the Bi-Monthly Fixed Charge. The rate shown is for a standard residential customer.

The bi-monthly fixed rate shown is based on the standard residential customer meter (5/8"). The City uses the American Water Works Association equivalent meter capacity ratios from the AWWA Manual M6 to calculate fixed charges for meters ranging from 1 to 6 inches.

² The City Council adopted Resolution No. 20-04 to replace the tiered rate structure with a rate structure that consists a fixed component based on the size of water meter and a variable component based on usage. The new rate structure went into effect on February 1, 2020.

³ No longer in effect.

Source: City of Tustin Finance Department

CITY OF TUSTIN
Water Customers
Current Fiscal Year and Ten Years Ago

	2024		2014	
Water Customer	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Tustin Unified School District	\$ 711,675	3.46%	\$ 778,935	4.11%
Tustin Village Mhp Assoc LP	379,372	1.84%		
Tustin Acres Comm Assoc	331,712	1.61%	33,548	0.18%
Raintree Tustin LLC	224,488	1.09%		
City Of Tustin	187,670	0.91%	171,104	0.90%
Tustin Parc	118,284	0.57%		
Contesta Immobilien GMBH & Co	96,369	0.47%		
Briarwood Investment Co LTD	89,249	0.43%		
15701 TV Way Partnership	89,229	0.43%	33,025	0.17%
Westchester Park LP	85,058	0.41%		
Vio Tustin Investment LP	83,499	0.41%		
Waterstone Gardens Investments LP	78,818	0.38%		
Schroeder Prop Mgmt	78,150	0.38%	44,598	0.24%
Raintree-Evergreen LLC	74,939	0.36%		
Saddleback Mobilodge	70,604	0.34%		
Cadigan Communities - Monterey Pines	67,530	0.33%	28,493	0.15%
Regency West	65,859	0.32%		
Arnel Management (Walnut East)	65,397	0.32%		
Tustin Plaza Center LP	63,730	0.31%	47,173	0.25%
Tustin Village Comm Assn	63,655	0.31%		
New Villa Valencia MHP	62,151	0.30%		
Alders Apartment Company	60,230	0.29%		
Pacific Pointe South	57,721	0.28%		
Stonebrook LMTD	55,238	0.27%		
CMC Association Mgmt	52,556	0.26%	25,374	0.13%
CalTrans - District 12			83,238	0.44%
Ricoh Electronics			78,935	0.42%
AT& T Services, Inc.			71,216	0.38%
Tustin Place HOA			48,439	0.26%
SKB-Tustin LLC			42,485	0.22%
HSA LP			34,623	0.18%
EMS Development			32,212	0.17%
Trinity United Presbyterian			31,115	0.16%
Red Hill Association			29,176	0.15%
Westchester Park LP			28,767	0.15%
Valencia Gardens Owner LLC			28,022	0.15%
School's First Credit Union			27,080	0.14%
Tustin Hospital Medical Center			26,591	0.14%
Avalon 2 Calif 1 LP			26,133	0.14%
GRE Tustin Financial			25,678	0.14%
Key Inn			25,046	0.13%
Sierra Corporate Management			24,456	0.13%
Total Water Sales	\$ 3,313,183	16.09%	\$1,825,462	9.63%

Source: City of Tustin Finance Dept.

