



ACFER

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2025



CITY OF TUSTIN, CALIFORNIA

CITY OF TUSTIN, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

Prepared By: Finance Department

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For the Year Ended June 30, 2025
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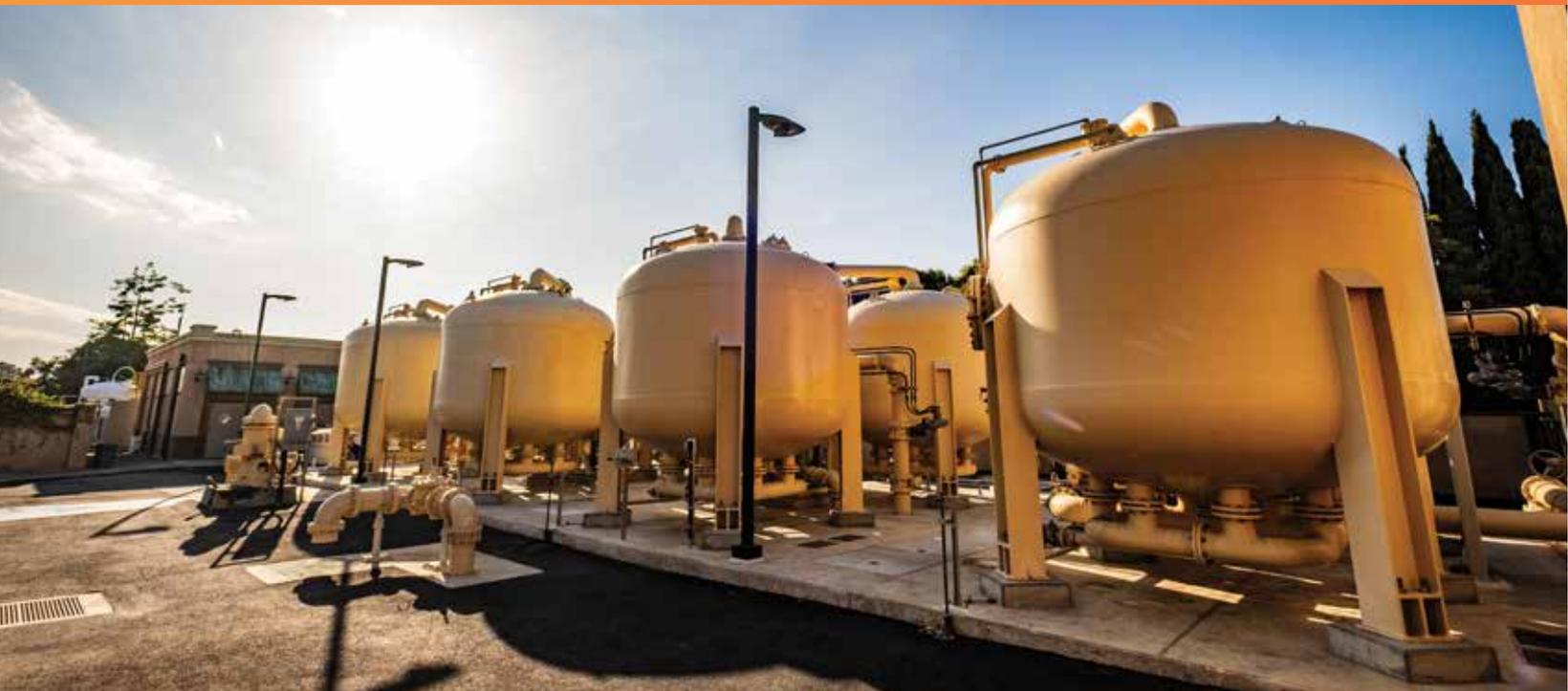
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MAIN STREET PFAS TREATMENT FACILITY



INTRODUCTORY SECTION



CITY OF TUSTIN

Elected and Administrative Officials

As of June 30, 2025



AUSTIN LUMBARD
Mayor



JOHN NIELSEN
Mayor Pro Tem



RYAN GALLAGHER
Councilmember



LEE K. FINK
Councilmember



RAY SCHNELL
Councilmember

AUDIT COMMISSION

John Wende, Chair
Lillyan Chandler, Chair Pro Tem
Daniel Erickson
Adrian Henson
Michael Zwissler



CITY MANAGER

Aldo E. Schindler

ASSISTANT CITY MANAGER

Nicole Bernard

David E. Kendig

City Attorney

Brian Moncrief

Deputy City Manager, Real Property

Justina Willkom

Director, Community Development

Jennifer King

Director, Finance / City Treasurer

Erica N. Yasuda

City Clerk

Sean Thuilliez

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 22, 2025

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Tustin for the fiscal year ended June 30, 2025.

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, 2025, 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, 2025, 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, 2025, 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 79,326 as of January 1, 2025, a slight decrease of about 0.2% from 2024. Over half of the cities in Orange County showed minor decreases in population, with the County of Orange's total population increasing by 0.2%. The California statewide population grew by 0.3% for a second consecutive year-to-year increase since 2020, which is largely attributable to natural increase (net result of births minus deaths).

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 served 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. Effectively December 3, 2024, the City code was also amended to allow all council members including the Mayor to serve three consecutive four-year terms or 12 consecutive years, whichever is less. The City Manager is appointed by the City Council to carry out the policies and directions 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 and 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, Tustin Financing Authority, and Tustin Housing Authority. The activities of all three entities are included in these financial statements. Additional information for the Tustin Public Financing Authority, Tustin Financing Authority, and 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 a 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 2025 coming to a close, national economic indicators continue to show decent economic growth with the real gross domestic product (GDP) increasing at an annual rate of 3.8 percent in the second quarter of 2025. Consumer spending has remained resilient, even among concerns over inflation, cost of living, and high interest rates. The pace of inflation has mostly returned to normal, but the price level continues to stay elevated. The labor market has clearly cooled down compared to 2024 with businesses pausing hiring until greater financial stability emerges. California's unemployment rate inched up to 5.5% in August 2025, above the national rate of 4.3%. In response to



several downward revisions of the employment data in recent months, the Federal Open Market Committee (FOMC) has lowered the federal funds rate three times in the last six months. These actions aim to stabilize the labor market while balancing inflationary concerns. The U.S. economy is projected to grow at an even pace of two percent in the next two year.

The City's biennial budget reflects the objectives of a 10-year Fiscal Sustainability Strategy, which is designed to maintain a strong financial foundation and support sustainable growth. Specific goals include:

- **Increase the General Fund's recurring revenue** by advancing the development of City-owned properties;
- **Decrease the General Fund's recurring expenses**, including analysis to explore new pension paydown strategies;
- **Maintain a health reserve** of 15% to 20% of the General Fund's annual operating expenditures; and
- **Sustain service levels** to meet community needs through thoughtful uses of non-recurring revenues.

Year one of the City's biennial budget projects an increase of \$2 million in General Fund revenues in fiscal year 2025-2026 as compared to the amendment budget from fiscal year 2024-2025, excluding the Navy North Hangar Fire incident responses. The budgeted revenues include a near-term growth rate of 1% to 2% in sales tax receipts and a steady 3% to 4% increase in property tax revenue. When comparing with fiscal year 2018-2019 pre-pandemic level, total local sales tax revenue has grown by 42%, with categories such as autos and transportation as well as the state and county pools leading the way. 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. While general consumer spending continues to be stable in the short-term forecast, concerns over inflationary adjustment and uptick in unemployment remain. Sales tax revenue is projected to increase by just over 1% statewide in 2025-2026 and under 3% statewide by 2026-2027.



- Property tax revenue is the General Fund’s second largest revenue source. This revenue is estimated to increase by 3% to 4% per year due to projected increases in assessed property valuations primarily from the annual 2% CPI adjustment and ownership changes.
- Transfers and reimbursements are largely related to specific operating expenditures incurred and paid for by the General Fund. They are eligible to be funded from other restricted or designated funding sources. Some examples of the reimbursements include service tax collected from the Tustin Legacy area to support public services; and staffing costs specifically for Legacy area development. The other budgeted transfer is to maintain the General Fund’s reserve at a level set by the City Council.

The General Fund expenditures are projected to increase by \$9 million over the fiscal year 2024-2025 amended budget. Major factors impacting the General Fund are contractually obligated salary increases; higher annual required contributions toward the City’s pension obligations; inflation adjustments in most supply and service contracts, including fire, animal services, and professional services; and funding for the Tustin Temporary Emergency Shelter. Additionally, the General Fund provides funding for capital projects such as the Police Department’s locker room remodel and replacement of its body-worn and in-car cameras. These increases are partially funded from the General Fund’s reserves.

MAJOR ECONOMIC DEVELOPMENTS

Tustin Legacy

Development at Tustin Legacy, the City’s newest community, continues to move forward. Staff is 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 Community Facilities 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:

- Irvine Company at Tustin Legacy – The proposed project envisions 1,336 new apartment homes within Tustin Legacy, complemented by a 0.66-acre public park, landscaped open spaces, and inviting community amenities that connect seamlessly with nearby developments.

Six contemporary “wrap” buildings, four to five stories tall, will feature integrated parking garages screened from view. The plan includes approximately 1,956 access-controlled parking spaces for residents and guests. Homes will offer a mix of one-, two-, and three-bedroom layouts ranging from 592 to 1,513 square feet, including 334 affordable units and four manager residences in Buildings 5 and 6.

Designed for walkability and community connection, the project links to Tustin Legacy’s nearby retail, dining, and recreational destinations through a series of tree-lined promenades. With its blend of high-quality architecture, lush landscaping, and public amenities, such as a café, paseos, and park space, the development brings Tustin’s long-term vision for vibrant, inclusive living to life. This project was approved in February 2025, and plans are currently under review by City Staff. Construction is anticipated to begin in early 2026.

- Residences at The District - The proposed project introduces 800 new residential units across two phases within Tustin Legacy. Phase 1 includes 450 for-rent apartments on a 5.63-acre site, featuring a five-story, 426,727-square-foot building with outdoor and rooftop amenities. Approximately 730 parking spaces are planned to serve residents and guests, and 5% of the units will be reserved for very low-income households. This phase requires a Specific Plan Amendment to rezone the site from Commercial to Mixed-Use Urban, along with Design Review and a Development Agreement. Phase 2 will proceed under a separate design review. The project remains in the entitlement review stage and is not yet scheduled for public hearings.



- Clearwater Living at Tustin Legacy - A new proposal envisions two buildings designed to serve Tustin's growing senior community. Building 1 would feature 168 age-restricted active adult units, including 26 designated for low-income residents. Building 2 would include 74 assisted living units and 28 memory care units, totaling 102 residences tailored for seniors requiring various levels of care and support. The project remains in the entitlement review phase and is not yet scheduled for public hearings. This development aims to expand housing choices for older adults - offering independent, assisted, and memory care living options within a thoughtfully designed community setting.
- Advantech North America Campus – The Advantech North America Campus will establish a state-of-the-art headquarters within Tustin Legacy's Advanced Technology Education Park (ATEP). The 10-acre site, located at the southeast corner of Red Hill Avenue and Victory Road, includes a six-story office building, a two-story warehouse facility, 381 parking spaces, and over 111,000 square feet of landscaped open space. Approved in October 2023, the project is now under construction and anticipated for completion in mid-2026. Once finished, the campus will bring high-tech innovation, modern design, and new employment opportunities to the Tustin Legacy area.

Central Tustin

- The Jessup – In January 2023, the City Council approved Intracorp Homes' proposal to develop The Jessup, a modern residential community at 17802 and 17842 Irvine Boulevard. The project replaced two existing two-story office buildings with 40 three-story homes, including 18 duplexes (36 units) and four single-family residences. Each unit features a fully enclosed two-car garage (80 total stalls), complemented by 10 uncovered guest parking spaces. Two of the homes are reserved for very low-income households, expanding Tustin's commitment to housing diversity. Construction is now complete, marking the successful transformation of a former office site into a thoughtfully designed neighborhood within the heart of Tustin.



- Cypress Grove - A new proposal seeks to transform the site at 17852 17th Street by demolishing five existing office buildings and constructing 145 for-sale, market-rate condominiums. The project features 62 single-family detached cluster homes and 83 single-family attached townhomes, complemented by upgrades to traffic signals, bike infrastructure, utility connections, and other public improvements. The project was approved by the Planning Commission and recommended to the City Council in November 2025. The City Council held a public hearing in December 2025 and approved the proposal as recommended.
- Stafford Glen – Approved by the City Council on November 21, 2023, the KB Homes project at 14042 Newport Avenue introduces a modern blend of live/work and residential condominiums designed to enhance flexibility and community connection. The development features 42 total units across six buildings, 35 residential condominiums and 7 live/work units, with 2 homes reserved for very low-income families. Each unit includes an enclosed two-car garage and private open space, complemented by 17 guest parking spaces, landscaped common areas, and a public amenity space fronting El Camino Real. Construction is nearing completion, and residents are expected to begin moving in soon.
- Compass at Red Hill – In June 2025, The City Council approved a proposal to construct 73 three-story townhomes on a 3.39-acre site, offering a mix of spacious, modern homes ranging from 1,215 to 1,719 square feet. Four of the units will be reserved for very low-income households. As of August 2025, the project team is preparing to begin the plan check process, with grading expected to start soon. Once complete, this new community will bring thoughtfully designed, high-quality housing to Tustin, enhancing the Red Hill Corridor, and expanding residential options for future homeowners.

Affordable Housing

- Tustin Heritage Project – The Tustin Heritage Project is an 8,700-square-foot, three-story development featuring eight rental units designed for lower-income families. Located at 1852 San Juan Street, the project received City Council



approval on May 6, 2025, marking a milestone in the City’s ongoing efforts to expand affordable housing options.

Funded through the City of Tustin’s Inclusionary Housing Fee Grant Program, the development was made possible through a strong partnership with local nonprofit Families Forward. The project was recognized for its collaborative success and lasting community impact in providing safe, supportive housing for families in need.

Ideally located near schools, grocery stores, and retail centers, the Tustin Heritage Project keeps residents connected to daily essentials. On-site services, including case management, career counseling, and financial literacy courses, further empower families toward stability and long-term growth.

CAPITAL PROJECT ACCOMPLISHMENTS AND FUTURE PROJECTS

Major capital improvement projects completed during fiscal year 2025 include the following:

- **Park Facilities**
 - Legacy Dog Park (Bark Barrack)
 - Centennial Park Renovation
- **Public Facilities**
 - Community Center Roof Replacement
 - Police Facility Improvements
- **Transportation Facilities**
 - Red Hill Avenue Rehabilitation
 - Annual Roadway and Pavement Maintenance Program
- **Water Utilities**
 - Main Street PFAS (per-and polyfluoroalkyl substance) Treatment Plant
 - Beneta Well Improvements

The City’s capital projects for fiscal year 2025-2026 are budgeted at \$57.8 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 2025-2026 include:

- **Public Facilities**
 - Civic Center Alternate Power Source Improvements
 - Columbus Tustin Gym HVAC Replacement
 - Facility Improvements at the Police Department, Senior Center, and City Hall
- **Park Facilities**
 - Tustin Legacy Linear Park
 - Tustin Legacy Park
 - Heideman School Park
 - Tustin Sports Park Diamonds and Turf Renovation
 - Camino Real Park Playground Renovation
- **Traffic Facilities**
 - Main Street Improvements
 - Neighborhood D-South Infrastructure Construction – Phase 2
 - Neighborhood G Phase 1
 - Armstrong Pedestrian Bridge
- **Transportation Facilities**
 - Annual Roadway Maintenance and Public Infrastructure Maintenance Program
 - Old Town Improvements
 - Jamboree Road Rehabilitation

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, 2024. This was the thirty-eighth (38) 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 as well as other City departments.

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,

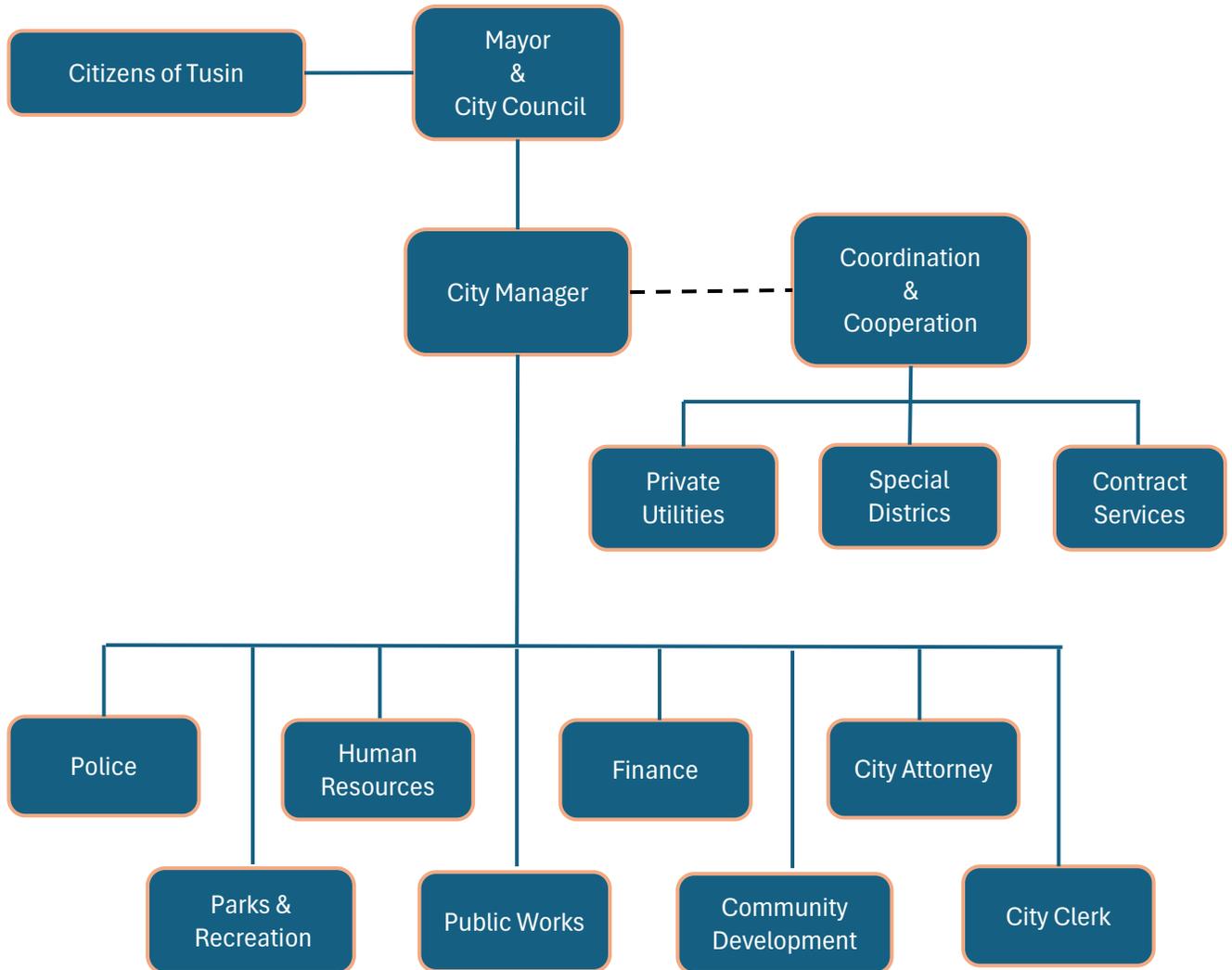
A handwritten signature in blue ink, appearing to read "Aldo E. Schindler". The signature is stylized with large, sweeping loops.

Aldo E. Schindler
City Manager

A handwritten signature in blue ink, appearing to read "Jennifer King". The signature is more compact and less stylized than the one to its left.

Jennifer King
Finance Director/City Treasurer

LOCAL GOVERNMENT FY 2024-2025





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, 2024

Christopher P. Morill

Executive Director/CEO



PEPPERTREE PARK

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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Notes 1 and 21 to the financial statements, during the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. As a result, the beginning net position has been restated. Our opinions are 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 22, 2025 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.



Irvine, California
December 22, 2025



FLIGHT AT TUSTIN



MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2025

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, 2025. 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, 2025, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$855.3 million (net position). The net position includes \$598.8 million invested in capital assets, \$57.3 million in restricted net position, and \$199.2 million in unrestricted net position.
- The City's total net position increased by \$32.4 million during the fiscal year ended June 30, 2025. Governmental activities accounted for an increase of \$20.2 million, while business-type activity increased by \$12.2 million.
 - In governmental activities, the City recognized two one-time development-related revenues during the fiscal year: a profit-participation payment of \$16.8 million and a backbone impact fee of \$5 million.
 - Net position for business-type activity increased primarily due to a one-time \$10 million federal grant and a \$2.2 million asset contribution from Orange County Water District (OCWD), both of which were related to a per-and polyfluoroalkyl substance (PFAS) treatment plant.
- Since November 2023, the City has performed emergency cleanup and related activities under a cooperative agreement with the U.S. Navy following the fire that destroyed the Navy-owned Tustin North Hangar. To date, the City has incurred \$104.7 million in related expenditures, including \$32.9 million during fiscal year 2024–2025. The City has received \$79.4 million in reimbursements from the Navy, of which \$42.8 million was received in the current fiscal year. The City anticipates receiving the remaining reimbursements in the upcoming fiscal year.

Overview of the Financial Statements

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

Overview of the Financial Statements (Continued)

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 and its three blended component units, the Tustin Housing Authority, Tustin Public Financing Authority, and Tustin Financing Authority, 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.

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.

Fund Financial Statements (Continued)

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.

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.

Fund Financial Statements (Continued)

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 used to account for the assets of Community Facilities Districts (CFDs) 04-1, 07-1, 06-1, and 2014-1. In June 2025, bonds originally issued for CFDs 06-1 and 2014-1 were refinanced through the issuance of the Series 2025 bonds. The fiduciary fund financial statements are presented 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 (70%) 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

Government-wide Financial Analysis (Continued)

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 increased by \$26.9 million, or 2.7%, compared to the prior fiscal year, while total deferred outflows of resources decreased by \$9.6 million, or 25.3%. The growth in assets was primarily driven by higher cash balances resulting from two one-time development-related payments, as mentioned in earlier section. In addition, as previously discussed, OCWD completed construction of a PFAS treatment plant on behalf of the City, increasing the Water Enterprise Fund's capital assets by \$12.2 million.

The City's total liabilities decreased by \$11.7 million, or 5.6%, and its total deferred inflows of resources decreased by \$3.4 million compared to the prior fiscal year. A portion of the liability reduction is attributable to expending \$3.2 million in previously obligated, but unspent American Rescue Plan Act (ARPA) funds. In addition, the City's net pension liability decreased by \$5.9 million, accompanied by a related decrease in pension-related deferred inflows of \$1.1 million, primarily due to CalPERS' actual investment returns that exceeded actuarial assumptions. These stronger-than-expected asset gains improved the plan's funded status and reduced the unfunded liability. Minor actuarial adjustments based on updated demographic and economic assumptions also contributed to the decrease. Deferred inflows of resources were further reduced by \$2.2 million due to the amortization of lease-related balances established under GASB Statement No. 87.

