

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF TUSTIN, CALIFORNIA



FISCAL YEAR ENDED JUNE 30, 2020

CITY OF TUSTIN, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE YEAR ENDED JUNE 30, 2020

Prepared By: Finance Department

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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
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CITY OF TUSTIN

Elected and Administrative Officials



Dr. Allan Bernstein
Mayor



Letitia Clark
Mayor Pro Tem



BARRY W. COOPER
Councilmember



AUSTIN LUMBARD
Councilmember



CHARLES E. PUCKETT
Councilmember

AUDIT COMMISSION

R. Lawrence Friend, Chair
Craig Shimomura, Chair Pro Tem
Robert Ammann
Colin Deering
Daniel Erickson

CITY MANAGER

Matthew S. West

ASSISTANT CITY MANAGER

Nicole Bernard

David E. Kendig

City Attorney

Elizabeth A. Binsack

Director, Community Development

Jason Al-Imam

Finance Director / City Treasurer

Erica N. Yasuda

City Clerk

Stu Greenberg

Chief of Police

Christopher Koster

Economic Development Director

Derick Yasuda

Director of Human Resources

Chad Clanton

Director of Parks & Recreation Services

Douglas S. Stack

Director, Public Works / City Engineer

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**City of Tustin, California
Finance Department**

December 22, 2020



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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Tustin for the fiscal year ended June 30, 2020.

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Tustin. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established an 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. Internal controls reduce the risk of material misstatement to a minimal level, but not all such risk can be eliminated due to inherent limitations of internal control. Therefore, the City's framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

We believe the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and component units of the City of Tustin. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Tustin's financial statements for the year ended June 30, 2020, have been audited by Clifton Larson Allen, LLP, an independent public accounting firm of licensed certified public accountants. 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, 2020, 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.

PROFILE OF THE CITY OF TUSTIN

The City of Tustin is located 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 January 1, 2020 population at 80,382 a decrease from 2019 of about 1%. Most cities in Orange County showed minor decreases in population or were relatively flat year-over-year, with the County of Orange experiencing a 0.04% increase in population. The statewide population growth rate of 0.22% is the slowest in the State's history. This rate is driven by increases in mortality and declines in birth rates. Adding to the slow growth in population, affordable housing continues to be challenging for many.

The City was incorporated under the General Laws of the State of California in 1927 as the "City of Tustin". Government was by a five-member elected City Council. The Council/Administrator form of city government was adopted in 1965 and was modified to the Council/Manager form in 1981. Council members serve staggered, four-year terms, with a two consecutive term limit. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City Manager is appointed by the City Council to carry out the policies and direction of the City Council, oversee the day-to-day operations of the City, and appoint department directors.

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

The key element of the City's financial management process is the development and approval of the biannual budget. The two-year budget for the City is part of our strategic plan to enhance

financial sustainability. Council adopted this type of budget to improve our financial projections and to focus on programs essential to providing quality services to our community. This document is available on our City website at www.tustinca.org. The City Council conducts various open budget workshops and adopts the budget at a noticed public meeting.

The budget is prepared pursuant to generally accepted accounting principles (GAAP) and is balanced by fund. The level of appropriations is controlled by the City Council for each fund. The City Council approves budgeted appropriations annually. The City Manager is authorized to transfer appropriations within the fund between the various programs and/or departments.

Budgetary control is maintained by a real-time financial reporting system. Budget-to-actual comparisons are provided through display or reports and through budget controls set within the purchasing and accounts payable modules for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 103 as part of the required supplementary information, and for nonmajor governmental funds, this comparison is presented on pages 114-122 as part of the other supplementary information for the governmental funds. Successor Agency expenses are restricted by the State of California Department of Finance (DOF) to enforceable obligations. The enforceable obligations are approved annually by the DOF through the submission of a Recognized Obligation Payment Schedule. The Successor Agency is presented as a Private Purpose Trust Fund on pages 32-33.