Total Water Revenues: 20,596,503 23/24 annual report

CITY OF TUSTIN

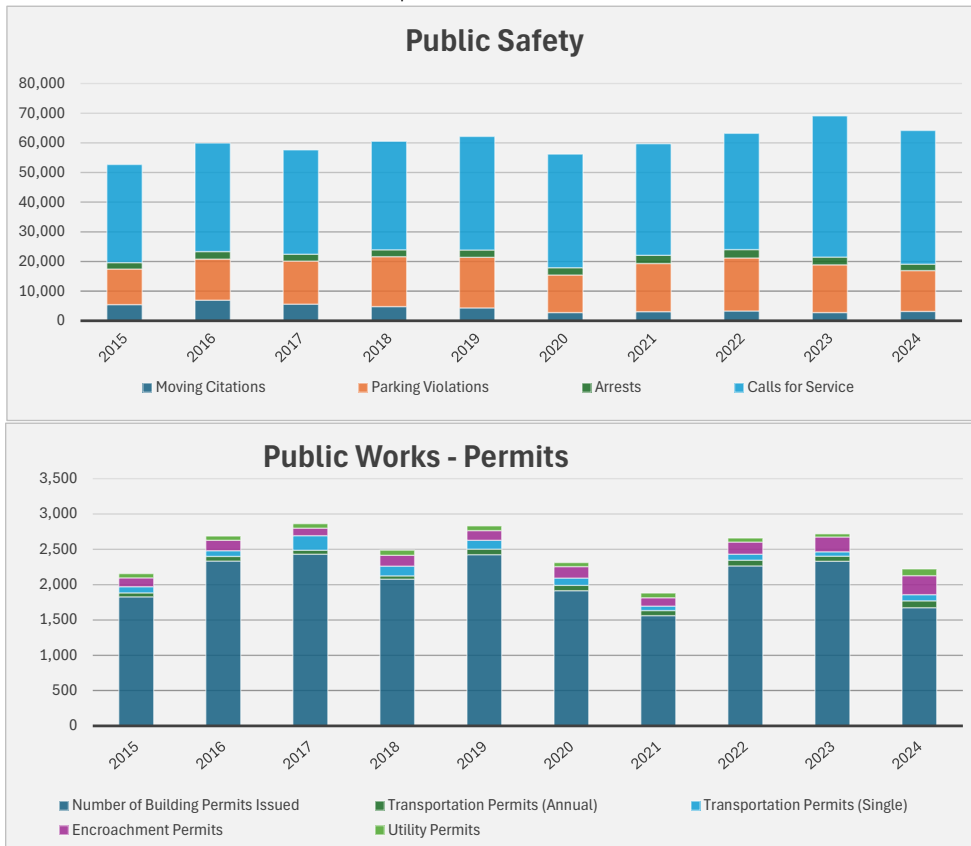
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2015	2016	2017	2018
Public Safety				
Moving Citations	5,444	6,982	5,590	4,762
Parking Violations	11,994	13,855	14,514	16,836
Arrests	2,155	2,494	2,343	2,302
Calls for Service	33,114	36,618	35,172	36,571
Public Works				
Number of Building Permits Issued	1,828	2,334	2,430	2,078
Number of Building Inspections Completed	6,344	11,947	11,768	9,816
Transportation Permits				
Annual	55	66	56	46
Single	88	82	208	137
Encroachment Permits	124	147	107	155
Utility Permits	60	59	62	71
Curb Miles Swept	20,773	22,087	20,589	20,270
Community Services				
Rentals	1,117	1,253	1,494	1,483
Classes	1,265	1,389	1,213	1,160
General Government				
New Hires	49	47	67	48
Retiree/separations	30	38	47	63

(1) Prior to 2019, Community Services Classes include Classes that were canceled but offered.
Fiscal year 2019 on reflects the classes that were held.

* Reduced rentals and classes due to COVID-19 pandemic restrictions.



Fiscal Year					
2019	2020	2021	2022	2023	2024
4,355	2,811	3,079	3,312	2,788	3,161
17,017	12,609	16,256	17,898	16,094	13,797
2,463	2,448	2,774	2,810	2,605	2,159
38,326	38,288	37,616	39,168	47,564	45,070
2,425	1,915	1,560	2,265	2,330	1,675
11,348	15,884	9,907	10,073	14,962	13,224
77	74	73	81	73	96
127	104	64	84	62	88
136	161	117	147	209	267
65	57	65	55	43	96
22,162	20,766	20,766	20,766	19,276	20,317
1,326	550 *	187 *	1,102	1,176	1,597
854	805	362 *	758	735	873
62	46	24	26	35	34
56	37	24	30	34	41