The City's total net position increased by \$32.4 million or 3.94%. 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, 2025

Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Net Position

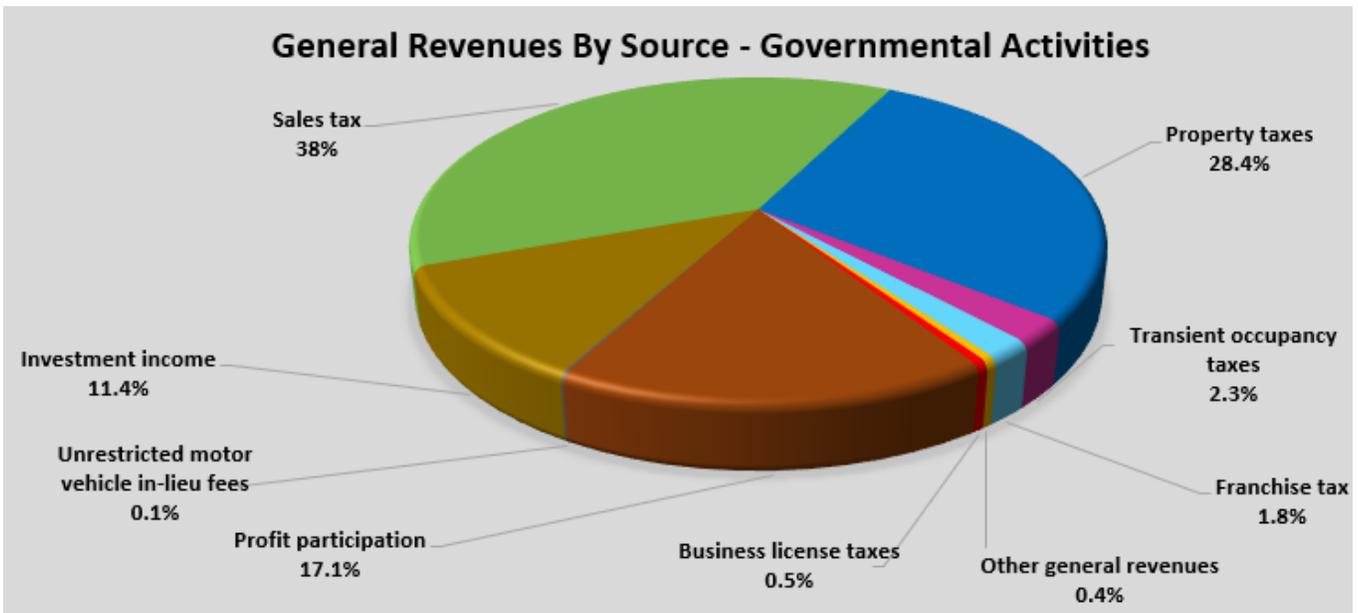
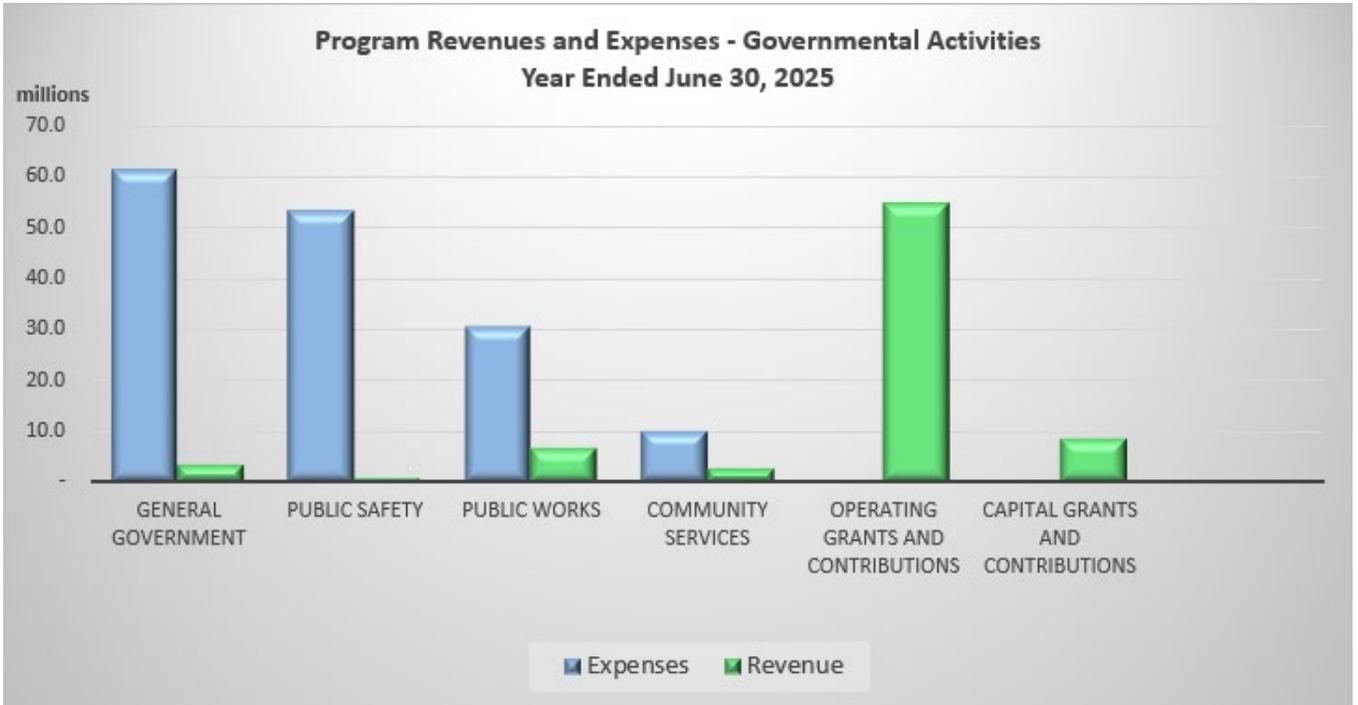
As of June 30, 2025

(in millions of dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities		Total		% Change
	2024	2025	2024	2025	2024	2025	2024-25
Assets:							
Current and other assets	\$369.4	\$381.0	\$ 18.1	\$ 18.0	\$ 387.5	\$ 399.0	
Capital assets	<u>540.5</u>	<u>544.0</u>	<u>80.7</u>	<u>92.6</u>	<u>621.2</u>	<u>636.6</u>	
Total Assets	<u>909.9</u>	<u>925.0</u>	<u>98.8</u>	<u>110.6</u>	<u>1,008.7</u>	<u>1,035.6</u>	2.7%
Deferred Outflows of Resources	<u>34.4</u>	<u>25.5</u>	<u>4.7</u>	<u>3.9</u>	<u>39.1</u>	<u>29.4</u>	-24.8%
Liabilities:							
Current liabilities	52.7	47.4	4.8	5.5	57.5	52.9	
Non-Current liabilities	<u>110.3</u>	<u>105.0</u>	<u>46.0</u>	<u>44.1</u>	<u>156.3</u>	<u>149.1</u>	
Total Liabilities	<u>163.0</u>	<u>152.4</u>	<u>50.8</u>	<u>49.6</u>	<u>213.8</u>	<u>202.0</u>	-5.5%
Deferred Inflows of Resources	<u>11.0</u>	<u>7.6</u>	<u>0.1</u>	<u>0.1</u>	<u>11.1</u>	<u>7.7</u>	-30.6%
Net Position:							
Net investment in capital assets	535.3	540.2	47.6	58.6	582.9	598.8	
Restricted	54.2	57.3	-	-	54.2	57.3	
Unrestricted	<u>180.8</u>	<u>193.0</u>	<u>5.0</u>	<u>6.2</u>	<u>185.8</u>	<u>199.2</u>	
Total Net Position	<u>\$770.3</u>	<u>\$790.5</u>	<u>\$ 52.6</u>	<u>\$ 64.8</u>	<u>\$ 822.9</u>	<u>\$ 855.3</u>	3.94%

Governmental Activities. The net position of the City's governmental activities increased by \$20.2 million or 3% to \$790.5 million (after restatement from implementation of GASB 101 *Compensated Absences* as shown in Note 21). Of the \$790.5 million in net position, \$540.2 million is invested in capital assets such as land, buildings, equipment, and infrastructure; \$57.3 million is restricted to specifically stipulated spending agreements originated by law and contracts with external parties. The remaining \$193 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, 2025

Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Changes in Net Position
For the Year Ended June 30, 2025
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2024-2025
	Activities		Activities				
	2024	2025	2024	2025	2024	2025	
Revenues:							
Program revenues:							
Charges for services	\$ 14.8	\$ 14.6	\$ 20.6	\$ 23.6	\$ 35.4	\$ 38.2	
Operating grants and contributions	89.9	54.9	-	-	89.9	54.9	
Capital grants and contributions	2.3	9.0	13.4	12.2	15.7	21.2	
General revenues:							
Taxes	66.9	69.7	-	-	66.9	69.7	
Earnings(loss) on investments	11.6	11.2	0.8	1.0	12.4	12.2	
Motor vehicle in-lieu fees	0.1	0.1	-	-	0.1	0.1	
Miscellaneous	0.4	0.4	-	-	0.4	0.4	
Profit participation	-	16.8	-	-	-	16.8	
Total Revenues	<u>186.0</u>	<u>176.7</u>	<u>34.8</u>	<u>36.8</u>	<u>220.8</u>	<u>213.5</u>	-3.3%
Expenses:							
General government	98.4	61.6	-	-	98.4	61.6	
Public safety	51.5	53.6	-	-	51.5	53.6	
Public works	34.9	30.7	-	-	34.9	30.7	
Community services	9.9	10.2	-	-	9.9	10.2	
Interest on long-term liabilities	-	0.1	-	-	-	0.1	
Water	-	-	22.5	24.6	22.5	24.6	
Total Expenses	<u>194.7</u>	<u>156.2</u>	<u>22.5</u>	<u>24.6</u>	<u>217.2</u>	<u>180.8</u>	-16.8%
Change in net position	(8.7)	20.5	12.3	12.2	3.6	32.7	
Net Position – Beginning	<u>779.0</u>	<u>770.0</u>	* <u>40.3</u>	<u>52.6</u>	<u>819.3</u>	<u>822.6</u>	0.4%
Net Position - Ending	<u>\$ 770.3</u>	<u>\$ 790.5</u>	<u>\$ 52.6</u>	<u>\$ 64.8</u>	<u>\$ 822.9</u>	<u>\$ 855.3</u>	3.9%

*Restated for GASB 101: Compensated Absences

Government-wide Financial Analysis (Continued)

The increase in governmental activities' net position of \$20.2 million was primarily attributable to the following factors:

- Total cash position increased by \$16 million largely due to development revenues as mentioned in previous section.
- Decrease in net pension liability: The City's net pension liability decreased by \$5.9 million, primarily due to CalPERS' stronger-than-expected investment performance (9.5% actual return compared to a 6.8% assumed rate) and updated actuarial assumptions reflecting changes in demographic, economic, and geographic factors.
- Impact of pension-related deferred inflows and outflows: Changes in actuarial assumptions and employer contributions made after the valuation date affected the calculation of pension-related deferred inflows and deferred outflows of resources. The net effect of these changes resulted in a \$7.4 million reduction to net position.
- Capital assets and depreciation: Depreciation expense of \$15 million was offset by an \$18.5 million increase in capital assets, resulting in a net positive impact of \$3.5 million to net position.
- Reduction in unearned revenue: It decreased by \$3.2 million, primarily due to the expenditure of previously obligated American Rescue Plan Act (ARPA) funds during this fiscal year.

In fiscal year 2023-24, the net position of governmental activities decreased by \$8.7 million, compared to an increase of \$20.5 million in fiscal year 2024-25, representing a year-over-year improvement of \$29.2 million. A significant portion of this change was attributable to one-time development revenues received during FY 2025, including the profit participation revenue and backbone development impact fee mentioned in previous sections.

Additional factors contributing to the year-over-year charge include the following:

- Property tax increased by approximately \$1 million primarily from annual CPI adjustments and ownership changes resulting in higher assessed values.
- Sales tax increased by \$2 million due to resilient consumer spending and the effects of inflation on taxable sales.

Business-type activities reported an increase in net position of \$12.3 million, primarily attributable to a one-time \$10 million federal grant and a \$2.2 million capital asset contribution from the Orange County Water District (OCWD) related to a per- and polyfluoroalkyl substances (PFAS) treatment plant.

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 ending fund balance of \$292.6 million, an increase of \$27 million compared to the prior year. The following factors impacted the net change to fund balance:

- One-time development revenue of \$16.8 million from a Profit Participating Agreement and a \$5 million backbone development impact fee received during the year.
- Property tax increased by approximately \$1 million, primarily due to annual CPI adjustments, changes in assessed values, and continued strength in the local real estate market, while sales tax increased by approximately \$2 million driven by resilient consumer spending and inflationary impact on taxable transactions.
- State grant revenue increased by \$3.8 million attributable to funding received for the Centennial Park improvement project.
- Investment earnings decreased by \$0.4 million due to federal rate actions and market fluctuations in the past year.
- During fiscal year 2025, the City incurred \$32.9 million in costs related to the U.S. Navy North Hangar fire incident and received \$42.8 million in reimbursements from the Navy, resulting in a net increase to fund balance of \$9.9 million. In comparison, during fiscal year 2024, the City incurred \$71.7 million in related expenditures and recognized \$36.6 million in reimbursements, resulting in a net use of fund balance in that year. The City expects to receive the remaining reimbursements from the Navy in the coming fiscal year.
- Excluding costs related to the Navy North Hangar fire incident, non-capital expenditure increased by \$5.4 million, primarily due to contractually obligated labor cost increases, higher public safety expenditures, and inflationary adjustments across operating contracts and services.

Financial Analysis of the Government's Funds (continued)

Approximately \$107.5 million or 37% 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 \$57 million in restricted funds, \$10.7 million assigned to capital projects, and \$117.3 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 \$117.3 million, while total fund balance was \$260.2 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 81% of the total General Fund expenditure, 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 \$0.07 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, 2025

City of Tustin
Summary of Changes in Fund Balances - General Fund
For the Year Ended June 30, 2025
(in millions of dollars)

	<u>2024</u>	<u>2025</u>	<u>Total % Change 2024-25</u>
Revenues:			
Taxes	\$ 69.5	\$ 71.8	
Charges for services	5.1	4.7	
Intergovernmental	1.3	0.6	
Intergovernmental - N. Hangar fire	36.7	42.8	
Fines and forfeitures	0.9	1.0	
Licenses and permits	2.2	2.4	
Investment income	9.7	9.5	
Other	4.4	4.3	
Profit participation	-	16.8	
Developer fee	-	5.0	
Total Revenues	<u>129.8</u>	<u>158.8</u>	22.4%
Expenditures:			
General government	22.7	25.5	
General government - N. Hangar fire	71.7	32.9	
Public safety	46.8	50.0	
Public works	18.4	16.2	
Community services	5.6	5.8	
Capital outlay	10.3	12.0	
Debt service	<u>0.9</u>	<u>0.9</u>	
Total Expenses	<u>176.4</u>	<u>143.3</u>	-18.8%
Excess of Revenues Over			
(Under) Expenditures	(46.6)	15.5	
Other Financing Sources (Uses):			
Net transfers	5.2	12.2	
Lease acquisition	<u>0.1</u>	<u>0.3</u>	
Net Change in Fund Balance	<u>\$ (41.3)</u>	<u>\$ 28.0</u>	167.8%

Financial Analysis of the Government's Funds (Continued)

General Fund total revenues increased by \$29 million or 22.4% as noted in the previous table. Significant transactions affecting revenues in the General Fund were as follows:

- A portion of the increase was due to the Navy's reimbursements to cover the cost of the Navy-owned North Hangar fire incident, which amounted to \$6 million higher than the previous year.
- As mentioned previously, a one-time profit participation revenue of \$16.8 million and a \$5 million backbone development impact fee were recorded during this fiscal year.
- Taxes increased by approximately \$2.2 million, primarily due to a \$2 million increase in sales tax revenues from resilient consumer spending and inflationary impact on taxable transactions.

General Fund's total expenditure decreased by \$33 million (18.8%) compared to the prior fiscal year, primarily due to significantly lower costs associated with the Navy North Hangar fire-related response. Expenditures for this incident declined from \$71.7 million in FY 2024 to \$32.9 million in FY 2025, a net reduction of approximately \$38.8 million as most emergency related responses have been completed. Excluding the fire response-related activities, operating expenditure increased by approximately \$5.6 million, driven primarily by contractually obligated labor costs, higher public service demands, capital outlays, and inflationary adjustments across operating expenses.

General Fund Budgetary Highlights

The General Fund actual revenues were \$16.4 million lower than the amended budgeted revenues, primarily due to the timing of receivables for the Navy North Hangar fire incident cost reimbursements. The amended budgeted expenditures totaled \$218.9 million, reflecting a \$39.2 million increase from the original budgeted expenditures. This increase in appropriations was largely associated with a \$34 million budget adjustment 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 \$75.7 million less than the amended budgeted amount of \$218.9 million, primarily due to appropriations for uncompleted capital projects that span 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 capital contributions received for the PFAS treatment plant. As a result, the net position increased from \$52.6 million as of June 30, 2024 to \$64.9 million as of June 30, 2025.

Financial Analysis of the Proprietary Funds (Continued)

Operating revenues increased by \$3 million from rate adjustments. Operating costs increased by \$2 million from the prior fiscal year primarily due to increases in labor and on-going maintenance costs.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$636.6 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, 2025
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2024-2025
	Activities		Activities		Total		
	2024	2025	2024	2025	2024	2025	
Land	\$ 105.3	\$ 105.3	\$ 1.2	\$ 1.2	106.5	\$ 106.5	
Right of way	45.9	45.9	-	-	45.9	45.9	
Construction in progress	11.9	13.5	23.2	0.9	35.1	14.4	
Buildings and improvements	115.0	119.2	9.1	38.4	124.1	157.6	
Machinery and equipment	6.0	7.9	-	-	6.0	7.9	
Infrastructure	254.7	251.0	-	-	254.7	251.0	
Lease assets	0.3	0.2	-	-	0.3	0.2	
Subscription Based IT	1.5	1.0	-	-	1.5	1.0	
Property, plant and equipment	-	-	47.2	52.1	47.2	52.1	
Total Capital Assets, Net	<u>\$ 540.6</u>	<u>\$ 544.0</u>	<u>\$ 80.7</u>	<u>\$ 92.6</u>	<u>\$ 621.3</u>	<u>\$ 636.6</u>	2.5%

The net increase of \$15.3 million in capital assets consists of additions totaling \$32.8 million (net of transfers from construction in progress and asset disposals); depreciation expense of \$17.5 million. In fiscal year 2025, the following major construction projects were completed:

- Various roadway and public infrastructure maintenance
- Beneta Wells
- John Lyttle Reservoir improvements

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2025

Capital Assets (continued)

- Tustin Legacy Dog Park
- Centennial Park renovation
- Main Street PFAS Treatment Plant

The following major capital projects were in progress in fiscal year 2025: Main Street Improvements, Legacy Neighborhood D-South Infrastructure Phase 2, Heideman School Park Improvements, and various road maintenance and traffic signal projects.

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 \$149.1 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, 2025
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2024-2025
	Activities		Activities		Activities		
	2024	2025	2024	2025	2024	2025	
Bonds payable	\$ -	\$ -	\$ 39.5	\$ 38.0	\$ 39.5	\$ 38.0	
Claims and judgments	11.0	11.5	-	-	11.0	11.5	
Postemployment							
benefits obligation	12.2	12.0	1.6	1.7	13.8	13.7	
Compensated absences	5.0	5.8	0.4	0.5	5.4	6.3	
Lease payable	0.3	0.3	-	-	0.3	0.3	
Subscription based payable	1.5	1.0	-	-	1.5	1.0	
Pension liabilities	80.3	74.4	4.5	3.9	84.8	78.3	
Total Outstanding Debt	\$ 110.3	\$ 105.0	\$ 46.0	\$ 44.1	\$ 156.3	\$ 149.1	-4.6%

Overall, the long-term debt decreased by \$7.2 million or 4.6% compared to the prior year's balance, primarily due to a \$6.5 million reduction in the City's net pension liability. This reduction resulted from actual investment returns of 9.5%, which exceeded the assumed discount rate of 6.8%, improving the plan's funded status. Other reductions include \$1.5 million in bonds payable due to scheduled debt

Long-term Debt (Continued)

service payments and \$0.5 million in lease payable from maturity. These decreases were offset by \$0.5 million increase in claims and judgments as well as \$0.9 million increase in compensated absences.

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 3, 2025, the City Council adopted year one of the Fiscal Years 2025-2027 Biennial Budget. The budget for Fiscal Year 2025-2026 allocates resources aligned with the City Council's strategic priorities to deliver effective, high-quality public services across the community. The 2025-2026 Budget includes a total appropriation of \$252.8 million. The General Fund's estimated revenues are \$101.3 million, while budgeted appropriations amount to \$109.6 million. The resulting operating deficit will be addressed through planned use of reserves. The \$109.6 million total appropriation is \$9 million higher than the prior year's amended total 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.