ECONOMIC OUTLOOK

On March 19, 2020, California Governor Gavin Newsom issued Executive Order N-33-20 (Stay at Home Order), which ordered all individuals within the State to stay home or at their place of residence, except as needed to maintain continuity of operation of federal critical infrastructure sectors, including essential services of government. Prior to COVID-19, national, state and local economies were expected to maintain growth and there were no indications of slowing. However, in just a matter of weeks the unemployment rate in California peaked at 16.4% in April 2020. Thereafter, California's labor market regained some momentum as business restrictions were loosened resulting in an unemployment rate of 9.3% as of October 2020; however, the State's unemployment rate remains elevated relative to the nation as a whole, which had a rate of 6.9% as of October 2020.

The State-mandated business restrictions and stay-at-home orders have resulted in significant reductions in City revenue, which has primarily affected sales tax revenues, transient occupancy tax revenues and departmental revenues related to decreases in Recreation class activity and building permit revenue.

The General Fund budget for Fiscal Year 2020-2021 reflects estimated revenues of \$65 million, which includes an estimated loss of \$4 million of General Fund revenues due to COVID-19. Sales tax revenue makes up 36% of General Fund revenues, which is projected to be down \$2 million as decreases in core retail sales are projected as social distancing measures and State-mandated business restrictions are expected in response to COVID-19. General Fund appropriations are set at \$72 million for 2020-2021, which is consistent with fiscal year 2019-2020 with expenditure increases largely related to amounts required to be paid annually to CalPERS. The operating deficit can be covered by planned use of reserves and anticipated expenditure savings.

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 Facility Districts (CFDs). A significant amount of development has occurred to date, including major regional and local infrastructure, residential neighborhoods, shopping centers, parks, and institutional uses. While there is still a significant amount of infrastructure to install and land to develop, some major projects are underway or nearing completion, including:

- Phase 1 of FLIGHT at Tustin Legacy, an approximately 400,000-square-foot creative office campus being developed by Lincoln Property Company. The core and shell improvements have been completed with tenant improvements now underway. FLIGHT features several amenities, including a market food hall with chef-driven food and beverage concepts, a 6,000-square-foot conference center for meetings and special events, and direct access to Tustin Legacy Park creating a dynamic indoor/outdoor environment. FLIGHT Phase 2 is estimated to encompass an additional 470,000 square feet of creative office. When all phases are complete, FLIGHT will be comprised of approximately 870,000 square feet and home to an estimated 3,400 employees, which will have a multiplier effect that reaches beyond the boundaries of FLIGHT. Tustin Legacy Park, a City-owned park with trails and open space areas, will ultimately connect all of Tustin Legacy from the Metrolink Station to the corner of Red Hill Avenue and Barranca Avenue. FLIGHT will assist in benefiting the City in balancing job growth with housing needs.

The Village at Tustin Legacy, a 22-acre neighborhood commercial center developed by Regency Centers, is comprised of two major components:

- A retail center anchored by a Blue Ribbon Stater Bros., CVS, Bank of America, Chipotle, and Dunkin' Donuts. This portion is complete.
- A medical plaza with a medical office building, medical services, and an acute care hospital/rehabilitation facility. All medical services buildings are complete and

Hoag Memorial Hospital Presbyterian completed the 60,000 square foot medical office building in April 2018.

- Construction has started on an acute care hospital/rehabilitation facility to be operated by HealthSouth, with completion planned for 2021.
- Levity at Tustin Legacy, a new neighborhood comprised of 218 single family homes on approximately 14 acres being developed by Lennar Homes of Southern California. The homes are designed in a contemporary architectural style with flat roofs, upper floor rooftop decks and balconies that will provide outdoor living opportunities with views of the local mountains and city lights. The strategic placement of windows is a distinctive feature of the homes and serves to provide great natural lighting and minimize the use of stucco material. Levity features three unique product types: Fleet (townhomes), Velocity (flats), and Icon (single family detached). Model homes have opened, sales are ongoing, and the first residents began occupying their homes in late 2019. Construction of this new community is 90% complete with the remaining units expected to be finished in early-2021. As of December 2020, 78% of the homes have been sold
- Brookfield Homes of Southern California (Neighborhood D South). This community will feature 400 for-sale units comprised of three design styles: 154 attached stacked flats, 129 row townhomes, as well as 117 luxury single-family homes. The 400 units and amenities are located on an approximately 25-acre site within Neighborhood D South. Site preparation and grading is underway, with the first model homes expected to be completed in 2022.