THE ANNEX AT TUSTIN LEGACY



GOVERNMENT-WIDE FINANCIAL STATEMENTS



GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF TUSTIN

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 179,051,586	\$ 16,407,117	\$ 195,458,703
Receivables:			
Accounts	44,230,630	3,878,712	48,109,342
Interest	5,073,769	72,447	5,146,216
Leases	5,513,658	-	5,513,658
Loans	6,502,853	-	6,502,853
Allowance for uncollectibles	(1,547,251)	-	(1,547,251)
Internal balances	3,830,700	(3,830,700)	-
Prepaid items and deposits	1,191,025	29,851	1,220,876
Land held for resale	102,457,773	-	102,457,773
Restricted assets:			
Cash and investments with fiscal agents	17,010,272	1,539,751	18,550,023
Cash and investments held by trust	17,618,008	-	17,618,008
Capital assets:			
Not being depreciated	164,700,741	2,045,433	166,746,174
Being depreciated, net	379,323,520	90,520,955	469,844,475
TOTAL ASSETS	<u>924,957,284</u>	<u>110,663,566</u>	<u>1,035,620,850</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	2,721,883	2,721,883
Deferred amounts on OPEB plan	1,158,193	114,546	1,272,739
Deferred amounts on pension plans	24,368,644	1,062,730	25,431,374
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,526,837</u>	<u>3,899,159</u>	<u>29,425,996</u>
LIABILITIES:			
Accounts payable and accrued liabilities	33,909,396	4,489,215	38,398,611
Interest payable	3,145	362,592	365,737
Deposits payable	10,922,334	612,335	11,534,669
Unearned revenue	2,559,305	-	2,559,305
Noncurrent liabilities:			
Due within one year	6,331,266	1,996,307	8,327,573
Due in more than one year	12,295,281	36,537,499	48,832,780
Due in more than one year - OPEB liability	11,986,379	1,704,853	13,691,232
Due in more than one year - pension liability	74,441,503	3,882,026	78,323,529
TOTAL LIABILITIES	<u>152,448,609</u>	<u>49,584,827</u>	<u>202,033,436</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on leases	4,857,744	-	4,857,744
Deferred amounts on OPEB plan	1,236,534	104,562	1,341,096
Deferred amounts on pension plans	1,461,379	-	1,461,379
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,555,657</u>	<u>104,562</u>	<u>7,660,219</u>
NET POSITION:			
Net investment in capital assets	540,250,043	58,648,776	598,898,819
Restricted for:			
Community services	9,859,924	-	9,859,924
Public safety	1,285,257	-	1,285,257
Public works	46,136,141	-	46,136,141
Unrestricted	192,948,490	6,224,560	199,173,050
TOTAL NET POSITION	<u>\$ 790,479,855</u>	<u>\$ 64,873,336</u>	<u>\$ 855,353,191</u>

CITY OF TUSTIN

STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 61,632,092	\$ 3,558,431	\$ 39,350,830	\$ -
Public safety	53,577,400	1,198,966	4,213,700	-
Public works	30,695,759	6,915,908	4,989,914	8,784,120
Community services	10,245,251	2,952,402	6,301,848	171,546
Interest on long-term liabilities	54,792	-	-	-
Total governmental activities	<u>156,205,294</u>	<u>14,625,707</u>	<u>54,856,292</u>	<u>8,955,666</u>
Business-type activity:				
Water	24,600,039	23,630,435	-	12,224,479
Total	<u>\$ 180,805,333</u>	<u>\$ 38,256,142</u>	<u>\$ 54,856,292</u>	<u>\$ 21,180,145</u>

General revenues:

Taxes:

Property

Franchise

Transient occupancy

Business license

Sales

Unrestricted intergovernmental revenue

Earnings on investments

Profit participation

Miscellaneous

Total general revenues

Change in net position

NET POSITION AT BEGINNING OF YEAR, as previously reported

Restatement - implementation of GASB 101 (Note 21)

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
\$ (18,722,831)	\$ -	\$ (18,722,831)
(48,164,734)	-	(48,164,734)
(10,005,817)	-	(10,005,817)
(819,455)	-	(819,455)
(54,792)	-	(54,792)
<u>(77,767,629)</u>	<u>-</u>	<u>(77,767,629)</u>
-	11,254,875	11,254,875
<u>(77,767,629)</u>	<u>11,254,875</u>	<u>(66,512,754)</u>
27,858,020	-	27,858,020
1,778,257	-	1,778,257
2,239,766	-	2,239,766
470,040	-	470,040
37,378,034	-	37,378,034
126,676	-	126,676
11,205,150	905,738	12,110,888
16,759,337	-	16,759,337
432,693	128,904	561,597
<u>98,247,973</u>	<u>1,034,642</u>	<u>99,282,615</u>
20,480,344	12,289,517	32,769,861
770,301,454	52,599,083	822,900,537
(301,943)	(15,264)	(317,207)
<u>769,999,511</u>	<u>52,583,819</u>	<u>822,583,330</u>
<u>\$ 790,479,855</u>	<u>\$ 64,873,336</u>	<u>\$ 855,353,191</u>



TUSTIN CORPORATE YARD



FUND FINANCIAL STATEMENTS



CITY OF TUSTIN

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2025

	General	Housing Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 145,490,303	\$ 242,235	\$ 33,319,048	\$ 179,051,586
Restricted cash and investments	17,010,272	-	-	17,010,272
Restricted cash and investments held by trust	17,618,008	-	-	17,618,008
Receivables:				
Accounts	40,959,373	-	3,271,257	44,230,630
Interest	1,006,534	3,938,074	129,161	5,073,769
Leases	1,683,262	-	3,830,396	5,513,658
Loans	409,963	6,092,890	-	6,502,853
Allowance for uncollectibles	(478,511)	(1,057,347)	(11,393)	(1,547,251)
Prepaid items and deposits	1,191,025	-	-	1,191,025
Due from other funds	144,436	-	-	144,436
Advances to other funds	3,830,700	-	-	3,830,700
Land held for resale	102,457,773	-	-	102,457,773
TOTAL ASSETS	<u>\$ 331,323,138</u>	<u>\$ 9,215,852</u>	<u>\$ 40,538,469</u>	<u>\$ 381,077,459</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 31,375,117	\$ 262,913	\$ 2,271,366	\$ 33,909,396
Deposits payable	10,921,083	1,251	-	10,922,334
Due to other funds	-	-	144,436	144,436
Interest payable	3,145	-	-	3,145
Unearned revenue	1,726,130	-	833,175	2,559,305
TOTAL LIABILITIES	<u>44,025,475</u>	<u>264,164</u>	<u>3,248,977</u>	<u>47,538,616</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	25,601,082	8,879,893	1,590,272	36,071,247
Lease related	1,446,195	-	3,411,549	4,857,744
TOTAL DEFERRED INFLOW OF RESOURCES	<u>27,047,277</u>	<u>8,879,893</u>	<u>5,001,821</u>	<u>40,928,991</u>
FUND BALANCES				
Nonspendable	107,534,127	-	-	107,534,127
Restricted	35,406,883	71,795	21,624,078	57,102,756
Assigned	-	-	10,666,178	10,666,178
Unassigned	117,309,376	-	(2,585)	117,306,791
TOTAL FUND BALANCES	<u>260,250,386</u>	<u>71,795</u>	<u>32,287,671</u>	<u>292,609,852</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 331,323,138</u>	<u>\$ 9,215,852</u>	<u>\$ 40,538,469</u>	<u>\$ 381,077,459</u>

CITY OF TUSTIN

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

June 30, 2025

Fund balances of governmental funds \$ 292,609,852

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. 544,024,261

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, 2025 are:

Claims and judgments payable	(11,497,230)	
Compensated absences payable	(5,835,188)	
Subscription-based information technology arrangements	(990,505)	
Lease payable	<u>(303,624)</u>	
Total long-term liabilities		(18,626,547)

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 affect only the government-wide statements for governmental activities:

Deferred outflows of resources	24,368,644	
Deferred inflows of resources	(1,461,379)	
Pension liability	<u>(74,441,503)</u>	(51,534,238)

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 affect only the government-wide statements for governmental activities:

Deferred outflows of resources	1,158,193	
Deferred inflows of resources	(1,236,534)	
Post employment benefit liability	<u>(11,986,379)</u>	(12,064,720)

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		<u>\$ 790,479,855</u>
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CITY OF TUSTIN

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

For the year ended June 30, 2025

	General	Housing Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 71,777,165	\$ -	\$ 7,107,657	\$ 78,884,822
Licenses and permits	2,416,550	-	-	2,416,550
Fines and forfeitures	973,445	-	500	973,945
Investment income	9,464,584	3,060	1,737,505	11,205,149
Intergovernmental revenue	43,420,219	330,525	15,806,823	59,557,567
Developer fees	21,805,040	-	-	21,805,040
Charges for services	4,687,316	50,808	265,194	5,003,318
Rental income	3,091,485	-	314,613	3,406,098
Other revenue	1,202,151	16,194	462,417	1,680,762
TOTAL REVENUES	158,837,955	400,587	25,694,709	184,933,251
EXPENDITURES				
Current:				
General government	58,431,156	-	7,383	58,438,539
Public safety	49,987,387	-	184,789	50,172,176
Public works	16,182,323	-	3,037,166	19,219,489
Community services	5,815,956	1,481,847	741,014	8,038,817
Capital outlay	11,985,804	-	9,579,793	21,565,597
Debt service:				
Principal retirement	824,076	-	-	824,076
Interest expenditures	54,792	-	-	54,792
TOTAL EXPENDITURES	143,281,494	1,481,847	13,550,145	158,313,486
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,556,461	(1,081,260)	12,144,564	26,619,765
OTHER FINANCING SOURCES (USES)				
Transfer in	13,243,136	985,912	101,198	14,330,246
Transfer out	(1,087,110)	(460,393)	(12,782,743)	(14,330,246)
Issuance of debt	141,159	-	-	141,159
Issuance of leases	141,948	-	-	141,948
Proceeds from the sale of capital assets	-	69,041	-	69,041
TOTAL OTHER FINANCING SOURCES (USES)	12,439,133	594,560	(12,681,545)	352,148
NET CHANGES IN FUND BALANCES	27,995,594	(486,700)	(536,981)	26,971,913
FUND BALANCES - BEGINNING OF YEAR	232,254,792	558,495	32,824,652	265,637,939
FUND BALANCES - END OF YEAR	\$ 260,250,386	\$ 71,795	\$ 32,287,671	\$ 292,609,852

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, 2025

Net changes in fund balances - total governmental funds \$ 26,971,913

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	\$ 19,028,106	
Disposition of capital assets	(379,094)	
Depreciation expense	<u>(15,147,065)</u>	
		3,501,947

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	(141,948)	
Issuance of debt - subscription-based information technology arrangements	(141,159)	
Principal payments - lease	192,173	
Principal payments - subscription-based information technology arrangements	631,903	
Net changes in claims and judgments payable	(501,250)	
Net changes in compensated absences payable	<u>(578,657)</u>	
		(538,938)

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. (1,608,653)

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. 91,635

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

Net change in unavailable revenue	<u>(7,937,560)</u>	
Change in net position of governmental activities		<u>\$ 20,480,344</u>

CITY OF TUSTIN

STATEMENT OF NET POSITION
 PROPRIETARY FUND

June 30, 2025

	Business-type Activity
	<u>Water</u>
	<u>Enterprise Fund</u>
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 16,407,117
Accounts receivable	3,878,712
Interest receivable	72,447
Prepaid items	29,851
Restricted cash and investments	1,539,751
TOTAL CURRENT ASSETS	<u>21,927,878</u>
NONCURRENT ASSETS:	
Capital assets:	
Not being depreciated	2,045,433
Being depreciated, net	90,520,955
TOTAL NONCURRENT ASSETS	<u>92,566,388</u>
TOTAL ASSETS	<u>114,494,266</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	2,721,883
Deferred amounts on pension plans	1,062,730
Deferred amounts on OPEB plan	114,546
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,899,159</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	4,489,215
Deposits payable	612,335
Interest payable	362,592
Compensated absences payable	408,702
Bonds payable	1,587,605
TOTAL CURRENT LIABILITIES	<u>7,460,449</u>
LONG-TERM LIABILITIES:	
Compensated absences payable	115,275
Advances from other funds	3,830,700
Bonds payable	36,422,224
Net pension liability	3,882,026
Net OPEB liability	1,704,853
TOTAL LONG-TERM LIABILITIES	<u>45,955,078</u>
TOTAL LIABILITIES	<u>53,415,527</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts on OPEB plan	104,562
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,562</u>
NET POSITION:	
Net investment in capital assets	58,648,776
Unrestricted	6,224,560
TOTAL NET POSITION	<u>\$ 64,873,336</u>

CITY OF TUSTIN

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

For the year ended June 30, 2025

	Business-type Activity
	<u>Water</u>
	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 23,630,435
TOTAL OPERATING REVENUES	<u>23,630,435</u>
OPERATING EXPENSES:	
Personnel services	4,918,621
Purchased water	11,542,311
Maintenance and operation	4,266,991
Depreciation	2,386,770
TOTAL OPERATING EXPENSES	<u>23,114,693</u>
OPERATING INCOME (LOSS)	<u>515,742</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	905,738
Other income	128,904
Interest expense and other fiscal charges	(1,485,346)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(450,704)</u>
CAPITAL CONTRIBUTIONS	
Contributed capital	29,052
Contributed capital assets	2,195,427
Capital grants	10,000,000
TOTAL CAPITAL CONTRIBUTIONS	<u>12,224,479</u>
CHANGE IN NET POSITION	<u>12,289,517</u>
NET POSITION AT BEGINNING OF YEAR, as previously reported	52,599,083
Restatement - implementation of GASB 101 (Note 21)	(15,264)
NET POSITION AT BEGINNING OF YEAR, as restated	<u>52,583,819</u>
NET POSITION AT END OF YEAR	<u>\$ 64,873,336</u>

CITY OF TUSTIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2025

	Business-type Activity
	Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 23,802,999
Payments to suppliers	(15,005,793)
Payments to employees	(4,681,448)
	4,115,758
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,115,758
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(1,996,684)
Principal paid on bonds	(1,475,000)
Interest paid on long-term debt	(1,495,990)
	(4,967,674)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,967,674)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	873,929
	873,929
NET CASH PROVIDED BY INVESTING ACTIVITIES	873,929
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,013
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	17,924,855
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,946,868
CASH AND CASH EQUIVALENTS:	
Cash and investments - current assets	\$ 16,407,117
Cash and investments - restricted assets	1,539,751
	17,946,868
TOTAL CASH AND CASH EQUIVALENTS	\$ 17,946,868

CITY OF TUSTIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 (CONTINUED)

For the year ended June 30, 2025

	Business-type Activity
	<u>Water</u> <u>Enterprise Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 515,742
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,386,770
Other nonoperating income (expense)	128,904
Change in assets, liabilities and deferrals:	
(Increase) decrease in accounts receivable	43,660
(Increase) decrease in prepaid items	(1,988)
(Increase) decrease in deferred outflows of resources	630,825
Increase (decrease) in accounts payable and accrued liabilities	1,020,582
Increase (decrease) in deposits payable	(215,085)
Increase (decrease) in compensated absences	125,825
Increase (decrease) in net pension liability	(569,215)
Increase (decrease) in total OPEB liability	74,129
Increase (decrease) in deferred inflows of resources	(24,391)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 4,115,758</u>
 SCHEDULE OF NON-CASH CAPITAL AND INVESTING ACTIVITIES	
Unrealized gain on investments	\$ 113,599
Donated capital assets	2,195,427
Retention on capital projects	169,420

CITY OF TUSTIN

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	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	\$ 3,632,098	\$ -	\$ -
Investments:			
Money markets	-	153,965	-
Mutual funds - equity	-	2,537,924	-
Mutual funds - fixed income	-	2,559,693	-
Restricted cash and investments	3,485	-	6,285,076
Receivables:			
Accounts	-	-	77,623
TOTAL ASSETS	3,635,583	5,251,582	6,362,699
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	4,805,401	-	-
LIABILITIES:			
Interest payable	517,775	-	-
Long-term liabilities:			
Due within one year	2,656,077	-	-
Due in more than one year	41,111,418	-	-
TOTAL LIABILITIES	44,285,270	-	-
NET POSITION:			
Restricted for:			
Postemployment benefits other than pensions	-	5,251,582	-
Individuals, organizations and other governments	(35,844,286)	-	6,362,699
TOTAL NET POSITION	\$ (35,844,286)	\$ 5,251,582	\$ 6,362,699

CITY OF TUSTIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2025

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Custodial Funds
ADDITIONS:			
Tax revenue	\$ 3,975,434	\$ -	\$ 7,360,275
Investment income	11,603	502,845	546,665
Employer contributions	-	500,000	-
Funding of bond reserve	-	-	2,895,818
Miscellaneous revenue	212,093	-	-
TOTAL ADDITIONS	4,199,130	1,002,845	10,802,758
DEDUCTIONS:			
Administrative expenses	-	20,270	180,242
Community services	26,448	-	-
Payment on bonds	-	-	14,384,171
Interest	1,603,332	-	4,083,475
TOTAL DEDUCTIONS	1,629,780	20,270	18,647,888
CHANGE IN NET POSITION	2,569,350	982,575	(7,845,130)
NET POSITION - BEGINNING OF YEAR	(38,413,636)	4,269,007	14,207,829
NET POSITION - END OF YEAR	<u>\$ (35,844,286)</u>	<u>\$ 5,251,582</u>	<u>\$ 6,362,699</u>



ALLEY GROVE PROMENADE

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. The Financial Reporting Entity (Continued)

The Tustin Financing Authority (the Financing Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Financing Authority exists under a Joint Exercise of Power Agreement dated March 1, 2025. The members of the City Council constitute the members of the Board of Directors of the Financing Authority. The Financing 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 or the Housing Authority and/or to refinance outstanding obligations of the City or the Housing Authority.

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 responsibility, 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.

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Government-wide and Fund Financial Statements (Continued)

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.

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 temporary emergency 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements

Pending Accounting Standards

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

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.

In September 2024, GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

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

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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)

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

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.

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)

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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. The liability is calculated using current pay rates and includes employer-paid fringe benefits.

During the year ended June 30, 2025, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

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)

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.

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, 2025

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, 2025, 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	\$ 195,458,703	\$ 3,632,098	\$ 199,090,801
Restricted assets:			
Cash and investments	17,049,230	6,285,076	23,334,306
Cash and investments held by trust	19,118,801	5,255,067	24,373,868
Total cash and investments	<u>\$ 231,626,734</u>	<u>\$ 15,172,241</u>	<u>\$ 246,798,975</u>

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

Cash on hand	\$ 9,950
Deposits with financial institutions	5,877,850
Investments	<u>240,911,175</u>
Total cash and investments	<u>\$ 246,798,975</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, 2025

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 on the next page 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, 2025

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, 2025

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	\$ 12,328,805	\$ -	\$32,595,831	\$ 44,924,636
U.S. Government Sponsored Agency Securities:				
Federal Home Loan Mortgage Corp (FHLMC)	-	738,158	8,167,006	8,905,164
Federal Home Loan Bank (FHLB)	-	1,513,100	4,849,467	6,362,567
Federal Farm Credit Bank (FFCB)	-	-	7,431,048	7,431,048
Money Market Fund	847,648	-	-	847,648
Local Agency Investment Pool (LAIF)	12,717,408	-	-	12,717,408
California Asset Management Program (CAMP)	92,390,926	-	-	92,390,926
Negotiable Certificates of Deposit	958,980	236,851	-	1,195,831
Medium-term Notes	7,933,188	3,829,299	23,706,397	35,468,884
Held by Fiscal Agents:				
Money Market Mutual Funds	7,797,473	-	-	7,797,473
Held by Pension Trust:				
Money Market Mutual Funds	538,330	-	-	538,330
Mutual Funds - Equity	8,491,740	-	-	8,491,740
Mutual Funds - Fixed Income	8,587,938	-	-	8,587,938
Held by OPEB Trust:				
Money Market Mutual Funds	153,965	-	-	153,965
Mutual Funds - Equity	2,537,924	-	-	2,537,924
Mutual Funds - Fixed Income	2,559,693	-	-	2,559,693
Total	\$ 157,844,018	\$ 6,317,408	\$76,749,749	\$ 240,911,175

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, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Total as of June 30, 2025	Minimum Required Rating	AAA	AA	A	Not Rated
U.S. Treasury Notes *	\$ 44,924,636	N/A	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored						
Agency Securities:						
FHLMC	8,905,164	N/A	-	8,905,164	-	-
FHLB	6,362,567	N/A	-	6,362,567	-	-
FFCB	7,431,048	N/A	-	7,431,048	-	-
Money Market Fund	847,648	AAA	847,648	-	-	-
LAIF	12,717,408	N/A	-	-	-	12,717,408
CAMP	92,390,926	N/A	92,390,926	-	-	-
Negotiable Certificates of Deposit	1,195,831	N/A	-	-	-	1,195,831
Medium-term Notes	35,468,884	A	3,659,583	15,218,560	16,590,741	-
Held by Fiscal Agents:						
Money Market Mutual Funds	7,797,473	A	7,797,473	-	-	-
Held by Pension Trust:						
Money Market Mutual Funds	538,330	N/A	538,330	-	-	-
Mutual Funds - Equity	8,491,740	N/A	-	-	-	8,491,740
Mutual Funds - Fixed Income	8,587,938	N/A	-	-	-	8,587,938
Held by OPEB Trust:						
Money Market Mutual Funds	153,965	N/A	153,965	-	-	-
Mutual Funds - Equity	2,537,924	N/A	-	-	-	2,537,924
Mutual Funds - Fixed Income	2,559,693	N/A	-	-	-	2,559,693
Total	<u>\$240,911,175</u>		<u>\$105,387,925</u>	<u>\$ 37,917,339</u>	<u>\$ 16,590,741</u>	<u>\$ 36,090,534</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 secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, none of the City's deposits 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 uncategoryed.

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, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Notes	\$ -	\$ 44,924,636	\$ -	\$ 44,924,636
U.S. Government Sponsored Agency Securities:				
FHLMC	-	8,905,164	-	8,905,164
FHLB	-	6,362,567	-	6,362,567
FFCB	-	7,431,048	-	7,431,048
Money Market Fund	-	847,648	-	847,648
Negotiable Certificates of Deposit	-	1,195,831	-	1,195,831
Medium-term Notes	-	35,468,884	-	35,468,884
Held by Pension Trust:				
Mutual Funds - Equity	8,491,740	-	-	8,491,740
Mutual Funds - Fixed Income	8,587,938	-	-	8,587,938
Held by OPEB Trust:				
Mutual Funds - Equity	2,537,924	-	-	2,537,924
Mutual Funds - Fixed Income	2,559,693	-	-	2,559,693
Total Leveled Investments	<u>\$ 22,177,295</u>	<u>\$105,135,778</u>	<u>\$ -</u>	<u>127,313,073</u>
LAIF*				12,717,408
CAMP*				92,390,926
Money Market Mutual Funds*:				
Held by Fiscal Agents				7,797,473
Held by Pension Trust				538,330
Held by OPEB Trust				153,965
Total Investment Portfolio				<u>\$240,911,175</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, 2025, including accrued interest of \$15,110 was \$365,110.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2025, 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, 2025, including accrued interest of \$57,389, was \$412,722. An allowance of \$412,722 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, 2025, including accrued interest of \$584, was \$55,214.

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, 2025, the total outstanding principal balance was \$95,267,658. An allowance of \$90,504,275 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, 2025, including accrued interest of \$77,841, was \$1,044,507. An allowance of \$1,044,507 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, 2025

NOTE 4 – INTERFUND RECEIVABLES, TRANSFERS, AND ADVANCES

The composition of interfund receivable/payable due to negative cash balance of the CDBG fund as of June 30, 2025:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 144,436	\$ -
CDBG Fund	-	144,436
Total	<u>\$ 144,436</u>	<u>\$ 144,436</u>

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 12,782,743
General Fund	Housing Authority	460,393
Other Governmental Funds	General Fund	101,198
Housing Authority Fund	General Fund	985,912
		<u>\$ 14,330,246</u>

The transfers during the fiscal year ended June 30, 2025, were for the following purposes:

Other governmental fund (ARPA Special Revenue Fund) transferred to the General Fund \$3,215,567 for costs of rehiring public sector staff and revenue replacement intended to cover public safety salaries.

Other governmental fund (Special Tax B Special Revenue Fund) transferred \$6,260,887 to the General Fund for eligible public service area expenditures.

Other governmental fund (Measure M Special Revenue Fund) transferred \$136,289 to the General Fund for eligible transportation project expenditures.

Other governmental fund (Other Capital Projects Fund) returned \$3,170,000 to the General Fund for a capital project that has secured an alternative funding source.

The General Fund transferred to the Housing Authority Special Revenue Fund \$985,912 to support the temporary emergency shelter.

General Fund transferred to other governmental fund (Landscape Lighting Special Revenue Fund) \$101,918 to support landscape and lighting district maintenance expenditures.

The composition of interfund advances for the year ended June 30, 2025, 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, 2025

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, 2025, consisted of the following:

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

*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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2025

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, 2025, 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 RECEIVABLES

The City is a lessor in 15 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 \$1,691,718 in lease revenue and \$147,754 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2025, the lease receivable is \$5,513,658 and deferred inflows of resources is \$4,857,744.

A schedule of future payments is included below:

June 30,	Principal	Interest	Total
2026	\$ 1,663,302	\$ 102,200	\$ 1,765,502
2027	421,545	74,510	496,055
2028	336,605	68,110	404,715
2029	354,606	61,528	416,134
2030	377,969	54,651	432,620
2031 - 2035	1,472,309	176,409	1,648,718
2036 - 2040	830,524	52,878	883,402
2041	56,798	508	57,306
Totals	<u>\$ 5,513,658</u>	<u>\$ 590,794</u>	<u>\$ 6,104,452</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2025, is as follows:

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets, not depreciated:				
Land	\$ 105,254,634	\$ -	\$ -	\$ 105,254,634
Right of way	45,926,681	-	-	45,926,681
Construction in progress	11,916,254	16,165,356	(14,562,184)	13,519,426
Total capital assets, not depreciated	<u>163,097,569</u>	<u>16,165,356</u>	<u>(14,562,184)</u>	<u>164,700,741</u>
Capital assets, being depreciated:				
Buildings	90,177,543	7,184,480	(691,372)	96,670,651
Improvements other than buildings	76,808,514	1,958,289	-	78,766,803
Machinery and equipment	21,074,862	3,478,015	(368,285)	24,184,592
Infrastructure	427,009,608	4,516,314	(2,550,434)	428,975,488
Lease assets - machinery and equipment	249,440	45,845	(24,250)	271,035
Lease assets - vehicles	231,992	100,044	(76,885)	255,151
Lease assets - buildings	250,601	-	-	250,601
Subscription-based IT assets	2,771,134	141,948	(709,887)	2,203,195
Total capital assets, being depreciated	<u>618,573,694</u>	<u>17,424,935</u>	<u>(4,421,113)</u>	<u>631,577,516</u>
Less accumulated depreciation for:				
Buildings	(29,488,613)	(1,753,985)	436,938	(30,805,660)
Improvements other than buildings	(22,542,603)	(2,914,179)	-	(25,456,782)
Machinery and equipment	(15,119,066)	(1,549,236)	368,285	(16,300,017)
Infrastructure	(172,320,853)	(8,082,342)	2,425,774	(177,977,421)
Lease assets - machinery and equipment	(128,374)	(54,029)	24,250	(158,153)
Lease assets - vehicles	(172,663)	(68,163)	76,884	(163,942)
Lease assets - buildings	(150,360)	(50,120)	-	(200,480)
Subscription-based IT assets	(1,226,417)	(675,011)	709,887	(1,191,541)
Total accumulated depreciation	<u>(241,148,949)</u>	<u>(15,147,065)</u>	<u>4,042,018</u>	<u>(252,253,996)</u>
Total capital assets, being depreciated, net	<u>377,424,745</u>	<u>2,277,870</u>	<u>(379,095)</u>	<u>379,323,520</u>
Total governmental activities capital assets, net	<u>\$ 540,522,314</u>	<u>\$ 18,443,226</u>	<u>\$ (14,941,279)</u>	<u>\$ 544,024,261</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

General Government	\$ 3,246,827
Public Safety	463,133
Public Works	9,204,779
Community Services	2,232,326
Total	<u>\$ 15,147,065</u>

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2025, is as follows:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2025</u>
Capital assets, not depreciated:				
Land	\$ 1,177,216	\$ -	\$ -	\$ 1,177,216
Construction in progress	23,157,472	14,255,280	(36,544,535)	868,217
Total capital assets, not depreciated	<u>24,334,688</u>	<u>14,255,280</u>	<u>(36,544,535)</u>	<u>2,045,433</u>
Capital assets, being depreciated:				
Buildings and improvements	16,499,406	29,661,949	-	46,161,355
Property, plant and equipment	83,919,572	6,867,091	(162,978)	90,623,685
Total capital assets, being depreciated	<u>100,418,978</u>	<u>36,529,040</u>	<u>(162,978)</u>	<u>136,785,040</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,359,381)	(361,329)	-	(7,720,710)
Property, plant and equipment	(36,680,912)	(2,025,441)	162,978	(38,543,375)
Total accumulated depreciation	<u>(44,040,293)</u>	<u>(2,386,770)</u>	<u>162,978</u>	<u>(46,264,085)</u>
Total capital assets, being depreciated, net	<u>56,378,685</u>	<u>34,142,270</u>	<u>-</u>	<u>90,520,955</u>
Total business-type activity capital assets, net	<u>\$ 80,713,373</u>	<u>\$48,397,550</u>	<u>\$(36,544,535)</u>	<u>\$ 92,566,388</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024*	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Claims and judgments	\$10,995,980	\$1,773,133	\$(1,271,883)	\$11,497,230	\$ 1,269,335
Subscription-based IT payable	1,480,460	141,948	(631,903)	990,505	350,963
Lease payable	354,638	141,159	(192,173)	303,624	159,521
Compensated absences*	5,256,531	5,518,698	(4,940,041)	5,835,188	4,551,447
Total governmental activities long-term liabilities	<u>\$18,087,609</u>	<u>\$7,574,938</u>	<u>\$(7,036,000)</u>	<u>\$18,626,547</u>	<u>\$ 6,331,266</u>
Business-type Activity:					
2016 Water Refunding					
Revenue Bonds	\$20,610,000	\$ -	\$ (925,000)	\$19,685,000	\$ 950,000
Bond premium	907,434	-	(52,605)	854,829	52,605
2020 Taxable Water					
Refunding Revenue Bonds	13,895,000	-	(445,000)	13,450,000	450,000
Direct Placement 2024					
2024 Water Revenue Bonds	4,125,000	-	(105,000)	4,020,000	135,000
Compensated absences*	398,152	525,477	(399,652)	523,977	408,702
Total business-type activity long-term liabilities	<u>\$39,935,586</u>	<u>\$ 525,477</u>	<u>\$(1,927,257)</u>	<u>\$38,533,806</u>	<u>\$ 1,996,307</u>

*Beginning balances of compensated absences have been restated to reflect the implementation of GASB 101.

Governmental Activities

Subscription-Based Information Technology (IT) Arrangements Payable

The City has entered into 14 subscription-based IT arrangements for various software applications and is required to make annual principal and interest payments ranging from \$3,276 to \$172,746 over the arrangement terms. The payable at June 30, 2025, was \$990,505. The future principal and interest lease payments as of June 30, 2025, were as follows:

June 30,	Principal	Interest	Total
2026	\$ 350,963	\$ 24,400	\$ 375,363
2027	280,997	15,115	296,112
2028	154,650	7,897	162,547
2029	115,307	4,447	119,754
2030	88,588	1,227	89,815
Totals	<u>\$ 990,505</u>	<u>\$ 53,086</u>	<u>\$ 1,043,591</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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 annual principal and interest payments ranging from \$1,198 to \$54,035 over the lease terms. The lease liability at June 30, 2025, was \$303,624. The future principal and interest lease payments as of June 30, 2025, were as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 159,521	\$ 9,898	\$ 169,419
2027	123,831	2,470	126,301
2028	10,588	438	11,026
2029	9,684	171	9,855
Totals	<u>\$ 303,624</u>	<u>\$ 12,977</u>	<u>\$ 316,601</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, 2025, is \$2,127,947.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2016 Water Refunding Revenue Bonds (Continued)

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, 2025, total interest and principal remaining on the bonds is \$25,456,162. During the fiscal year, the total interest expense incurred was \$669,200, principal payments were \$925,000, and net revenues were \$3,737,633.

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>
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	1,065,000	522,613	1,587,613
2031 - 2035	6,025,000	1,936,462	7,961,462
2036 - 2040	7,080,000	877,462	7,957,462
2041	1,540,000	46,200	1,586,200
Subtotals	19,685,000	5,771,162	25,456,162
Add: Premium	854,829	-	854,829
Totals	<u>\$ 20,539,829</u>	<u>\$ 5,771,162</u>	<u>\$ 26,310,991</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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2020 Taxable Water Refunding Revenue Bonds (Continued)

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, 2025, is \$593,936.

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, 2025, total interest and principal remaining on the bonds is \$18,289,655. During the fiscal year, the total interest expense incurred was \$389,721, principal payments were \$445,000, and net revenues were \$3,737,633.

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>
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	500,000	343,178	843,178
2031-2035	2,670,000	1,522,047	4,192,047
2036-2040	3,080,000	1,119,142	4,199,142
2041-2043	5,320,000	382,628	5,702,628
Totals	<u>\$ 13,450,000</u>	<u>\$ 4,839,655</u>	<u>\$ 18,289,655</u>

2024 Water Revenue Bonds

On February 6, 2024, the Tustin Public Financing Authority (“Financing 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2024 Water Revenue Bonds (Continued)

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 Financing Authority pursuant to an Installment Sale Agreement, dated as of February 1, 2024, by and between the City and the Financing 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.

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 City 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, 2025, total interest and principal remaining on the bonds is \$6,229,247. During the fiscal year, the total interest expense incurred was \$224,783, principal payments were \$105,000, and net revenues were \$3,737,633.

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>
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	160,000	166,049	326,049
2031-2035	935,000	705,648	1,640,648
2036-2040	1,180,000	457,900	1,637,900
2041-2044	1,170,000	144,600	1,314,600
Totals	<u>\$ 4,020,000</u>	<u>\$ 2,209,247</u>	<u>\$ 6,229,247</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 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. PEPRM 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, 2025

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:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Net pension liability	\$ (29,861,741)	\$ (48,461,788)	\$ (78,323,529)
Deferred outflows of resources - pension	8,174,843	17,256,531	25,431,374
Deferred inflows of resources - pension	-	(1,461,379)	(1,461,379)
Pension expense	6,323,541	10,383,916	16,707,457

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2024, are summarized as follows:

	<u>Miscellaneous</u>		
	<u>Prior to January 1, 2012</u>	<u>January 1, 2012 to December 31, 2012</u>	<u>On or After January 1, 2013</u>
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		10.09%	
Payment of unfunded liability		\$2,967,624	

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2024, are summarized as follows:

	Safety		
	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Hire date			
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	27.32%	20.09%	13.76%
Payment of unfunded liability	\$ 3,995,362	\$ 11,876	\$ 44,087

Employees Covered

At the valuation date ended June 30, 2023, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	328
Inactive employees entitled to but not yet receiving benefits	324
Active employees	221
Total	<u>873</u>

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, 2025

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

Contributions (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, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2024, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2025

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, 2023 (Valuation Date)	\$156,690,885	\$122,450,572	\$ 34,240,313
Changes in the Year:			
Service cost	3,211,327	-	3,211,327
Interest on the total pension liability	10,687,100	-	10,687,100
Differences between actual and expected experience	212,768	-	212,768
Contribution - employer	-	5,507,245	(5,507,245)
Contribution - employee	-	1,442,171	(1,442,171)
Net investment income	-	11,639,989	(11,639,989)
Administrative expenses	-	(99,638)	99,638
Benefit payments, including refunds of employee contributions	(7,247,624)	(7,247,624)	-
Net Changes	6,863,571	11,242,143	(4,378,572)
Balance at June 30, 2024 (Measurement Date)	\$ 163,554,456	\$ 133,692,715	\$ 29,861,741

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 - PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability (Continued)

As of June 30, 2025, the City reported \$48,461,788 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, 2024, 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, 2023, rolled forward to June 30, 2024, 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, 2023, and 2024 was as follows:

	<u>Safety</u>
Proportion - June 30, 2023	0.67588%
Proportion - June 30, 2024	<u>0.66470%</u>
Change - Increase (Decrease)	-0.01118%

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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 52,051,283	\$ 76,084,953
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 29,861,741	\$ 48,461,788
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 11,628,663	\$ 25,869,922

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2025, the City recognized pension expense of \$6,323,541 and \$10,383,916 for the Miscellaneous and Safety Plans, respectively. At June 30, 2025, 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	\$ 5,904,638	\$ -
Differences between actual and expected experience	340,293	-
Net differences between projected and actual earnings on plan investments	1,929,912	-
Total	\$ 8,174,843	\$ -
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,715,563	\$ -
Differences between actual and expected experience	3,954,913	(128,591)
Change in assumptions	1,193,999	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	551,091	(817,202)
Net differences between employer's contributions and proportionate share of contributions	1,498,543	(515,586)
Net differences between projected and actual earnings on plan investments	2,342,422	-
Total	\$ 17,256,531	\$ (1,461,379)

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 - PENSION PLANS (CONTINUED)

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

Deferred outflows of resources \$5,904,638 and \$7,715,563 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, 2026. 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
2026	\$ 171,706	\$ 3,169,266
2027	3,220,902	5,639,833
2028	(480,238)	71,959
2029	(642,162)	(801,471)
2030	-	-
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)

Plan Description (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.

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	314
Total	<u>450</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, 2025, the City contributed \$500,000 to the PARS OPEB trust, made payments of \$590,493 to insurance providers and retirees, and the estimated implied subsidy was \$341,600, resulting in total contributions of \$1,432,093. 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, 2025, 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, 2025, 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, 2025

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, 2025
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 on the next page 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, 2025

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:

- a. 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.
- b. 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	Municipal Bond Index	Bond Rate	Discount Rate
June 30, 2024	June 30, 2023	6.00%	Fidelity GO AA 20 Years	3.86%	6.00%
June 30, 2024	June 30, 2024	6.00%	Fidelity GO AA 20 Years	3.97%	6.00%
June 30, 2025	June 30, 2025	6.00%	Bond Buyer 20-Bond GO	5.20%	6.00%

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2024 (Measurement Date)	<u>\$ 18,119,154</u>	<u>\$ 4,269,006</u>	<u>\$ 13,850,148</u>
Changes in the Year:			
Service cost	656,754	-	656,754
Interest on the total OPEB liability	1,098,999	-	1,098,999
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	1,432,093	(1,432,093)
Net investment income	-	502,846	(502,846)
Benefit payments	(932,093)	(932,093)	-
Administrative expenses	-	(20,270)	20,270
Net Changes	<u>823,660</u>	<u>982,576</u>	<u>(158,916)</u>
Balance at June 30, 2025 (Measurement Date)	<u>\$ 18,942,814</u>	<u>\$ 5,251,582</u>	<u>\$ 13,691,232</u>

Change of Assumptions

From measurement date June 30, 2024, to measurement date June 30, 2025, 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	\$ 15,475,938	\$ 13,691,232	\$ 11,934,110

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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	\$ 11,819,118	\$ 13,691,232	\$ 16,121,141

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$1,407,305. At June 30, 2025, 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	\$ 303,983	\$ (883,014)
Change in assumptions	968,756	(278,788)
Differences between projected and actual earnings on investments	-	(179,294)
Total	<u>\$ 1,272,739</u>	<u>\$ (1,341,096)</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
2026	\$ (54,382)
2027	(161,549)
2028	(136,078)
2029	(87,957)
2030	90,845
Thereafter	280,764

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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 2025 were \$111,588.

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, 2025. At June 30, 2025, estimated claims payable of \$11,497,230, 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, 2025

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

Changes in the balances of claims liabilities for the years ended June 30, 2025, and 2024, including a provision for incurred but not reported claims and loss adjustment expenses, were as follows:

June 30,	Beginning Balance	Additions	Deletions	Ending Balance
2024	\$ 9,329,099	\$ 2,935,084	\$ (1,268,203)	\$ 10,995,980
2025	10,995,980	1,773,133	(1,271,883)	11,497,230

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, 2025
Community Facilities District 04-1, 2013	\$ 9,350,000	\$ 5,490,000
Community Facilities District 07-1, 2015A	13,155,000	11,455,000
Community Facilities District 06-1, 2014- 1 Refunding	55,650,000	55,650,000
	<u>\$ 78,155,000</u>	<u>\$ 72,595,000</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, 2025

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

30, 2025, the outstanding amount of the Special Tax Refunding Bonds, Series 2013 was \$5,490,000.

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, 2025, the outstanding amount of the CFD 07-1 2015A Refunding Bonds was \$11,455,000.

In June 2025, the City issued \$55,650,000 Community Facilities District No. 2014-01 and 06-01 Special Tax Refunding Bonds (CFD 2014-01 and 06-1 Refunding Bonds). The CFD 2014-01 and 06-1 Refunding Bonds were issued to refund in full and defease the CFD No. 2014-01 and CFD No. 06-1 Bonds. Serial current bonds will mature from September 1, 2026, to September 1, 2045, with an interest rate of 5.0%. The City's refunding of the CFD No. 2014-01 and CFD No. 06-1 Bonds resulted in a decrease of its total debt service payments by \$3,733,750 and an economic gain (difference between the present values of the old and new debt) of \$3,462,426. At June 30, 2025, the outstanding amount of the Community Facilities District 2014-01 and 06-1 Refunding Bonds was \$55,650,000.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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.

	General Fund	Housing Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 1,191,025	\$ -	\$ -	\$ 1,191,025
Land held for resale	102,457,773	-	-	102,457,773
Loan receivable	54,629	-	-	54,629
Advances to other funds	3,830,700	-	-	3,830,700
Restricted for:				
Capital projects (1)	16,972,518	-	15,432,469	32,404,987
Public safety program	287,923	-	1,031,583	1,319,506
Community services	528,434	-	330,291	858,725
Housing projects	-	71,795	2,317,922	2,389,717
Solid waste program	-	-	2,511,813	2,511,813
Pension	17,618,008	-	-	17,618,008
Assigned to:				
Capital projects (2)	-	-	10,666,178	10,666,178
Unassigned	117,309,376	-	(2,586)	117,306,790
Total fund balances	\$ 260,250,386	\$ 71,795	\$ 32,287,670	\$ 292,609,851

(1) Restricted for capital projects:

- General Fund \$16,972,518 - legally restricted for backbone infrastructure at the Tustin Legacy development.
- Other Governmental Funds:
 - Gas Tax Special Revenue Fund \$1,677,079 - comprised of state gas taxes restricted for allowable street-related purposes.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

- Cable PEG Fees Fund \$1,009,665 – comprised of state and federal cable franchise fees restricted for capital expenditures that support the City’s public access broadcasting and related communications.
- Air Quality Special Revenue Fund \$235,024 - restricted for projects to reduce pollution.
- Road Maintenance and Rehabilitation Special Revenue Fund \$7,512,515 - restricted for maintenance and rehabilitation of streets.
- Measure M Special Revenue Fund \$4,748,406 – 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 \$9,035,449 – for specific projects indicated in the adopted budget.
- Park Acquisition and Development Special Revenue Fund \$1,630,729 – 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.

NOTE 16 - JOINT POWERS AUTHORITY (CONTINUED)

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.

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:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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

Long-Term Liabilities

A summary of long-term liabilities activity for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Tax allocation bonds	\$41,830,000	\$ -	\$ (2,305,000)	\$39,525,000	\$2,395,000
Unamortized premium	4,503,572	-	(261,077)	4,242,495	261,077
Total long-term liabilities	<u>\$46,333,572</u>	<u>\$ -</u>	<u>\$ (2,566,077)</u>	<u>\$43,767,495</u>	<u>\$2,656,077</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, 2025, the amount of defeased 2010 Housing Bonds outstanding was \$4,805,401. 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 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, 2025, is \$4,805,401.

At June 30, 2025, the 2016 Tax Allocation Refunding Bonds outstanding balance was \$39,525,000.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

Year Ending June 30,	Principal	Interest	Total
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	2,030,000	1,007,075	3,037,075
2031 - 2035	11,525,000	3,684,813	15,209,813
2036 - 2040	13,790,000	1,413,425	15,203,425
2041	2,270,000	34,050	2,304,050
Totals	<u>\$ 39,525,000</u>	<u>\$ 11,362,163</u>	<u>\$ 50,887,163</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.

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, 2025, 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

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, 2025, with an estimated cost to complete of approximately \$75,724,520 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.

The City has approved the project and appropriated \$2,100,000 from the Voluntary Workforce Housing Incentive Special Revenue Fund to cover the grant and associated administrative costs. Entitlement process is underway.

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 \$105.8 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, 2025, the City recognized \$32,936,827 in emergency and clean-up expenses related to the fire incident. The City also recognized \$42,797,641 in reimbursement revenue from the Navy including \$34,894,486 of revenue that was deferred at June 30, 2024, and collected in fiscal year 2025. The remaining costs are expected to be reimbursed in the coming year.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2025

NOTE 21 – RESTATEMENT

The City implemented GASB 101: *Compensated Absences* during the fiscal year. This adjustment recognized vacation and sick leave (and applicable payroll taxes) that has not been used but is more likely than not to be used or settled in the future.

	Water Fund	Business-Type Activities	Governmental Activities
Net position, beginning of year, as previously reported	\$ 52,599,083	\$ 52,599,083	\$ 770,301,454
Implementation of GASB 101	(15,264)	(15,264)	(301,943)
Net position, beginning of year, as restated	<u>\$ 52,583,819</u>	<u>\$ 52,583,819</u>	<u>\$ 769,999,511</u>

NOTE 22 – SUBSEQUENT EVENTS

Land Purchase and Sale Agreement

On September 16, 2025, the City and Mariners Church entered into a purchase and sale agreement for approximately 3.324 acres of City-owned property located at Tustin Legacy. The agreement sets the purchase price at \$4 million with closing at the earliest of 30 days after satisfaction of closing conditions or the entitlement deadline on September 30, 2026.

Sale of Land Tustin Legacy

On December 12, 2025, the City closed escrow on the sale of 19.4 acres of land at Tustin Legacy to a developer for \$42.1 million.