Pacific Center East, an area near the intersection of Edinger Avenue and the 55 freeway, also contains City-owned assets that are either currently under construction or available for future development. The area currently includes two hotels that generate a significant amount of Transient Occupancy Tax revenue.

- SchoolsFirst Federal Credit Union: In 2019, the City sold a 1.7-acre parcel to SchoolsFirst to expand SchoolsFirst's existing campus and consolidate their facilities into a new headquarters in Tustin. The site is bounded by Newport Avenue, Del Amo Avenue and Edinger Avenue. SchoolsFirst is progressing with construction on its new 180,000 square foot office building, a 5,000 square foot retail bank branch, and a 900+ space parking structure. The office building and bank branch, when combined with existing SchoolsFirst buildings, will be home to over 1,600 employees and serve as SchoolsFirst's corporate headquarters. SchoolsFirst expects to occupy the new office building by mid-2021.

- The City continues to evaluate future plans for Pacific Center East to complement existing uses and help diversify City revenue sources.

The City also continues to focus on Old Town Tustin:

- The City recently adopted the Downtown Commercial Core Specific Plan (DCCSP) to preserve and enhance the area as a vital, pedestrian-friendly, and attractive commercial core in Tustin. The DCCSP also introduces the opportunity for mixed use residential development in select areas to bring more residents and visitors to the area.
- Construction of 140 residential units known as Vintage is currently underway. Vintage, being constructed by Taylor Morrison, offers resort style amenities, including a community pool, and is within walking distance to Old Town businesses. Models are open to the public and sales are ongoing. Project completion is expected in 2021.

Some of the factors impacting the sustainability of future budgets include the City's pensions and unfunded liabilities, and funding of construction costs for infrastructure to advance development within Tustin Legacy. City Staff will continue to work with the Council to prioritize these types of significant projects and to seek new revenue sources for the future. In addition, City Staff continues to strive to achieve the best long-term development strategies, with the intent of maximizing the City's long-term revenues.

ACCOMPLISHMENTS AND FUTURE PROJECTS

Major capital improvement projects completed during fiscal year 2020 include the following:

- **Tustin Legacy Facilities**
 - Tustin Legacy Linear Park between Barranca Parkway and Armstrong Avenue
 - Parkway Landscaping on Tustin Ranch Road and Valencia Avenue (by TUSD Site)
 - Moffett Drive Extension from Park Avenue to east of Peters Canyon Channel
- **Public Facilities**
 - Median Landscape Rehabilitation, Street Light LED Conversion Project & Annual Major Building Maintenance
- **Transportation Facilities**
 - Annual Pavement Maintenance and Public Infrastructure Maintenance Program

The City's capital projects for fiscal year 2020-2021 are budgeted at \$44.7 million. The budget reflects capital improvement projects funded by Tustin Legacy Backbone Infrastructure Funds and proceeds from sale of land at the Tustin Legacy. Other funding sources for the capital projects include

Water Revenue Bond proceeds, water revenues, gas tax, Park Development Funds, Measure M2, Community Facility Bond proceeds, State Road Maintenance and Rehabilitation funds (RMRA), and Community Development Block Grants. Major capital projects for fiscal year 2020-2021 include:

- **Tustin Legacy Facilities**
 - Veterans Sports Park
 - Alley Grove D-South Improvements
 - Neighborhood D-South Infrastructure Construction – Phase I
 - Tustin Legacy Linear Park Between Armstrong Avenue and Tustin Ranch Road
- **Transportation Facilities**
 - Annual Pavement Maintenance and Public Infrastructure Maintenance Program
 - Newport Avenue Rehabilitation between I-5 Freeway and Sycamore Avenue
 - Del Amo Avenue and Newport Avenue Improvements
- **Public Facilities**
 - Annual Major Building Maintenance
- **Park Facilities**
 - Peppertree Park Restroom/Playground
- **Water Projects**
 - Simon Ranch Reservoir, Booster Pump Station and Pipeline Replacement
 - Conjunctive Use Well at Beneta Well Site
- **Flood Control Facilities**
 - Citywide Storm Drain Catch Basin Improvements

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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirty-third (33) consecutive year that Tustin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Special thanks are due to the following members of the Finance Department who assisted and contributed to its preparation: Jennifer Leisz, Deputy Director – Financial Services; Sean Tran, Deputy Director – Administrative Services; Glenda Babbitt, Management Analyst; Andrea Campbell, Senior Accountant; and JP Facundo, Accountant.

Credit also must be given to the City Council for their exceptional support for and commitment to maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Matthew S. West". The signature is written in a cursive, flowing style.

Matthew S. West
City Manager

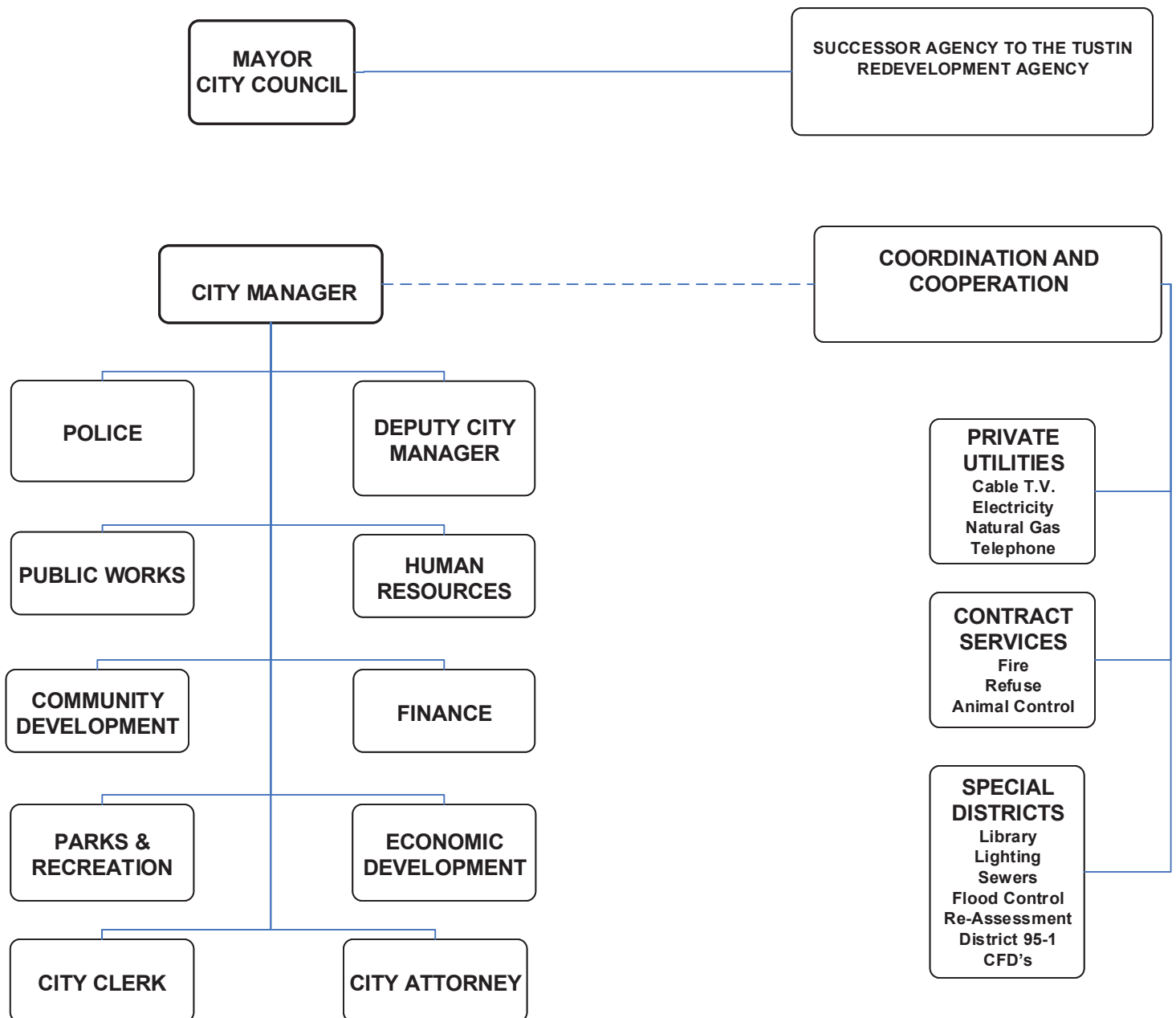
A handwritten signature in blue ink that reads "Jason Al-Imam". The signature is written in a cursive, flowing style.