SUNSET MARKET IN OLD TOWN TUSTIN



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, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Measurement period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Plan's proportion of the net pension liability	0.66470%	0.67588%	0.68936%	0.66329%	0.64745%
Plan's proportionate share of the net pension liability	\$ 48,461,788	\$ 50,521,884	\$ 47,370,171	\$ 23,278,195	\$ 40,839,584
Plan's covered payroll	\$ 14,000,339	\$ 13,375,405	\$ 12,664,376	\$ 11,498,163	\$ 10,848,695
Plan's proportionate share of the net pension liability as a percentage of covered payroll	346.15%	377.72%	374.04%	202.45%	376.45%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	76.66%	74.87%	75.53%	76.61%	73.12%
Plan's proportionate share of aggregate employer contributions	\$ 5,678,814	\$ 5,604,256	\$ 8,968,451	\$ 7,653,147	\$ 6,191,362

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. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2023 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions:

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

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's proportion of the net pension liability	0.61609%	0.62908%	0.60938%	0.60679%	0.58972%
Plan's proportionate share of the net pension liability	\$ 38,459,938	\$ 36,911,786	\$ 36,411,988	\$ 31,427,228	\$ 24,298,906
Plan's covered payroll	\$ 9,896,349	\$ 9,967,145	\$ 10,443,467	\$ 10,013,168	\$ 9,495,434
Plan's proportionate share of the net pension liability as a percentage of covered payroll	388.63%	370.33%	348.66%	313.86%	255.90%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.37%	75.26%	73.31%	74.06%	78.40%
Plan's proportionate share of aggregate employer contributions	\$ 5,000,688	\$ 4,600,007	\$ 3,520,089	\$ 3,193,318	\$ 3,182,851

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Contractually required contribution (actuarially determined)	\$ 6,715,563	\$ 5,989,388	\$ 5,729,176	\$ 5,243,210	\$ 4,592,442
Contributions in relation to the actuarially determined contributions	<u>(7,715,563)</u>	<u>(6,989,388)</u>	<u>(6,729,176)</u>	<u>(6,243,210)</u>	<u>(4,592,442)</u>
Contribution deficiency (excess)	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>
Covered payroll	\$ 15,270,231	\$ 14,000,339	\$ 13,375,405	\$ 12,664,376	\$ 11,498,163
Contributions as a percentage of covered payroll	50.53%	49.92%	50.31%	49.30%	39.94%

Notes to Schedule:

Valuation Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value				
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%
Salary increases	(2)	(2)	(2)	(2)	(2)
Discount rate	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(6)	(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.
- (6) 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.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution (actuarially determined)	\$ 4,132,787	\$ 3,641,308	\$ 3,204,833	\$ 3,002,977	\$ 2,708,192
Contributions in relation to the actuarially determined contributions	<u>(5,782,787)</u>	<u>(5,291,308)</u>	<u>(3,204,833)</u>	<u>(3,002,977)</u>	<u>(2,708,192)</u>
Contribution deficiency (excess)	<u>\$ (1,650,000)</u>	<u>\$ (1,650,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,848,695	\$ 9,896,349	\$ 9,967,145	\$ 10,443,467	\$ 10,013,668
Contributions as a percentage of covered payroll	53.30%	53.47%	32.15%	28.75%	27.04%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value				
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (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, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Measurement period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total Pension Liability:					
Service cost	\$ 3,211,327	\$ 3,103,217	\$ 3,049,919	\$ 2,693,820	\$ 2,581,396
Interest on total pension liability	10,687,100	10,246,763	9,777,454	9,379,056	8,860,960
Differences between expected and actual experience	212,768	647,330	134,069	1,568,479	(417,769)
Changes in assumptions	-	-	4,647,187	-	-
Changes in benefit terms	-	199,701	-	-	-
Benefit payments, including refunds of employee contributions	(7,247,624)	(7,222,606)	(6,576,321)	(6,434,816)	(5,207,052)
Net Change in Total Pension Liability	6,863,571	6,974,405	11,032,308	7,206,539	5,817,535
Total Pension Liability - Beginning of Year	156,690,885	149,716,480	138,684,172	131,477,633	125,660,098
Total Pension Liability - End of Year (a)	<u>\$ 163,554,456</u>	<u>\$ 156,690,885</u>	<u>\$ 149,716,480</u>	<u>\$ 138,684,172</u>	<u>\$ 131,477,633</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 5,507,245	\$ 5,229,452	\$ 4,877,030	\$ 3,581,172	\$ 4,837,028
Contributions - employee	1,442,171	1,267,450	1,239,440	1,196,644	1,190,426
Net investment income	11,639,989	7,165,286	(9,500,196)	23,665,065	5,011,357
Benefit payments	(7,247,624)	(7,222,606)	(6,576,321)	(6,434,816)	(5,207,052)
Net plan to plan resource movement	-	-	-	-	-
Other miscellaneous expense	-	-	-	-	-
Administrative expense	(99,638)	(85,372)	(78,575)	(104,120)	(138,915)
Net Change in Plan Fiduciary Net Position	11,242,143	6,354,210	(10,038,622)	21,903,945	5,692,844
Plan Fiduciary Net Position - Beginning of Year	122,450,572	116,096,362	126,134,984	104,231,039	98,538,195
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 133,692,715</u>	<u>\$ 122,450,572</u>	<u>\$ 116,096,362</u>	<u>\$ 126,134,984</u>	<u>\$ 104,231,039</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 29,861,741</u>	<u>\$ 34,240,313</u>	<u>\$ 33,620,118</u>	<u>\$ 12,549,188</u>	<u>\$ 27,246,594</u>
Plan fiduciary net position as a percentage of the total pension liability	81.74%	78.15%	77.54%	90.95%	79.28%
Covered payroll	\$ 19,265,627	\$ 18,865,908	\$ 18,260,967	\$ 17,513,680	\$ 16,946,205
Net pension liability as percentage of covered payroll	155.00%	181.49%	184.11%	71.65%	160.78%

Benefit Changes:

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

Changes in Assumptions:

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

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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability:					
Service cost	\$ 2,456,587	\$ 2,402,594	\$ 2,211,312	\$ 1,840,275	\$ 1,779,008
Interest on total pension liability	8,458,273	8,052,611	7,614,130	7,306,376	6,982,672
Differences between expected and actual experience	(222,610)	(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	(4,648,016)	(4,523,921)	(4,300,829)	(4,102,189)	(3,956,389)
Net Change in Total Pension Liability	6,044,234	6,555,150	11,377,097	4,512,867	3,487,062
Total Pension Liability - Beginning of Year	119,615,864	113,060,714	101,683,617	97,170,750	93,683,688
Total Pension Liability - End of Year (a)	<u>\$ 125,660,098</u>	<u>\$ 119,615,864</u>	<u>\$ 113,060,714</u>	<u>\$ 101,683,617</u>	<u>\$ 97,170,750</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 4,373,702	\$ 2,249,216	\$ 1,881,701	\$ 1,850,072	\$ 1,503,081
Contributions - employee	1,097,180	1,043,932	1,037,304	998,937	905,331
Net investment income	6,030,153	7,268,642	8,829,526	372,172	1,753,374
Benefit payments	(4,648,016)	(4,523,921)	(4,300,829)	(4,102,189)	(3,956,389)
Net plan to plan resource movement	-	(213)	-	-	(114)
Other miscellaneous expense	213	(254,792)	-	-	-
Administrative expense	(65,475)	(134,170)	(116,299)	(48,573)	(89,714)
Net Change in Plan Fiduciary Net Position	6,787,757	5,648,694	7,331,403	(929,581)	115,569
Plan Fiduciary Net Position - Beginning of Year	91,750,438	86,101,744	78,770,341	79,699,922	79,584,353
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 98,538,195</u>	<u>\$ 91,750,438</u>	<u>\$ 86,101,744</u>	<u>\$ 78,770,341</u>	<u>\$ 79,699,922</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 27,121,903</u>	<u>\$ 27,865,426</u>	<u>\$ 26,958,970</u>	<u>\$ 22,913,276</u>	<u>\$ 17,470,828</u>
Plan fiduciary net position as a percentage of the total pension liability	78.42%	76.70%	76.16%	77.47%	82.02%
Covered payroll	\$ 16,542,504	\$ 15,403,283	\$ 14,684,868	\$ 13,828,003	\$ 12,847,036
Net pension liability as percentage of covered payroll	163.95%	180.91%	183.58%	165.70%	135.99%

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Contractually required contribution (actuarially determined)	\$ 4,959,638	\$ 5,430,658	\$ 4,333,352	\$ 3,877,030	\$ 3,581,172
Contributions in relation to the actuarially determined contributions	(5,904,638)	(6,375,658)	(5,278,352)	(4,877,030)	(3,581,172)
Contribution deficiency (excess)	<u>\$ (945,000)</u>	<u>\$ (945,000)</u>	<u>\$ (945,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>
Covered payroll	\$ 21,360,011	\$ 19,265,627	\$ 18,865,908	\$ 18,260,967	\$ 17,513,680
Contributions as a percentage of covered payroll	27.64%	33.09%	27.98%	21.22%	20.45%

Notes to Schedule:

Valuation Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value				
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.80% (3)	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(6)	(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.

(6) 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.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution (actuarially determined)	\$ 3,187,028	\$ 2,723,702	\$ 2,249,217	\$ 1,881,701	\$ 1,850,100
Contributions in relation to the actuarially determined contributions	<u>(4,837,028)</u>	<u>(4,373,702)</u>	<u>(2,249,217)</u>	<u>(1,881,701)</u>	<u>(1,850,100)</u>
Contribution deficiency (excess)	<u>\$ (1,650,000)</u>	<u>\$ (1,650,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,946,205	\$ 16,542,504	\$ 15,403,283	\$ 14,684,868	\$ 13,828,003
Contributions as a percentage of covered payroll	28.54%	26.44%	14.60%	12.81%	13.38%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age				
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value				
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (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	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:								
Service cost	\$ 656,754	\$ 639,177	\$ 546,336	\$ 531,714	\$ 482,722	\$ 437,360	\$ 735,504	\$ 714,949
Interest on total OPEB liability	1,098,999	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	(932,093)	(890,995)	(845,810)	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Net Change in Total OPEB Liability	823,660	1,338,583	712,872	1,291,166	1,155,019	(1,723,969)	449,593	891,643
Total OPEB Liability - Beginning of Year	18,119,154	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)	18,942,814	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	1,432,093	1,390,995	1,345,810	1,339,870	849,652	1,291,153	1,277,685	1,686,172
Net investment income	502,846	352,275	212,945	(335,000)	431,637	97,677	77,171	3,283
Benefit payments	(932,093)	(890,995)	(845,810)	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Administrative expense	(20,270)	(17,386)	(14,960)	(14,404)	(13,016)	(11,216)	-	-
Net Change in Plan Fiduciary Net Position	982,576	834,889	697,985	150,596	418,621	586,461	577,171	1,003,283
Plan Fiduciary Net Position - Beginning of Year	4,269,006	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)	5,251,582	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)	\$ 13,691,232	\$ 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	27.72%	23.56%	20.46%	17.03%	17.50%	15.91%	10.30%	6.74%
Covered - employee payroll	\$ 48,744,377	\$ 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	28.09%	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 eight years are shown.

CITY OF TUSTIN
SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 1,950,738	\$ 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	<u>(1,432,093)</u>	<u>(1,390,995)</u>	<u>(1,345,810)</u>	<u>(1,339,870)</u>	<u>(849,652)</u>	<u>(1,291,153)</u>	<u>(1,277,685)</u>	<u>(1,686,172)</u>
Contribution deficiency (excess)	<u>\$ 518,645</u>	<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	\$ 48,744,377	\$ 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	2.94%	3.06%	3.02%	3.41%	2.16%	4.04%	5.42%	6.98%

Notes to Schedule:

Valuation Date	6/30/2023	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							
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.50%	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%	2.75%
Healthcare trend rates	(5)	(5)	(4)	(3)	(3)	(2)	(2)	(2)
Rate of return on assets	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality rate	CalPERS Rates							
Retirement rates	CalPERS 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 eight 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

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense (1)</u>
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%
6/30/2025	11.50%

(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 eight 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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 70,188,002	\$ 69,562,460	\$ 71,777,165	\$ 2,214,705
Licenses and permits	1,821,785	2,610,286	2,416,550	(193,736)
Fines and forfeitures	916,000	829,450	973,445	143,995
Investment income	2,474,075	2,300,000	9,464,584	7,164,584
Intergovernmental revenue	1,797,232	457,285	622,578	165,293
Intergovernmental revenue - Hanger fire	-	69,166,047	42,797,641	(26,368,406)
Charges for services	4,365,908	4,539,232	4,687,316	148,084
Developer fees	-	22,180,830	21,805,040	(375,790)
Rental income	2,929,162	3,122,553	3,091,485	(31,068)
Other revenue	406,100	491,750	1,202,151	710,401
TOTAL REVENUES	84,898,264	175,259,893	158,837,955	(16,421,938)
EXPENDITURES:				
Current:				
General government	29,032,242	29,547,366	25,494,329	4,053,037
General government - Hanger Fire	-	34,087,482	32,936,827	1,150,655
Public safety	50,245,300	50,879,875	49,987,387	892,488
Public works	16,934,485	17,778,270	16,182,323	1,595,947
Community services	5,683,250	5,958,046	5,815,956	142,090
Capital outlay	77,707,631	80,621,386	11,985,804	68,635,582
Debt service:				
Principal retirement	81,200	81,200	824,076	(742,876)
Interest expense	3,500	3,500	54,792	(51,292)
TOTAL EXPENDITURES	179,687,608	218,957,125	143,281,494	75,675,631
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(94,789,344)	(43,697,232)	15,556,461	59,253,693
OTHER FINANCING SOURCES (USES):				
Transfer in	12,955,414	13,806,404	13,243,136	(563,268)
Transfer out	(1,169,895)	(1,812,143)	(1,087,110)	725,033
Issuance of debt	-	-	141,159	141,159
Issuance of leases	-	-	141,948	141,948
TOTAL OTHER FINANCING SOURCES (USES)	11,785,519	11,994,261	12,439,133	444,872
NET CHANGE IN FUND BALANCE	(83,003,825)	(31,702,971)	27,995,594	59,698,565
FUND BALANCE - BEGINNING OF YEAR	232,254,792	232,254,792	232,254,792	-
FUND BALANCE - END OF YEAR	\$ 149,250,967	\$ 200,551,821	\$ 260,250,386	\$ 59,698,565

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 3,060	\$ 3,060
Intergovernmental revenue	330,525	330,525	330,525	-
Charges for services	-	-	50,808	50,808
Other revenue	466,651	466,651	16,194	(450,457)
TOTAL REVENUES	797,176	797,176	400,587	(396,589)
EXPENDITURES:				
Current:				
Community services	1,707,640	1,707,640	1,481,847	225,793
TOTAL EXPENDITURES	1,707,640	1,707,640	1,481,847	225,793
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(910,464)	(910,464)	(1,081,260)	(170,796)
OTHER FINANCING SOURCES (USES):				
Transfer in	1,352,186	1,352,186	985,912	(366,274)
Transfer out	(466,651)	(460,393)	(460,393)	-
Proceeds from the sale of capital assets	-	-	69,041	(69,041)
NET CHANGE IN FUND BALANCE	(24,929)	(18,671)	(486,700)	(606,111)
FUND BALANCE - BEGINNING OF YEAR	558,495	558,495	558,495	-
FUND BALANCE - END OF YEAR	\$ 533,566	\$ 539,824	\$ 71,795	\$ (606,111)

See accompanying notes to the required supplementary information

CITY OF TUSTIN
Note to Required Supplementary Information
June 30, 2025

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 funding 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.

TUSTIN



TUSTIN LEGACY PARK

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.

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.

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

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 as well as federal and state grants to develop the City’s park system.

Measure M – This fund is used to account for monies received from the Orange County Transportation Authority for street projects and transportation activities.

CITY OF TUSTIN
Other Governmental Funds
June 30, 2025

Cable PEG Fees – This fund is used to account for monies received from cable franchise PEG revenues for capital equipment and improvements supporting public, educational, and governmental access programming.

Landscape Lighting – This fund is used to account for monies received from assessment revenues that are restricted for landscaping and street-lighting within the district.

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, 2025

	Special Revenue Funds							
	Gas Tax	CDBG	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	American Rescue Plan Act (ARPA)	Special Tax B	Road Maintenance and Rehabilitation
ASSETS								
Cash and investments	\$1,707,745	\$ -	\$ 356,068	\$ 234,017	\$ 612,393	\$ 697,542	\$ 1,750	\$ 7,126,158
Receivables:								
Accounts	207,032	265,338	-	27,444	-	-	65,191	386,357
Interest	7,532	-	1,551	1,007	2,666	9,161	-	-
Leases	-	-	-	-	-	-	-	-
Allowance for uncollectibles	(11,393)	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$1,910,916</u>	<u>\$ 265,338</u>	<u>\$ 357,619</u>	<u>\$ 262,468</u>	<u>\$ 615,059</u>	<u>\$ 706,703</u>	<u>\$ 66,941</u>	<u>\$ 7,512,515</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and accrued liabilities	\$ 233,837	\$ 123,487	\$ -	\$ -	\$ 6,285	\$ -	\$ 1,751	\$ -
Due to other funds	-	144,436	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	706,703	-	-
TOTAL LIABILITIES	<u>233,837</u>	<u>267,923</u>	<u>-</u>	<u>-</u>	<u>6,285</u>	<u>706,703</u>	<u>1,751</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue	-	-	-	27,444	-	-	-	-
Lease related	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOW OF RESOURCES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:								
Restricted	1,677,079	-	357,619	235,024	608,774	-	65,190	7,512,515
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(2,585)	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,677,079</u>	<u>(2,585)</u>	<u>357,619</u>	<u>235,024</u>	<u>608,774</u>	<u>-</u>	<u>65,190</u>	<u>7,512,515</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$1,910,916</u>	<u>\$ 265,338</u>	<u>\$ 357,619</u>	<u>\$ 262,468</u>	<u>\$ 615,059</u>	<u>\$ 706,703</u>	<u>\$ 66,941</u>	<u>\$ 7,512,515</u>

Special Revenue Funds (Continued)						Capital Projects Funds			Total
Voluntary Workforce Housing Incentive	Solid Waste	Park Acquisition and Development	Measure M	Cable PEG Fees	Landscape Lighting	Construction 95-1	Other Capital Projects	CFD Construction	Other Governmental Funds
\$2,307,858	\$2,677,021	\$ 1,424,952	\$4,515,254	\$ 984,356	\$ 466,008	\$ 249,779	\$ 9,954,797	\$ 3,350	\$ 33,319,048
-	250	1,886,840	406,973	21,025	4,807	-	-	-	3,271,257
10,064	11,657	18,663	19,662	4,284	-	-	42,914	-	129,161
-	-	3,830,396	-	-	-	-	-	-	3,830,396
-	-	-	-	-	-	-	-	-	(11,393)
<u>\$2,317,922</u>	<u>\$2,688,928</u>	<u>\$ 7,160,851</u>	<u>\$4,941,889</u>	<u>\$1,009,665</u>	<u>\$ 470,815</u>	<u>\$ 249,779</u>	<u>\$ 9,997,711</u>	<u>\$ 3,350</u>	<u>\$ 40,538,469</u>
\$ -	\$ 50,643	\$ 555,745	\$ 193,482	\$ -	\$ 140,524	\$ -	\$ 962,262	\$ 3,350	\$ 2,271,366
-	-	-	-	-	-	-	-	-	144,436
-	126,472	-	-	-	-	-	-	-	833,175
-	177,115	555,745	193,482	-	140,524	-	962,262	3,350	3,248,977
-	-	1,562,828	-	-	-	-	-	-	1,590,272
-	-	3,411,549	-	-	-	-	-	-	3,411,549
-	-	4,974,377	-	-	-	-	-	-	5,001,821
2,317,922	2,511,813	-	4,748,407	1,009,665	330,291	249,779	-	-	21,624,078
-	-	1,630,729	-	-	-	-	9,035,449	-	10,666,178
-	-	-	-	-	-	-	-	-	(2,585)
<u>2,317,922</u>	<u>2,511,813</u>	<u>1,630,729</u>	<u>4,748,407</u>	<u>1,009,665</u>	<u>330,291</u>	<u>249,779</u>	<u>9,035,449</u>	<u>-</u>	<u>32,287,671</u>
<u>\$2,317,922</u>	<u>\$2,688,928</u>	<u>\$ 7,160,851</u>	<u>\$4,941,889</u>	<u>\$1,009,665</u>	<u>\$ 470,815</u>	<u>\$ 249,779</u>	<u>\$ 9,997,711</u>	<u>\$ 3,350</u>	<u>\$ 40,538,469</u>

CITY OF TUSTIN

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

For the year ended June 30, 2025

	Special Revenue Funds								
	Gas Tax	CDBG	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	American Rescue Plan Act (ARPA)	Special Tax B	Road Maintenance and Rehabilitation	Voluntary Workforce Housing Incentive
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,297,588	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Investment income	86,383	-	16,348	8,713	29,207	103,827	-	278,204	118,428
Intergovernmental revenue	2,274,471	582,712	36,783	104,415	239,239	3,111,740	-	2,192,461	-
Charges for services	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,360,854	582,712	53,131	113,128	268,446	3,215,567	6,297,588	2,470,665	118,428
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	-	7,000	-	-
Public safety	-	-	-	-	184,789	-	-	-	-
Public works	1,825,020	-	-	-	-	-	-	16,959	-
Community services	-	582,712	-	-	-	-	-	-	101,829
Capital outlay	692,525	-	34,428	-	4,269	-	-	61,225	-
TOTAL EXPENDITURES	2,517,545	582,712	34,428	-	189,058	-	7,000	78,184	101,829
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(156,691)	-	18,703	113,128	79,388	3,215,567	6,290,588	2,392,481	16,599
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3,215,567)	(6,260,887)	-	-
TOTAL OTHER FINANCING (USES)	-	-	-	-	-	(3,215,567)	(6,260,887)	-	-
NET CHANGE IN FUND BALANCES	(156,691)	-	18,703	113,128	79,388	-	29,701	2,392,481	16,599
FUND BALANCES - BEGINNING OF YEAR	1,833,770	(2,585)	338,916	121,896	529,386	-	35,489	5,120,034	2,301,323
FUND BALANCES - END OF YEAR	\$ 1,677,079	\$ (2,585)	\$ 357,619	\$ 235,024	\$ 608,774	\$ -	\$ 65,190	\$ 7,512,515	\$ 2,317,922

Special Revenue Funds (Continued)					Capital Projects Funds			Total Other Governmental Funds
Solid Waste	Park Acquisition and Development	Measure M	Cable PEG Fees	Lighting Landscape	Construction 95-1	Other Capital Projects	CFD Construction	
\$ -	\$ -	\$ -	\$ -	\$ 810,069	\$ -	\$ -	\$ -	\$ 7,107,657
500	-	-	-	-	-	-	-	500
114,786	198,127	191,247	45,941	11,938	-	533,973	383	1,737,505
127,002	4,854,710	2,282,051	-	-	-	1,239	-	15,806,823
248,918	16,276	-	-	-	-	-	-	265,194
-	314,613	-	-	-	-	-	-	314,613
372,927	-	1,347	88,143	-	-	-	-	462,417
864,133	5,383,726	2,474,645	134,084	822,007	-	535,212	383	25,694,709
-	-	-	-	-	-	-	383	7,383
-	-	-	-	-	-	-	-	184,789
402,762	-	-	-	792,425	-	-	-	3,037,166
-	56,473	-	-	-	-	-	-	741,014
-	5,725,520	577,430	27,735	-	-	2,456,661	-	9,579,793
402,762	5,781,993	577,430	27,735	792,425	-	2,456,661	383	13,550,145
461,371	(398,267)	1,897,215	106,349	29,582	-	(1,921,449)	-	12,144,564
-	-	-	-	101,198	-	-	-	101,198
-	-	(136,289)	-	-	-	(3,170,000)	-	(12,782,743)
-	-	(136,289)	-	101,198	-	(3,170,000)	-	(12,681,545)
461,371	(398,267)	1,760,926	106,349	130,780	-	(5,091,449)	-	(536,981)
2,050,442	2,028,996	2,987,481	903,316	199,511	249,779	14,126,898	-	32,824,652
<u>\$ 2,511,813</u>	<u>\$ 1,630,729</u>	<u>\$ 4,748,407</u>	<u>\$ 1,009,665</u>	<u>\$ 330,291</u>	<u>\$ 249,779</u>	<u>\$ 9,035,449</u>	<u>\$ -</u>	<u>\$ 32,287,671</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 60,000	\$ 60,000	\$ 86,383	\$ 26,383
Intergovernmental revenue	2,222,406	2,222,406	2,274,471	52,065
TOTAL REVENUES	<u>2,282,406</u>	<u>2,282,406</u>	<u>2,360,854</u>	<u>78,448</u>
EXPENDITURES:				
Current:				
Public works	1,856,498	1,895,498	1,825,020	70,478
Capital outlay	2,414,000	3,605,090	692,525	2,912,565
TOTAL EXPENDITURES	<u>4,270,498</u>	<u>5,500,588</u>	<u>2,517,545</u>	<u>2,983,043</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,988,092)</u>	<u>(3,218,182)</u>	<u>(156,691)</u>	<u>3,061,491</u>
NET CHANGE IN FUND BALANCE	(1,988,092)	(3,218,182)	(156,691)	3,061,491
FUND BALANCE - BEGINNING OF YEAR	<u>1,833,770</u>	<u>1,833,770</u>	<u>1,833,770</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (154,322)</u>	<u>\$ (1,384,412)</u>	<u>\$ 1,677,079</u>	<u>\$ 3,061,491</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 904,235	\$ 904,235	\$ 582,713	\$ (321,522)
TOTAL REVENUES	904,235	904,235	582,713	(321,522)
EXPENDITURES:				
Current:				
Community services	493,235	493,235	582,713	(89,478)
Capital outlay	411,000	411,000	-	411,000
TOTAL EXPENDITURES	904,235	904,235	582,713	321,522
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	(2,585)	(2,585)	(2,585)	-
FUND BALANCE - END OF YEAR	\$ (2,585)	\$ (2,585)	\$ (2,585)	\$ -

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 3,000	\$ 3,000	\$ 16,348	\$ 13,348
Intergovernmental revenue	-	-	36,783	36,783
TOTAL REVENUES	3,000	3,000	53,131	50,131
EXPENDITURES:				
Capital outlay	-	34,500	34,428	72
TOTAL EXPENDITURES	-	34,500	34,428	72
EXCESS OF REVENUES OVER EXPENDITURES	3,000	(31,500)	18,703	50,203
NET CHANGE IN FUND BALANCE	3,000	(31,500)	18,703	50,203
FUND BALANCE - BEGINNING OF YEAR	338,916	338,916	338,916	-
FUND BALANCE - END OF YEAR	\$ 341,916	\$ 307,416	\$ 357,619	\$ 50,203

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,500	\$ 1,500	\$ 8,713	\$ 7,213
Intergovernmental revenue	95,900	95,900	104,415	8,515
TOTAL REVENUES	97,400	97,400	113,128	15,728
EXPENDITURES:				
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	97,400	97,400	113,128	15,728
FUND BALANCE - BEGINNING OF YEAR	121,896	121,896	121,896	-
FUND BALANCE - END OF YEAR	\$ 219,296	\$ 219,296	\$ 235,024	\$ 15,728

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 5,000	\$ 5,000	\$ 29,207	\$ 24,207
Intergovernmental revenue	176,000	125,000	239,239	114,239
TOTAL REVENUES	181,000	130,000	268,446	138,446
EXPENDITURES:				
Current:				
Public safety	237,102	230,416	184,789	45,627
Capital outlay	-	-	4,269	(4,269)
TOTAL EXPENDITURES	237,102	230,416	189,058	41,358
EXCESS OF REVENUES OVER EXPENDITURES	(56,102)	(100,416)	79,388	179,804
NET CHANGE IN FUND BALANCE	(56,102)	(100,416)	79,388	179,804
FUND BALANCE - BEGINNING OF YEAR	529,386	529,386	529,386	-
FUND BALANCE - END OF YEAR	\$ 473,284	\$ 428,970	\$ 608,774	\$ 179,804

CITY OF TUSTIN

BUDGETARY COMPARISON SCHEDULE
 ARPA SPECIAL REVENUE FUND

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 15,000	\$ 15,000	\$ 103,827	\$ 88,827
Intergovernmental revenue	-	-	3,111,740	3,111,740
TOTAL REVENUES	15,000	15,000	3,215,567	3,200,567
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,000	15,000	3,215,567	3,200,567
OTHER FINANCING SOURCES (USES):				
Transfer out	(3,215,567)	(3,215,567)	(3,215,567)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,215,567)	(3,215,567)	(3,215,567)	-
NET CHANGE IN FUND BALANCE	(3,200,567)	(3,200,567)	-	3,200,567
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (3,200,567)	\$ (3,200,567)	\$ -	\$ 3,200,567

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 6,303,025	\$ 6,303,025	\$ 6,297,588	\$ (5,437)
TOTAL REVENUES	<u>6,303,025</u>	<u>6,303,025</u>	<u>6,297,588</u>	<u>(5,437)</u>
EXPENDITURES:				
Current:				
General government	<u>10,000</u>	<u>10,000</u>	<u>7,000</u>	<u>3,000</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>7,000</u>	<u>3,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,293,025</u>	<u>6,293,025</u>	<u>6,290,588</u>	<u>(2,437)</u>
OTHER FINANCING SOURCES (USES):				
Transfer out	<u>(6,293,025)</u>	<u>(6,293,025)</u>	<u>(6,260,887)</u>	<u>32,138</u>
NET CHANGE IN FUND BALANCE	-	-	29,701	29,701
FUND BALANCE - BEGINNING OF YEAR	<u>35,489</u>	<u>35,489</u>	<u>35,489</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 35,489</u>	<u>\$ 35,489</u>	<u>\$ 65,190</u>	<u>\$ 29,701</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 100,000	\$ 100,000	\$ 278,204	\$ 178,204
Intergovernmental revenue	2,057,600	2,057,600	2,192,461	134,861
TOTAL REVENUES	<u>2,157,600</u>	<u>2,157,600</u>	<u>2,470,665</u>	<u>313,065</u>
EXPENDITURES:				
Current:				
Public works	34,252	34,252	16,959	17,293
Capital outlay	4,770,000	4,770,000	61,225	4,708,775
TOTAL EXPENDITURES	<u>4,804,252</u>	<u>4,804,252</u>	<u>78,184</u>	<u>4,726,068</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,646,652)</u>	<u>(2,646,652)</u>	<u>2,392,481</u>	<u>5,039,133</u>
NET CHANGE IN FUND BALANCE	(2,646,652)	(2,646,652)	2,392,481	5,039,133
FUND BALANCE - BEGINNING OF YEAR	<u>5,120,034</u>	<u>5,120,034</u>	<u>5,120,034</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,473,382</u>	<u>\$ 2,473,382</u>	<u>\$ 7,512,515</u>	<u>\$ 5,039,133</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 118,428	\$ 118,428
TOTAL REVENUES	-	-	118,428	118,428
EXPENDITURES:				
Current:				
Community services	-	2,100,000	101,829	1,998,171
TOTAL EXPENDITURES	-	2,100,000	101,829	1,998,171
EXCESS OF REVENUES OVER EXPENDITURES	-	(2,100,000)	16,599	2,116,599
NET CHANGE IN FUND BALANCE	-	(2,100,000)	16,599	2,116,599
FUND BALANCE - BEGINNING OF YEAR	2,301,323	2,301,323	2,301,323	-
FUND BALANCE - END OF YEAR	\$ 2,301,323	\$ 201,323	\$ 2,317,922	\$ 2,116,599

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ 500	\$ 500
Investment income	20,000	20,000	114,786	94,786
Intergovernmental revenue	150,000	150,000	127,002	(22,998)
Charges for services	220,000	220,000	248,918	28,918
Other revenue	-	-	372,927	372,927
TOTAL REVENUES	<u>390,000</u>	<u>390,000</u>	<u>864,133</u>	<u>474,133</u>
EXPENDITURES:				
Current:				
Public works	<u>521,661</u>	<u>521,246</u>	<u>402,762</u>	<u>118,484</u>
TOTAL EXPENDITURES	<u>521,661</u>	<u>521,246</u>	<u>402,762</u>	<u>118,484</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(131,661)</u>	<u>(131,246)</u>	<u>461,371</u>	<u>592,617</u>
NET CHANGE IN FUND BALANCE	(131,661)	(131,246)	461,371	592,617
FUND BALANCE - BEGINNING OF YEAR	<u>2,050,442</u>	<u>2,050,442</u>	<u>2,050,442</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,918,781</u>	<u>\$ 1,919,196</u>	<u>\$ 2,511,813</u>	<u>\$ 592,617</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 198,127	\$ 178,127
Intergovernmental revenue	6,050,000	6,050,000	4,854,710	(1,195,290)
Charges for services	25,000	25,000	16,276	(8,724)
Rental income	360,000	360,000	314,613	(45,387)
TOTAL REVENUES	<u>6,455,000</u>	<u>6,455,000</u>	<u>5,383,726</u>	<u>(1,071,274)</u>
EXPENDITURES:				
Current:				
Community services	-	-	56,473	(56,473)
Capital outlay	7,284,980	8,309,448	5,725,520	2,583,928
TOTAL EXPENDITURES	<u>7,284,980</u>	<u>8,309,448</u>	<u>5,781,993</u>	<u>2,527,455</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(829,980)</u>	<u>(1,854,448)</u>	<u>(398,267)</u>	<u>1,456,181</u>
NET CHANGE IN FUND BALANCE	(829,980)	(1,854,448)	(398,267)	1,456,181
FUND BALANCE - BEGINNING OF YEAR	<u>2,028,996</u>	<u>2,028,996</u>	<u>2,028,996</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,199,016</u>	<u>\$ 174,548</u>	<u>\$ 1,630,729</u>	<u>\$ 1,456,181</u>

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment income	50,000	50,000	191,247	141,247
Intergovernmental revenue	2,230,000	2,230,000	2,282,051	52,051
Other revenue	-	-	1,347	1,347
TOTAL REVENUES	2,280,000	2,280,000	2,474,645	194,645
EXPENDITURES:				
Capital outlay	1,109,029	3,728,391	577,430	3,150,961
TOTAL EXPENDITURES	1,109,029	3,728,391	577,430	3,150,961
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,170,971	(1,448,391)	1,897,215	3,345,606
OTHER FINANCING SOURCES (USES):				
Transfer out	(80,000)	(80,000)	(136,289)	(56,289)
NET CHANGE IN FUND BALANCE	1,090,971	(1,528,391)	1,760,926	3,289,317
FUND BALANCE - BEGINNING OF YEAR	2,987,481	2,987,481	2,987,481	-
FUND BALANCE - END OF YEAR	\$ 4,078,452	\$ 1,459,090	\$ 4,748,407	\$ 3,289,317

CITY OF TUSTIN

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

CABLE PEG FEE SPECIAL REVENUE FUND

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 45,941	\$ 35,941
Other revenue	110,000	110,000	88,143	(21,857)
TOTAL REVENUES	120,000	120,000	134,084	14,084
EXPENDITURES:				
Capital outlay	150,000	150,000	27,735	122,265
TOTAL EXPENDITURES	150,000	150,000	27,735	122,265
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(30,000)	106,349	136,349
NET CHANGE IN FUND BALANCE	(30,000)	(30,000)	106,349	136,349
FUND BALANCE - BEGINNING OF YEAR	903,316	903,316	903,316	-
FUND BALANCE - END OF YEAR	\$ 873,316	\$ 873,316	\$ 1,009,665	\$ 136,349

CITY OF TUSTIN

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

LANDSCAPE LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 813,262	\$ 813,262	\$ 810,069	\$ (3,193)
Investment income	-	-	11,938	11,938
TOTAL REVENUES	813,262	813,262	822,007	8,745
EXPENDITURES:				
Current:				
Public works	898,600	923,600	792,425	131,175
TOTAL EXPENDITURES	898,600	923,600	792,425	131,175
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(85,338)	(110,338)	29,582	139,920
OTHER FINANCING SOURCES (USES):				
Transfer in	87,538	87,538	101,198	13,660
NET CHANGE IN FUND BALANCE	2,200	(22,800)	130,780	153,580
FUND BALANCE - BEGINNING OF YEAR	199,511	199,511	199,511	-
FUND BALANCE - END OF YEAR	\$ 201,711	\$ 176,711	\$ 330,291	\$ 153,580

CITY OF TUSTIN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2025

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Community Facilities District 06-1 and 2014- 1 Refunding 2025	Total
ASSETS						
Restricted cash and investments	\$ 1,256,019	\$ -	\$ 2,133,239	\$ -	\$ 2,895,818	\$ 6,285,076
Accounts receivable	6,903	23,529	-	47,191	-	77,623
TOTAL ASSETS	1,262,922	23,529	2,133,239	47,191	2,895,818	6,362,699
NET POSITION						
Restricted for: Bondholders	<u>\$ 1,262,922</u>	<u>\$ 23,529</u>	<u>\$ 2,133,239</u>	<u>\$ 47,191</u>	<u>\$ 2,895,818</u>	<u>\$ 6,362,699</u>

CITY OF TUSTIN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the year ended June 30, 2025

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Community Facilities District 06-1 and 2014- 1 Refunding 2025	Total
ADDITIONS						
Tax revenue	\$ 696,121	\$ 3,839,984	\$ 1,120,260	\$ 1,703,910	\$ -	\$ 7,360,275
Investment income	39,997	270,531	78,373	157,764	-	546,665
Funding on bond reserve	-	-	-	-	2,895,818	2,895,818
TOTAL ADDITIONS	736,118	4,110,515	1,198,633	1,861,674	2,895,818	10,802,758
DEDUCTIONS						
Administrative expenses	17,916	88,005	43,495	30,826	-	180,242
Payments on bonds	420,000	9,047,265	495,000	4,421,906	-	14,384,171
Interest	250,906	2,028,031	570,238	1,234,300	-	4,083,475
TOTAL DEDUCTIONS	688,822	11,163,301	1,108,733	5,687,032	-	18,647,888
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	47,296	(7,052,786)	89,900	(3,825,358)	2,895,818	(7,845,130)
NET POSITION AT BEGINNING OF YEAR	1,215,626	7,076,315	2,043,339	3,872,549	-	14,207,829
NET POSITION AT END OF YEAR	\$ 1,262,922	\$ 23,529	\$ 2,133,239	\$ 47,191	\$ 2,895,818	\$ 6,362,699



PIONEER ROAD PARK



STATISTICAL SECTION



CITY OF TUSTIN
Description of Statistical Contents
June 30, 2025

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.	129
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the City’s most significant local revenue sources.	139
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	149
<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.	155
<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.	157

Sources:

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

CITY OF TUSTIN

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities:				
Net investment in capital assets	\$ 483,229,135	\$ 490,574,647	\$ 499,190,473	\$ 520,166,300
Restricted	95,241,025	102,027,853	87,395,188	67,892,989
Unrestricted	107,224,779	144,442,931	151,119,177	108,567,573
Total governmental activities net position	<u>\$ 685,694,939</u>	<u>\$ 737,045,431</u>	<u>\$ 737,704,838</u>	<u>\$ 696,626,862</u>
Business-type activities:				
Net investment in capital assets	\$ 25,443,651	\$ 23,252,432	\$ 22,753,763	\$ 20,650,435
Restricted	-	-	-	-
Unrestricted	12,227,557	15,129,697	16,505,744	19,489,664
Total business-type activities net position	<u>\$ 37,671,208</u>	<u>\$ 38,382,129</u>	<u>\$ 39,259,507</u>	<u>\$ 40,140,099</u>
Primary government:				
Net investment in capital assets	\$ 508,672,786	\$ 513,827,079	\$ 521,944,236	\$ 540,816,735
Restricted	95,241,025	102,027,853	87,395,188	67,892,989
Unrestricted	119,452,336	159,572,628	167,624,921	128,057,237
Total primary government net position	<u>\$ 723,366,147</u>	<u>\$ 775,427,560</u>	<u>\$ 776,964,345</u>	<u>\$ 736,766,961</u>

* Fiscal year 2020 net position was restated.

Fiscal Year					
2020*	2021	2022	2023	2024	2025
\$ 549,473,651	\$ 565,395,034	\$ 540,256,185	\$ 533,745,376	\$ 535,362,349	\$ 540,250,043
59,304,350	39,407,529	48,269,367	53,735,373	54,143,735	57,281,322
114,195,576	106,773,829	177,884,930	188,209,049	180,795,370	192,948,490
<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>	<u>\$ 790,479,855</u>
\$ 24,145,887	\$ 25,941,133	\$ 29,184,048	\$ 34,501,119	\$ 47,613,869	\$ 58,648,776
-	-	-	-	-	-
15,070,837	12,918,451	9,775,999	5,818,220	4,985,214	6,224,560
<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>	<u>\$ 64,873,336</u>
\$ 573,619,538	\$ 591,336,167	\$ 569,440,233	\$ 568,246,495	\$ 582,976,218	\$ 598,898,819
59,304,350	39,407,529	48,269,367	53,735,373	54,143,735	57,281,322
129,266,413	119,692,280	187,660,929	194,027,269	185,780,584	199,173,050
<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>	<u>\$ 855,353,191</u>

CITY OF TUSTIN

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
Expenses:				
Governmental activities:				
General government	\$ 20,023,280	\$ 24,504,764	\$ 23,949,544	\$ 27,097,686
Public safety	27,779,830	34,611,078	33,713,796	36,215,060
Public works	47,326,664	24,822,480	37,599,662	45,849,976
Community services	7,869,124	19,524,660	10,795,733	20,304,550
Interest on long-term debt	-	5,802	12,043	9,297
Total governmental activities expenses	<u>102,998,898</u>	<u>103,468,784</u>	<u>106,070,778</u>	<u>129,476,569</u>
Business-type activities:				
Water	<u>15,586,463</u>	<u>16,654,429</u>	<u>17,680,886</u>	<u>17,763,633</u>
Total business-type activities expenses	<u>15,586,463</u>	<u>16,654,429</u>	<u>17,680,886</u>	<u>17,763,633</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	2,072,540	1,979,211	1,630,903	1,920,214
Public safety	1,195,350	1,255,299	1,283,672	1,285,584
Public works	3,538,906	1,861,045	2,167,726	3,300,906
Community services	953,149	1,101,294	1,434,988	2,426,578
Operating grants and contributions	2,722,978	2,742,140	3,863,547	4,952,271
Capital grants and contributions	<u>48,711,583</u>	<u>26,535,693</u>	<u>7,641,510</u>	<u>3,942,834</u>
Total governmental activities program revenues	<u>59,194,506</u>	<u>35,474,682</u>	<u>18,022,346</u>	<u>17,828,387</u>
Business-type activities:				
Charges for services:				
Water	16,511,795	17,100,836	18,229,013	17,329,090
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>16,511,795</u>	<u>17,100,836</u>	<u>18,229,013</u>	<u>17,329,090</u>
Net revenues (expenses):				
Governmental activities	\$ (43,804,392)	\$ (67,994,102)	\$ (88,048,432)	\$ (111,648,182)
Business-type activities	<u>925,332</u>	<u>446,407</u>	<u>548,127</u>	<u>(434,543)</u>
Total net revenues (expenses)	<u>\$ (42,879,060)</u>	<u>\$ (67,547,695)</u>	<u>\$ (87,500,305)</u>	<u>\$ (112,082,725)</u>

		Fiscal Year									
		2020	2021	2022	2023	2024	2025				
\$	29,282,004	\$	27,172,397	\$	19,435,937	\$	23,229,440	\$	98,403,543	\$	61,632,092
	39,064,730		42,307,312		37,274,550		43,411,070		51,506,630		53,577,400
	40,430,009		25,720,382		34,752,971		34,453,960		34,924,407		30,695,759
	5,682,249		7,898,475		11,705,919		11,011,517		9,918,277		10,245,251
	6,444		3,476		25,311		25,402		32,133		54,792
	<u>114,465,436</u>		<u>103,102,042</u>		<u>103,194,688</u>		<u>112,131,389</u>		<u>194,784,990</u>		<u>156,205,294</u>
	17,767,158		19,283,136		21,303,398		22,544,478		22,540,741		24,600,039
	<u>17,767,158</u>		<u>19,283,136</u>		<u>21,303,398</u>		<u>22,544,478</u>		<u>22,540,741</u>		<u>24,600,039</u>
	2,157,735		2,011,470		3,072,210		3,344,041		3,836,719		3,558,431
	1,205,519		1,298,587		1,222,841		1,400,441		1,237,042		1,198,966
	3,123,961		2,586,033		5,825,437		7,436,265		6,692,885		6,915,908
	1,892,126		1,232,539		2,654,817		3,445,025		3,034,343		2,952,402
	4,911,642		8,618,631		12,264,401		12,781,132		89,886,641		54,856,292
	4,565,393		4,422,891		12,852,760		3,133,846		2,302,997		8,955,666
	<u>17,856,376</u>		<u>20,170,151</u>		<u>37,892,466</u>		<u>31,540,750</u>		<u>106,990,627</u>		<u>78,437,665</u>
	17,364,694		18,891,433		19,633,007		19,466,690		20,596,504		23,630,435
	-		-		48,914		-		-		-
	-		-		1,575,140		4,090,446		13,376,076		12,224,479
	<u>17,364,694</u>		<u>18,891,433</u>		<u>21,257,061</u>		<u>23,557,136</u>		<u>33,972,580</u>		<u>35,854,914</u>
\$	(96,609,060)	\$	(82,931,891)	\$	(65,302,222)	\$	(80,590,639)	\$	(87,794,363)	\$	(77,767,629)
	(402,464)		(391,703)		(46,337)		1,012,658		11,431,839		11,254,875
\$	<u>(97,011,524)</u>	\$	<u>(83,323,594)</u>	\$	<u>(65,348,559)</u>	\$	<u>(79,577,981)</u>	\$	<u>(76,362,524)</u>	\$	<u>(66,512,754)</u>

CITY OF TUSTIN

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 16,451,763	\$ 24,437,717	\$ 25,636,673	\$ 26,275,789
Transient occupancy taxes	1,554,754	1,609,318	1,575,830	1,825,957
Business license taxes	406,891	420,684	431,457	466,828
Franchise taxes	1,839,963	1,931,185	1,781,175	1,762,642
Sales tax	24,513,610	25,133,146	24,925,934	26,634,458
Motor vehicle in lieu, unrestricted	6,778,329	37,056	43,359	39,526
Investment income (loss)	2,430,087	611,964	1,109,193	7,167,093
Other general revenues	2,671,845	4,594,651	4,838,383	6,002,632
Gain on sale of land held for resale	-	24,241,261	33,636,759	395,281
Profit participation	-	31,327,612	-	-
Transfers	-	-	-	-
Extraordinary and special items	2,546,442	5,000,000	-	-
Total governmental activities	<u>59,193,684</u>	<u>119,344,594</u>	<u>93,978,763</u>	<u>70,570,206</u>
Business-type activities:				
Investment income (loss)	480,050	108,669	150,371	1,084,525
Miscellaneous	149,374	155,845	178,880	230,610
Transfers	-	-	-	-
Total business-type activities	<u>629,424</u>	<u>264,514</u>	<u>329,251</u>	<u>1,315,135</u>
Total primary government	<u>\$ 59,823,108</u>	<u>\$ 119,609,108</u>	<u>\$ 94,308,014</u>	<u>\$ 71,885,341</u>
Changes in net position:				
Governmental activities	\$ 15,389,292	\$ 51,350,492	\$ 5,930,331	\$ (41,077,976)
Business-type activities	1,554,756	710,921	877,378	880,592
Total primary government	<u>\$ 16,944,048</u>	<u>\$ 52,061,413</u>	<u>\$ 6,807,709</u>	<u>\$ (40,197,384)</u>

Fiscal Year

2020	2021	2022	2023	2024	2025
\$ 27,358,525	\$ 29,142,850	\$ 28,324,241	\$ 30,283,746	\$ 26,805,569	\$ 27,858,020
1,593,532	1,218,924	1,857,502	2,151,007	2,392,315	2,239,766
438,632	416,266	435,626	470,064	460,416	470,040
1,792,263	1,862,200	1,850,139	2,011,849	1,864,197	1,778,257
25,487,518	30,753,042	34,391,644	35,889,406	35,403,145	37,378,034
64,400	58,955	92,431	82,411	99,310	126,676
4,445,124	1,676,386	(3,500,691)	6,081,889	11,629,540	11,205,150
4,556,040	1,308,076	190,141	1,126,304	368,622	432,693
1,014,511	85,240	56,048,775	-	-	-
-	5,012,767	337,972	11,622,220	-	16,759,337
-	-	108,532	-	-	-
-	-	-	-	-	-
<u>66,750,545</u>	<u>71,534,706</u>	<u>120,136,312</u>	<u>89,718,896</u>	<u>79,023,114</u>	<u>98,247,973</u>
869,426	5,629	(173,093)	326,716	819,851	905,738
23,193	28,934	428,425	19,918	28,054	128,904
-	-	(108,532)	-	-	-
<u>892,619</u>	<u>34,563</u>	<u>146,800</u>	<u>346,634</u>	<u>847,905</u>	<u>1,034,642</u>
<u>\$ 67,643,164</u>	<u>\$ 71,569,269</u>	<u>\$ 120,283,112</u>	<u>\$ 90,065,530</u>	<u>\$ 79,871,019</u>	<u>\$ 99,282,615</u>
\$ (29,858,515)	\$ (11,397,185)	\$ 54,834,090	\$ 9,128,257	\$ (8,771,249)	\$ 20,480,344
490,155	(357,140)	100,463	1,359,292	12,279,744	12,289,517
<u>\$ (29,368,360)</u>	<u>\$ (11,754,325)</u>	<u>\$ 54,934,553</u>	<u>\$ 10,487,549</u>	<u>\$ 3,508,495</u>	<u>\$ 32,769,861</u>

CITY OF TUSTIN

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General fund:				
Nonspendable	\$ 88,579,214 ¹	\$ 84,344,748	\$ 82,868,217	\$ 82,902,130
Restricted	18,657,461	34,901,943	41,269,878	31,250,893
Unassigned	79,667,061	102,517,562	116,332,458	88,768,803
Total general fund	<u>\$ 186,903,736</u>	<u>\$ 221,764,253</u>	<u>\$ 240,470,553</u>	<u>\$ 202,921,826</u>
All other governmental funds:				
Nonspendable	\$ 1,922	\$ 1,922	\$ -	\$ 1,922
Restricted	54,438,343	51,069,708	46,322,996	37,215,903
Assigned	26,871,816	20,408,936	17,719,394	5,762,048
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 81,312,081</u>	<u>\$ 71,480,566</u>	<u>\$ 64,042,390</u>	<u>\$ 42,979,873</u>

Fiscal Year					
2020*	2021	2022	2023	2024	2025
\$ 107,921,521	\$ 108,201,957	\$ 103,464,420	\$ 107,508,711	\$ 107,523,830	\$ 107,534,127
16,438,469	15,684,164	24,668,684	27,466,991	27,317,982	35,406,883
74,972,202	78,811,634	136,230,562 ²	139,772,869	98,515,807	117,309,376
<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>	<u>\$ 260,250,386</u>
\$ -	\$ 3,305	\$ 5,731	\$ 7,301	\$ 36,233	\$ -
37,107,137	27,060,075	21,976,212	19,752,931	16,090,778	21,695,873
1,432,974	4,918,161	4,807,905	12,277,742	16,155,894	10,666,178
(628,792)	-	-	(97,462)	(2,585)	(2,585)
<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>	<u>\$ 32,359,466</u>

¹ 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.

² 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			
	2016	2017	2018	2019
Revenues:				
Taxes	\$ 23,525,899	\$ 24,825,401	\$ 25,770,970	\$ 26,385,383
Licenses and permits	1,334,311	853,990	905,086	1,212,696
Fines and forfeitures	982,123	953,665	996,912	909,355
Investment income (loss)	2,422,072	608,888	1,120,276	7,172,443
Intergovernmental revenues	42,838,003	35,382,444	42,121,841	39,613,110
Charges for services	2,357,268	1,999,860	2,177,345	2,761,688
Rental income	1,308,852	1,542,281	1,674,068	2,055,135
Developer contributions	26,357,490	16,804,964	1,341,143	-
Profit participation	-	23,495,709	7,179,553	212,651
Gain on sale of land held for resale	-	24,241,261	33,636,759	395,281
Contribution from Successor Agency	-	-	-	-
Other revenues	4,714,101	5,849,937	8,848,778	7,590,956
Total revenues	105,840,119	136,558,400	125,772,731	88,308,698
Expenditures:				
Current:				
General government	20,372,454	24,052,915	21,259,806	25,539,637
Public safety	27,897,182	30,733,524	32,335,404	33,200,885
Public works	7,182,380	7,591,876	7,795,849	9,105,493
Community services	7,308,498	18,727,257	9,747,562	19,603,654
Capital outlay	22,498,621	26,657,177	40,082,440	59,389,068
Debt service:				
Principal retirement	4,101,171	4,129,203	3,271,503	71,908
Interest and fiscal charges	-	5,802	12,043	9,297
Total expenditures	89,360,306	111,897,754	114,504,607	146,919,942
Excess (deficiency) of revenues over (under) expenditures	16,479,813	24,660,646	11,268,124	(58,611,244)
Other financing sources (uses):				
Transfers in	5,453,988	4,242,209	8,908,605	7,281,771
Transfers out	(5,453,988)	(4,242,209)	(8,908,605)	(7,281,771)
Sale of property	-	-	-	-
Leases issued	-	368,356	-	-
Total other financing sources (uses)	-	368,356	-	-
Extraordinary gain (loss)	976,042	-	-	-
Special item	(34,026,499)	-	-	-
Net change in fund balances	\$ (16,570,644)	\$ 25,029,002	\$ 11,268,124	\$ (58,611,244)
Debt service as a percentage of noncapital expenditures	6.03%	5.28%	3.46%	0.06%

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					
2020	2021	2022	2023	2024	2025
\$ 27,187,012	\$ 58,744,483 ¹	\$ 64,078,031	\$ 67,837,438	\$ 69,493,486	\$ 78,884,822
1,280,180	1,227,707	2,179,335	3,007,410	2,246,204	2,416,550
841,747	929,637	1,011,519	1,160,608	930,778	973,945
4,455,060	1,676,386	(3,500,691)	6,081,889	11,629,547	11,205,149
38,156,567	16,875,101 ¹	19,174,643	21,609,227	55,807,711	59,557,567
2,688,921	2,017,100	4,293,614	5,101,300	5,489,050	5,003,318
2,133,706	1,905,553	3,259,121	3,323,645	3,661,473	3,406,098
-	-	-	-	-	21,805,040
-	5,012,767	-	11,622,220	-	-
1,014,511	85,240	56,048,775	-	-	-
-	-	-	-	-	-
4,918,426	5,678,057	12,238,083	2,197,505	1,510,665	1,680,762
<u>82,676,130</u>	<u>94,152,031</u>	<u>158,782,430</u>	<u>121,941,242</u>	<u>150,768,914</u>	<u>184,933,251</u>
27,145,126	25,336,809	18,626,105	19,838,017	94,394,427	58,438,539
36,427,058	37,592,859	41,515,077	44,351,748	47,029,712	50,172,176
8,231,789	8,784,309	17,365,084	19,183,766	20,464,848	19,219,489
4,955,971	4,711,435	9,799,151	8,781,817	7,335,018	8,038,817
42,277,454	20,209,628	14,954,652	13,586,395	21,809,818	21,565,597
74,763	77,730	131,364	638,528	829,157	824,076
6,444	3,476	25,311	25,402	32,133	54,792
<u>119,118,605</u>	<u>96,716,246</u>	<u>102,416,744</u>	<u>106,405,673</u>	<u>191,895,113</u>	<u>158,313,486</u>
<u>(36,442,475)</u>	<u>(2,564,215)</u>	<u>56,365,686</u>	<u>15,535,569</u>	<u>(41,126,199)</u>	<u>26,619,765</u>
4,745,170	11,814,494	12,495,004	15,528,398	15,343,366	14,330,246
(4,745,170)	(11,814,494)	(12,386,472)	(15,528,398)	(15,343,366)	(14,330,246)
-	-	-	-	-	69,041
-	-	-	-	75,055	283,107
-	-	108,532	-	75,055	352,148
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (36,442,475)</u>	<u>\$ (2,564,215)</u>	<u>\$ 56,474,218</u>	<u>\$ 15,535,569</u>	<u>\$ (41,051,144)</u>	<u>\$ 26,971,913</u>
0.09%	0.10%	0.16%	0.71%	0.50%	0.63%

CITY OF TUSTIN

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years
(in thousands)

	2015	2016	2017	2018
Apparel Stores	\$ 98,255	\$ 96,034	\$ 94,393	\$ 102,633
Food Stores	56,633	55,204	56,228	60,007
Dining Establishments	231,840	250,950	262,594	281,896
Building Materials	94,443	99,684	120,898	124,999
Auto Dealers and Supplies	604,030	625,145	665,699	638,835
Service Stations	117,494	100,654	113,544	129,034
Other Retail Stores	665,163	657,641	688,694	704,877
All Other Outlets	439,956	499,899	496,012	518,033
Total	\$ 2,307,814	\$ 2,385,211	\$ 2,498,062	\$ 2,560,314

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenues.

	2019	2020	2021	2022	2023	2024
\$	102,324	\$ 67,564	\$ 103,841	\$ 104,754	\$ 130,871	\$ 145,177
	61,492	65,914	64,692	67,606	70,526	75,573
	291,336	220,127	293,883	334,479	363,064	370,540
	132,804	139,117	151,590	160,425	149,950	158,451
	651,974	679,888	899,226	976,971	911,003	878,864
	131,387	87,224	130,136	162,347	136,748	184,709
	732,924	688,436	818,174	903,288	948,165	932,535
	568,236	695,411	760,394	820,669	877,448	882,601
\$	2,672,477	\$ 2,643,681	\$ 3,221,936	\$ 3,530,539	\$ 3,587,775	\$ 3,628,450

CITY OF TUSTIN

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30	Sales	Property *	Transient Occupancy	Franchise	Business License	Total
2016	\$ 24,513,610	\$ 16,451,763	\$ 1,554,754	\$ 1,839,963	\$ 406,891	\$ 44,766,981
2017	25,133,146	24,437,717	1,609,318	1,931,185	420,684	53,532,050
2018	24,925,934	25,636,673	1,575,830	1,781,175	431,457	54,351,069
2019	26,634,458	26,275,789	1,825,957	1,762,642	466,828	56,965,674
2020	25,487,518	27,358,525	1,593,532	1,792,263	438,632	56,670,470
2021	30,753,042	29,142,850	1,218,924	1,862,200	416,266	63,393,282
2022	34,391,644	28,324,241	1,857,502	1,850,139	435,626	66,859,152
2023	35,889,406	30,283,746	2,151,007	2,011,849	470,064	70,806,072
2024	35,403,145	26,805,569	2,392,315	1,864,197	460,416	66,925,642
2025	37,378,034	27,858,020	2,239,766	1,778,257	470,040	69,724,117

Source: ACFR Required Supplemental Information

* Prior to FY 2023, property tax include Community Facilities District Special Service Assessment Tax B.

CITY OF TUSTIN

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year Ended June 30	City Local Rate	Orange County Rate	State of California Rate	Total Sales Tax Rate
2016	1.00	0.50	6.50	8.00
2017	1.25	0.50	6.00	7.75
2018	1.25	0.50	6.00	7.75
2019	1.25	0.50	6.00	7.75
2020	1.25	0.50	6.00	7.75
2021	1.25	0.50	6.00	7.75
2022	1.25	0.50	6.00	7.75
2023	1.25	0.50	6.00	7.75
2024	1.25	0.50	6.00	7.75
2025	1.25	0.50	6.00	7.75

Source: State of California Board of Equalization

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	
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
2025	12,128,773	533,536	12,662,309

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.

² This rate represents the weighted average of all individual direct rates applied by the City of Tustin.

Successor Agency ¹				Total Direct Tax Rate ²
Secured	Unsecured	Taxable Assessed Value		
\$ 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%	
4,992,668	188,505	5,181,173	0.117%	

CITY OF TUSTIN

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year			
	2016	2017	2018	2019
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	0.0775	0.0700	0.0687	0.0669
Metropolitan Water District Bonds	0.0035	0.0035	0.0035	0.0035
Rancho Santiago Community College District Bonds	0.0504	0.0495	0.0509	0.0454
Orange Unified School District Bonds	-	-	-	0.0269
Irvine Ranch Water District Bonds	0.0960	0.1270	0.1270	0.1270
Santa Ana Unified School District Bonds	0.0660	0.0638	0.0633	0.0556
Irvine Unified School District Bonds	-	-	0.0271	0.0280
Total Overlapping Rates	0.2934	0.3138	0.3405	0.3532
Total Direct and Overlapping Rates	\$ 1.2934	\$ 1.3138	\$ 1.3405	\$ 1.3532

Source: HdI, Coren & Cone

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 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
0.0638	0.0710	0.0652	0.0665	0.0586	0.0576
0.0035	0.0035	0.0035	0.0035	0.0035	0.0070
0.0518	0.0452	0.0429	0.0469	0.0456	0.0451
0.0229	0.0166	0.0166	0.0256	0.0253	0.0244
0.1270	0.1270	0.1270	0.1270	0.1270	0.1270
0.0730	0.0813	0.0686	0.0698	0.0589	0.0608
0.0253	0.0280	0.0231	0.0258	0.0239	0.0269
0.3673	0.3727	0.3469	0.3651	0.3428	0.3488
\$ 1.3673	\$ 1.3727	\$ 1.3469	\$ 1.3651	\$ 1.3428	\$ 1.3487

CITY OF TUSTIN

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2025		2016	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Tustin LP	\$ 197,911,563	1.11%	\$ 168,166,642	1.53%
Raintree Tustin LLC	162,049,179	0.91%		
CSHV Myford Tustin LLC	155,974,811	0.87%		
Flight Phase I Owner LLC	144,900,661	0.81%		
Legacy Villas LLC	141,890,065	0.79%	100,997,664	0.92%
Schools First Federal Credit Union	139,894,934	0.78%		
DPIF3 California 35 Valencia Avenue LLC	103,511,192	0.58%		
Tustin Market Place	93,734,049	0.52%		
Rivian Automotive LLC	84,088,683	0.47%		
Costco Wholesale Corporation	76,625,442	0.43%	48,093,830	0.44%
Irvine Company LLC			233,313,029	2.12%
Avalon II California Value I			103,839,054	0.95%
PK II Larwin Square SC LP			49,508,974	0.45%
Irvine Apartment Communities			51,860,610	0.47%
Borchard Redhill SKB-Tustin LLC			50,867,718	0.46%
Ricoh Development			48,064,313	0.44%
Cadigan Communities			50,320,770	0.46%
CP II Park Place LLC				
	<u>\$ 1,300,580,579</u>	<u>7.27%</u>	<u>\$ 905,032,604</u>	<u>8.24%</u>

Source: HdL, Coren & Cone

CITY OF TUSTIN

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

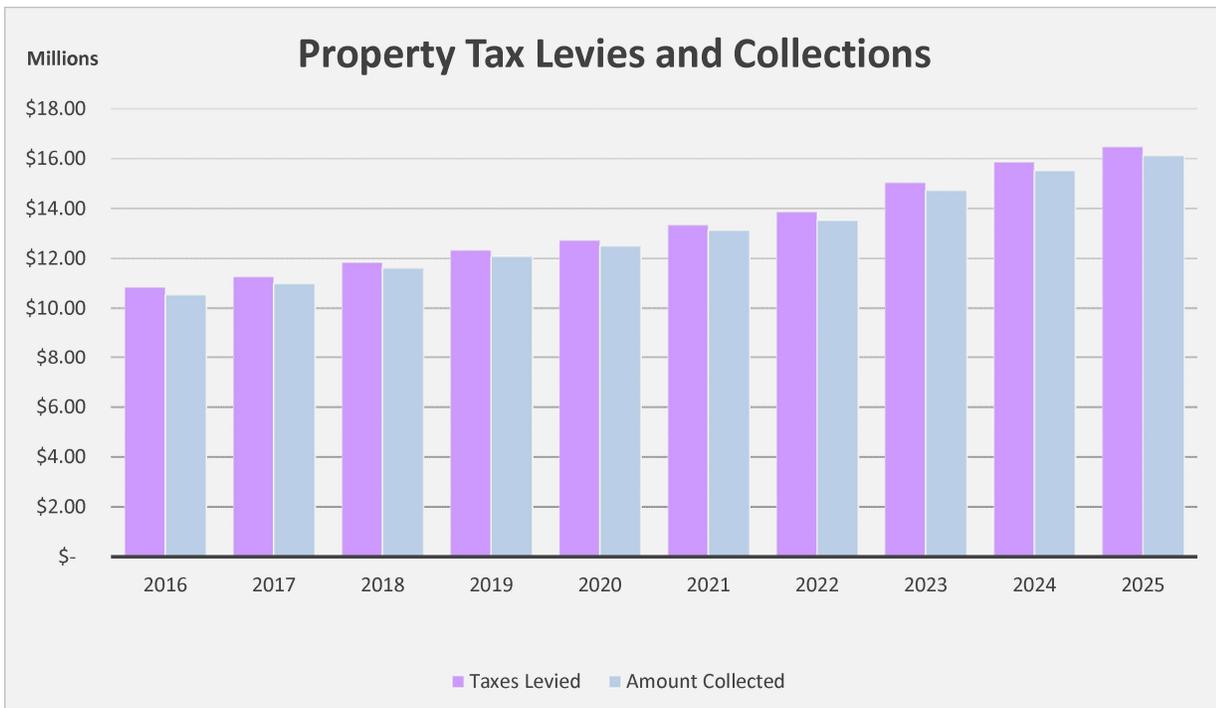
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2016	\$ 10,847,984	\$ 10,541,516	97.17%	\$ 233,935	\$ 10,775,451	99.33%
2017	11,278,643	10,996,314	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	14,995,169	99.63%
2024	15,859,881	15,521,841	97.87%	251,597	15,773,438	99.45%
2025	16,483,153	16,118,149	97.79%	306,508	16,424,657	99.65%

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		
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
2025	-	-	303,624	990,505	-	1,294,129

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 17 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 9 for more information.

⁴ In fiscal year 2022-2023, the City implemented GASB 96 Subscription Payable as a payor for various software applications. See Note 9 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								
\$ 21,013,711	\$ 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	
-	-	-	20,539,828	13,450,000	3,830,700	4,125,000	-	41,945,528	43,239,657	1.08%	545	

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 million of 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 million of Water Revenue Bond to fund capital improvements for the City's Water System

CITY OF TUSTIN

OVERLAPPING DEBT SCHEDULE

June 30, 2025

2024-25 Assessed Valuation:	\$ 17,844,701,158
Redevelopment Incremental Valuation	(5,001,486,034)
Adjusted Assessed Value	<u>\$ 12,843,215,124</u>

	Total Debt 6/30/2025	% Applicable ¹	City's Share of Debt at 6/30/2025
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 17,155,000	0.438%	\$ 75,139
Rancho Santiago Community College District	132,145,756	0.169	223,326
Rancho Santiago Community College District School Facilities Improvement District No.1	138,730,000	0.294	407,866
Irvine Unified School District School Facilities Improvement District No. 1	207,575,000	2.718	5,641,889
Orange Unified School District	275,590,000	0.028	77,165
Santa Ana Unified School District	401,142,561	0.362	1,452,136
Tustin Unified School District	87,000,000	42.7	37,149,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	32,340,000	47.695	15,424,563
Tustin Unified School District School Facilities Improvement District No. 2008-1	69,670,000	46.325	32,274,628
Tustin Unified School District School Facilities Improvement District No. 2012-1	42,090,000	46.587	19,608,468
Tustin Unified School District Community Facilities District No. 06-1	12,115,000	100	12,115,000
City of Tustin Community Facilities Districts	72,595,000	100	72,595,000
Irvine Ranch Water District Improvement Districts	404,124,803	4.699 - 89.488	47,555,618
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>244,599,798</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Orange County General Fund Obligations	\$ 429,065,000	2.201%	\$ 9,443,721
Orange County Board of Education General Fund Obligations	9,120,000	2.201	200,731
Orange Unified School District Certificates of Participation	8,175,000	0.028	2,289
Orange Unified School District Benefit Obligations	53,905,000	0.028	15,093
Santa Ana Unified School District General Fund Obligations	38,301,736	0.362	138,652
City of Tustin Lease Payable	303,624	100	303,624
City of Tustin Subscription Payable	990,505	100	990,505
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>11,094,615</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>	\$ 76,355,000	0.001-100.%	<u>39,525,000</u> ²
TOTAL OVERLAPPING DEBT			293,925,284 ³
TOTAL DIRECT DEBT			<u>1,294,129</u>
COMBINED TOTAL DEBT			<u>\$ 295,219,413</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 2024-2025 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	1.37%
Total Direct Debt	0.01%
Combined Total Debt	1.65%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$5,001,486,034):

Total Overlapping Tax Increment Debt	0.79%
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Source: California Municipal Statistics, Inc. via HdL

CITY OF TUSTIN

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 8,218,228,000	\$ 8,566,757,000	\$ 8,995,570,000	\$ 9,405,874,000	\$ 9,819,597,000
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,054,557,000	2,141,689,250	2,248,892,500	2,351,468,500	2,454,899,250
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	308,183,550	321,253,388	337,333,875	352,720,275	368,234,888
Total net debt applicable to limitation	-	-	-	-	-
Legal debt margin	<u>\$ 308,183,550</u>	<u>\$ 321,253,388</u>	<u>\$ 337,333,875</u>	<u>\$ 352,720,275</u>	<u>\$ 368,234,888</u>
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 by the State of California for local governments located within the state.

Sources: County Tax Assessor's Office
City Finance Department

Fiscal Year				
2021	2022	2023	2024	2025
\$ 10,285,119,000	\$ 10,609,472,000	\$ 11,330,542,000	\$ 12,158,124,000	\$ 12,662,309,000
25%	25%	25%	25%	25%
2,571,279,750	2,652,368,000	2,832,635,500	3,039,531,000	3,165,577,250
15%	15%	15%	15%	15%
385,691,963	397,855,200	424,895,325	455,929,650	474,836,588
-	-	-	-	-
<u>\$ 385,691,963</u>	<u>\$ 397,855,200</u>	<u>\$ 424,895,325</u>	<u>\$ 455,929,650</u>	<u>\$ 474,836,588</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF TUSTIN

PLEGGED-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	
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
2025	24,421,059	-	20,683,426	3,737,633	1,370,000	1,058,920	1.54

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

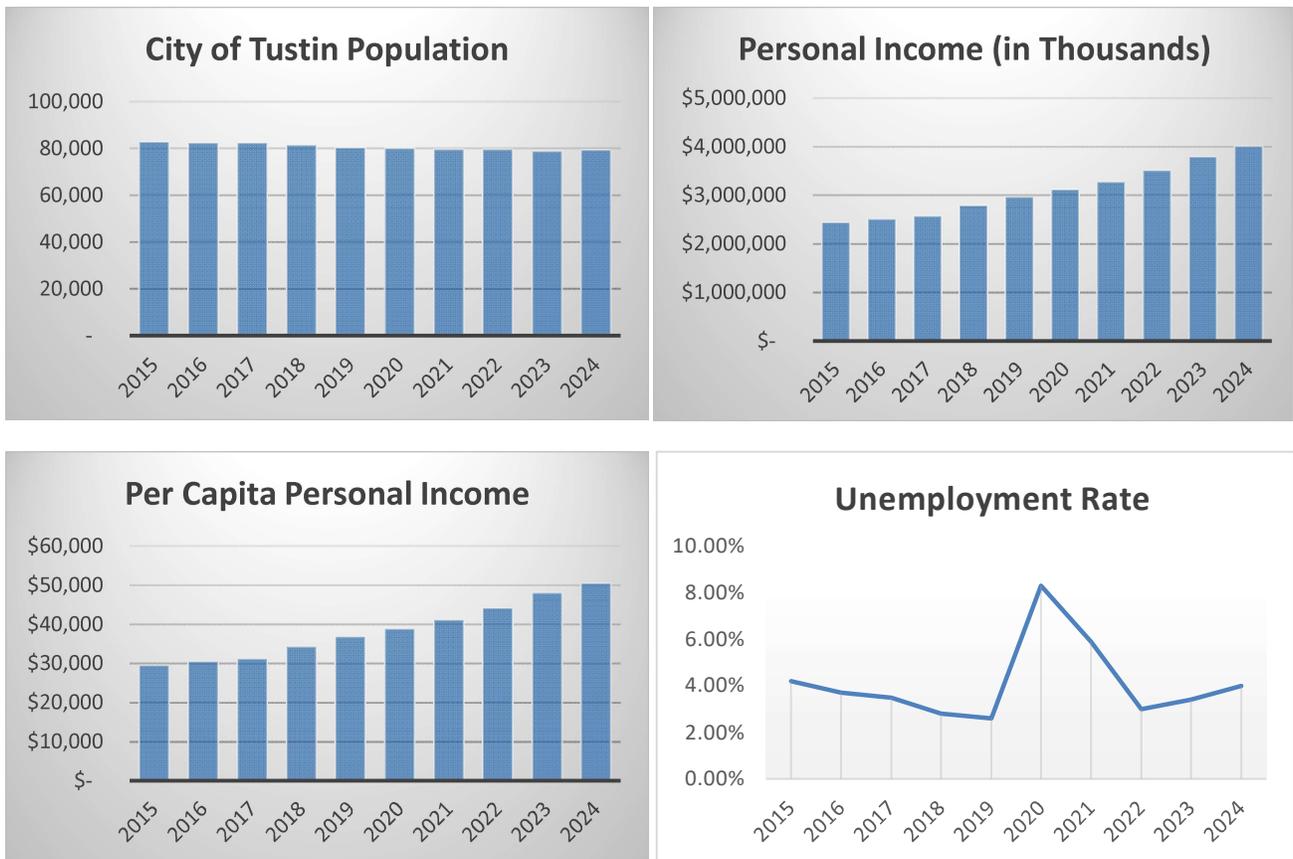
CITY OF TUSTIN

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	City of Tustin Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate
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%
2024	79,326	4,008,871	50,536	4.00%

Source: HdL Coren & Cone, LLC



CITY OF TUSTIN

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2025		2016	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tustin Unified School District	2,481	6.25%	2,248	5.13%
Pacific Bell	1,100	2.77%		
Schools First Federal Credit Union	1,079	2.72%		
Costco Wholesale Corporation	741	1.87%	350	0.80%
Rivian	490	1.23%		
Foothill Regional Medical Center	465	1.17%		
City of Tustin	446	1.12%	392	0.89%
New American Funding	412	1.04%		
Avid BioSciences	387	0.97%		
Lendistry	285	0.72%		
Virgin Galactic	261	0.66%		
Kaiser Foundation Hospitals	-	0.00%	593	1.35%
Youngs Market Company LLC	-	0.00%	548	1.25%
Logomark Inc	-	0.00%	315	0.72%
Toshiba America Medical Systems	-	0.00%	300	0.68%
Ricoh Electronics Inc	-	0.00%	256	0.58%
Vita Best Nutrition Inc	-	0.00%	250	0.57%
Balboa Water Group	-	0.00%	250	0.57%

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	38	35	39	42	42	45	42	46	43	43
Community Development	19	19	19	20	20	23	24	24	20	27
Public Works	45	48	47	49	50	53	60	61	64	64
Police	141	137	142	140	143	150	147	163	157	160
Parks and Recreation	14	17	17	17	16	17	19	17	27	32
Water	19	18	18	19	17	21	16	20	25	21
Total	<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>	<u>347</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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)	130.1	130.7	131.3	131.3	132.6	132.6	132.6	134.4	134.4	144.0
Street Lights	3,680	3,700	3,700	3,740	3,797	3,789	3,789	3,874	3,874	3,874
Traffic Signals	125	126	128	128	128	131	131	135	135	137
Storm Drain (miles)	51.8	52.9	53.9	53.9	53.9	54.8	54.8	56.5	56.5	68.0
Street Trees	15,706	15,542	15,574	15,042	14,606	14,546	14,546	14,566	14,183	14,286
Parks and Recreation										
Parks	14	14	14	14	16	16	16	18	19	19
Parks (acres)	116.0	116.0	116.0	116.0	173.5	173.5	173.5	173.6	175.6	175.6
Community Centers	3	3	3	3	3	4	4	4	4	4
Senior Centers	1	1	1	1	1	1	1	1	1	1
Water										
Metered Services	14,099	14,109	14,104	14,241	14,328	14,325	14,392	14,405	14,413	14,480
Average daily consumptic	9,975	10,601	11,770	11,098	11,098	12,494	11,755	10,389	10,131	11,315
Reservoirs	6	6	6	6	6	6	7	7	7	7
Wells	13	14	14	14	14	14	14	14	14	14
Water Main (miles)	178	178	178	178	178	178	178	183	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

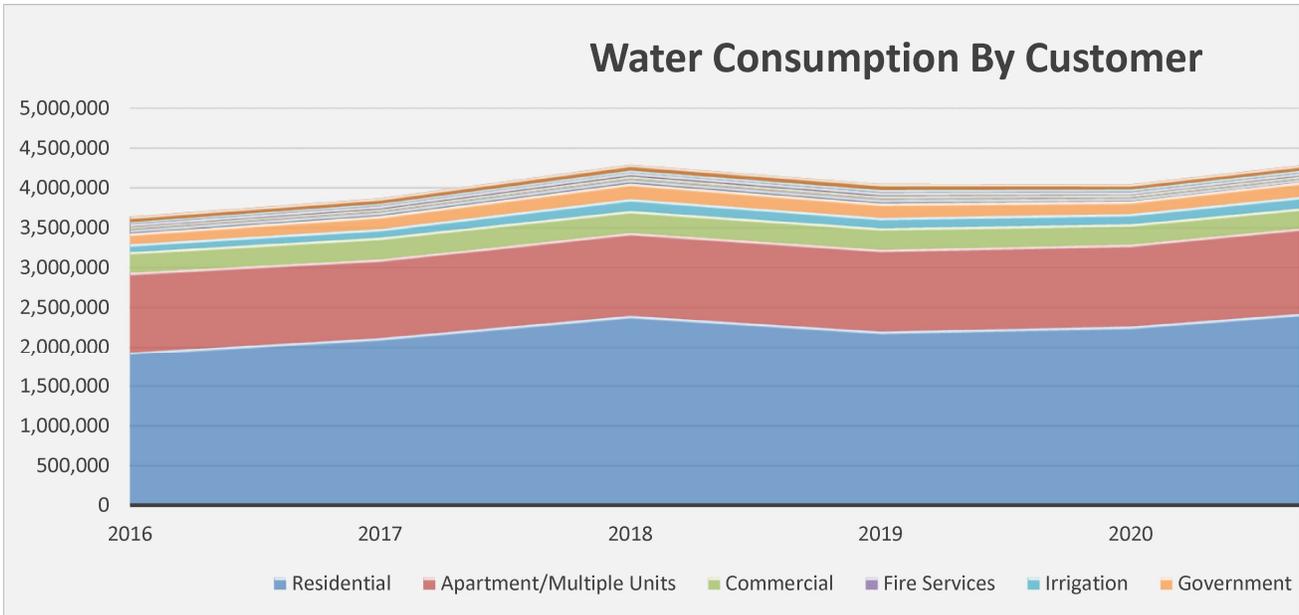
Last Ten Fiscal Years

Type of Customer	Fiscal Year			
	2016	2017	2018	2019
Residential	1,934,761	2,119,716	2,398,744	2,199,236
Apartment/Multiple Units	1,003,808	987,688	1,039,878	1,029,284
Commercial	259,459	271,649	274,943	267,541
Fire Services	646	504	589	564
Irrigation	96,082	105,750	146,941	131,579
Government	134,446	162,843	195,695	177,321
Restaurants	45,069	44,947	45,086	45,905
Hospitals	11,166	11,276	10,536	13,102
Non-Profit	22,989	26,751	34,539	32,021
Industrial	40,407	45,071	45,062	44,693
Hotel/Motels	23,387	25,185	28,908	32,594
All Others	68,830	70,721	75,208	76,873
	<u>3,641,050</u>	<u>3,872,101</u>	<u>4,296,129</u>	<u>4,050,713</u>

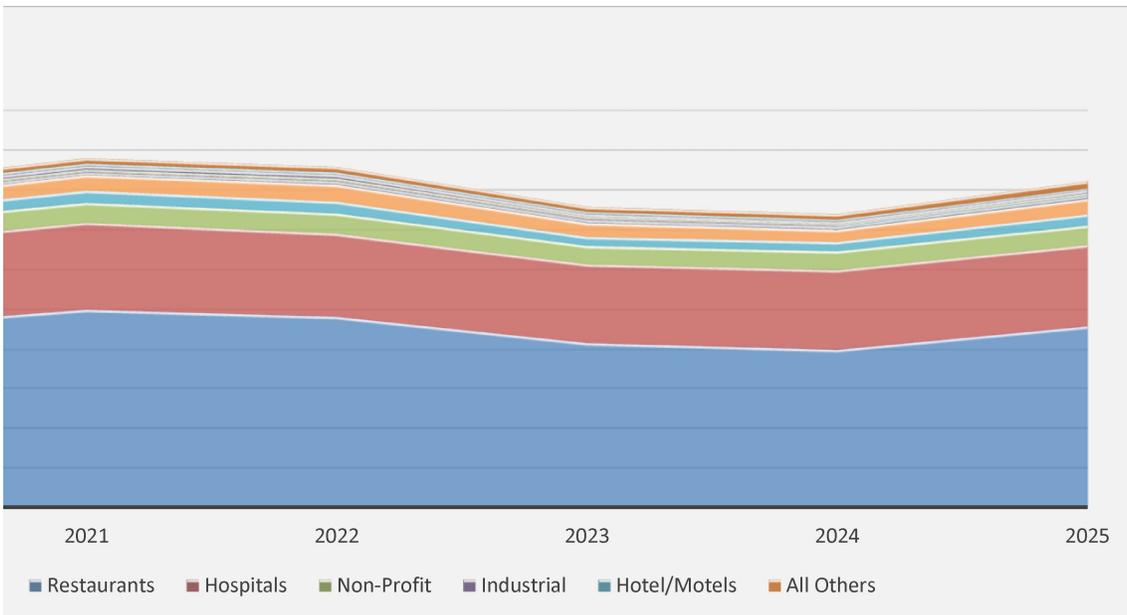
Measured in hundred cubic feet.

*2021 data was restated.

Source: City of Tustin Finance Department



Fiscal Year					
2020	2021*	2022	2023	2024	2025
2,264,772	2,498,332	2,407,301	2,079,303	1,993,145	2,288,365
1,026,696	1,093,537	1,045,809	988,524	999,361	1,023,327
255,245	247,832	252,125	229,890	239,886	241,246
475	595	767	479	832	953
127,429	151,390	147,165	112,562	113,504	142,669
158,344	195,034	214,756	174,594	153,130	192,536
37,786	30,574	36,088	37,173	40,695	40,779
10,158	10,256	9,687	15,232	11,458	16,569
28,491	28,792	30,534	26,749	23,722	31,747
37,520	43,009	45,838	32,634	26,028	35,085
32,754	33,598	31,621	26,531	23,819	24,821
70,777	66,722	68,762	68,168	72,070	92,029
<u>4,050,713</u>	<u>4,399,671</u>	<u>4,290,453</u>	<u>3,791,839</u>	<u>3,697,650</u>	<u>4,130,126</u>



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
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
2025	54.21	3.90	3.90	3.90	3.90	3.90	3.90	3.90

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
2016 ¹	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

Water Customer	2025		2015	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Tustin Unified School District	\$ 943,213	3.99%	\$ 708,074	3.74%
Tustin Village Mhp Assoc LP	386,217	1.63%		
Tustin Acres Comm Assoc	377,149	1.60%	49,974	0.26%
Raintree Tustin LLC	257,097	1.09%		
City of Tustin	225,530	0.95%	164,480	0.87%
Tustin Parc	128,841	0.55%		
Water Stone Gardens Investments LP	104,867	0.44%		
Westchester Park LP	92,651	0.39%	36,694	0.19%
Briarwood Investment Co. Ltd	93,755	0.40%		
Saddleback Mobilodge	86,351	0.37%		
Raintree-Evergreen LLC	92,052	0.39%		
Tustin Park Villas	88,621	0.38%		
Schroeder Prop Mgmt	86,624	0.37%	53,205	0.28%
New Villa Valencia MHP	75,443	0.32%		
Tustin Village Com. Assn	81,695	0.35%		
Tustin Plaza Center LP	80,993	0.34%	59,833	0.32%
Contesta Immobilien GMBH & Co	95,874	0.41%		
Regency West	76,967	0.33%		
Arnel Management (Walnut East)	71,364	0.30%		
15701 TV Way Partnership	92,528	0.39%	34,080	0.18%
Sycamore Gardens HOA	94,585	0.40%		
Alta Newport Hospitals Inc	55,096	0.23%		
Vio Tustin Investment LP	73,301	0.31%		
Tree Haven Owners Assoc.	85,392	0.36%	34,875	0.18%
Stonebrook Lmtd.	62,380	0.26%		
AT&T Services, Inc.			83,470	0.44%
Ricoh Electronics			80,191	0.42%
CalTrans - District 12			70,667	0.37%
SKB-Tustin LLC			51,237	0.27%
Tustin Place Homeowners Association			35,756	0.19%
HSA LP			34,852	0.18%
Sierra Corporate Management			33,912	0.18%
71286 JMJ LLC			33,124	0.17%
Residence Inn Tustin			32,925	0.17%
Briarwood Investment Co. Ltd			31,556	0.17%
Total Water Sales	\$ 3,908,586	16.54%	\$ 1,628,905	8.58%

Source: City of Tustin Finance Dept.

Total Water Revenues: 23,630,435 24/25 annual report

CITY OF TUSTIN

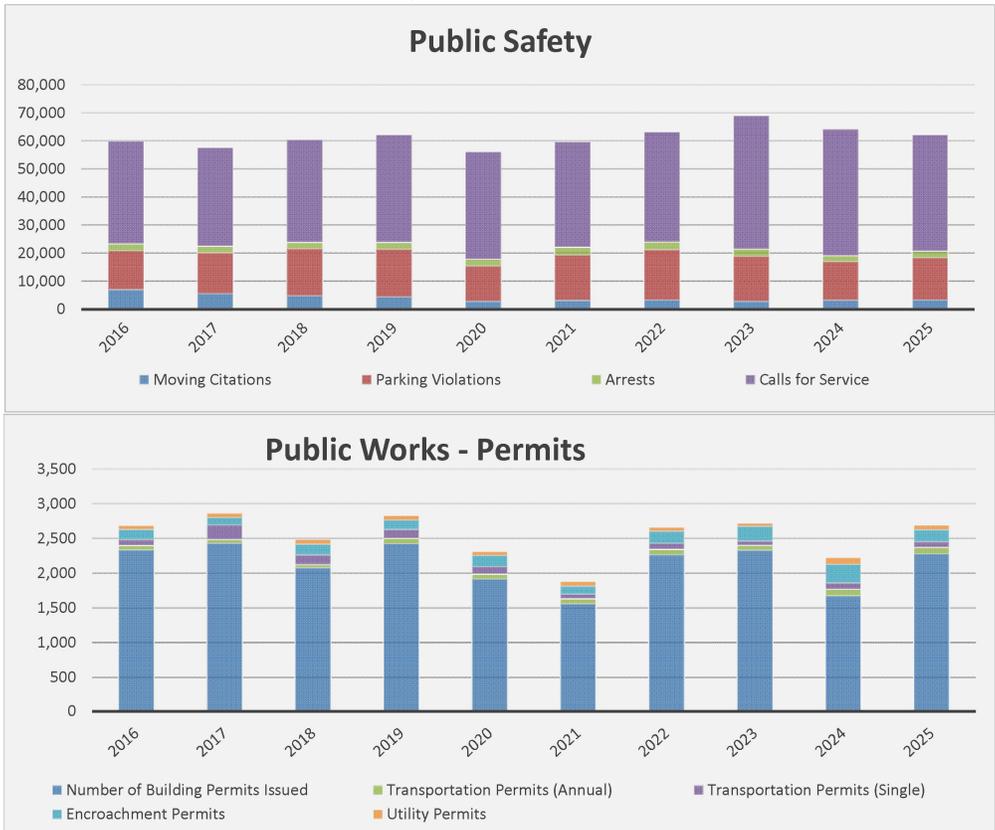
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2016	2017	2018	2019
Public Safety				
Moving Citations	6,982	5,590	4,762	4,355
Parking Violations	13,855	14,514	16,836	17,017
Arrests	2,494	2,343	2,302	2,463
Calls for Service	36,618	35,172	36,571	38,326
Public Works				
Number of Building Permits Issued	2,334	2,430	2,078	2,425
Number of Building Inspections Completed	11,947	11,768	9,816	11,348
Transportation Permits				
Annual	66	56	46	77
Single	82	208	137	127
Encroachment Permits	147	107	155	136
Utility Permits	59	62	71	65
Curb Miles Swept	22,087	20,589	20,270	22,162
Community Services				
Rentals	1,253	1,494	1,483	1,326
Classes	1,389	1,213	1,160	854
General Government				
New Hires	47	67	48	62
Retiree/separations	38	47	63	56

(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					
2020	2021	2022	2023	2024	2025
2,811	3,079	3,312	2,788	3,161	3,266
12,609	16,256	17,898	16,094	13,797	15,014
2,448	2,774	2,810	2,605	2,159	2,469
38,288	37,616	39,168	47,564	45,070	41,442
1,915	1,560	2,265	2,330	1,675	2,277
15,884	9,907	10,073	14,962	13,224	12,106
74	73	81	73	96	93
104	64	84	62	88	85
161	117	147	209	267	170
57	65	55	43	96	67
20,766	20,766	20,766	19,276	20,317	22,404
550 *	187 *	1,102	1,176	1,597	1,909
805	362 *	758	735	873	914
46	24	26	35	34	18
37	24	30	34	41	31