Jason Al-Imam
Finance Director/City Treasurer



**CITIZENS OF
TUSTIN**

LOCAL GOVERNMENT FY 2019-2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tustin
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO



CLA (CliftonLarsonAllen LLP)
2875 Michelle Drive
Suite 300
Irvine, CA 92606
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INDEPENDENT AUDITORS' REPORT

Honorable City Council
of the City of Tustin
Tustin, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Tustin (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Tustin, as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the City made a restatement to beginning net positions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the safety plan schedule of proportionate share of the net pension liability and the schedule of contributions, the miscellaneous plan schedule of changes in the net pension liability and related ratios and the schedule of contributions, the other post-employment benefit plan schedule of changes in the net OPEB liability and related ratios and the schedule of contributions – OPEB and annual money-weighted rate of return on investments, and the budgetary comparison schedules for the general fund and major special revenue fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 22, 2020

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CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

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, 2020. 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

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2020, by \$707 million (*net position*). Net position consists of \$551 million invested in capital assets, \$54 million in restricted net position and \$102 million in unrestricted net position.
- The City's total net position decreased by \$29.3 million during the fiscal year ended June 30, 2020. The decrease in net position is largely related to depreciation expense, which amounted to approximately \$14 million during the fiscal year. In addition, deferred resources related to the City's pension liability and other post-employment benefits resulted in a \$4.7 million reduction to net position, which is discussed in further detail within the governmental activities section of management's discussion and analysis.

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 required supplementary and other supplementary information in addition to the basic financial statements themselves.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets 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 the Tustin Public Financing Authority, a blended component unit, include general government, public safety, community services, and public works. Business-type activity of the City is the Water Utility.

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 of the 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, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Fund Financial Statements (Continued)

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, debt service 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 Measure M 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 bi-annual appropriated budget for its General Fund and the Special Revenue Funds to demonstrate compliance with the annual budget law. 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.

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

The second fiduciary fund is the Other Post-Employment Benefit (OPEB) Trust Fund which is used to account for the assets in the section 115 trust with the Public Agency Retirement Service (PARS) for pre-funding the City's OPEB. Council approved the establishment of the trust in April 2017, and the initial deposit to the trust was made in June 2018.

The third fiduciary fund is an agency fund which is used to account for the assets of Community Facility Districts 04-1, 06-1, 07-1, 13-1, 2014-1, and 2018-1. The fiduciary funds financial statements can be found immediately following the proprietary fund financial statements.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

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 a Budgetary Comparison Schedule for the General Fund and Measure M Special Revenue Fund and schedules of funding progress for the City's defined benefit pension plan and other post-employment healthcare benefits plan. 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, nonmajor Capital Projects Funds, and all nonmajor Debt Service 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 (79 percent) reflects its investment in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

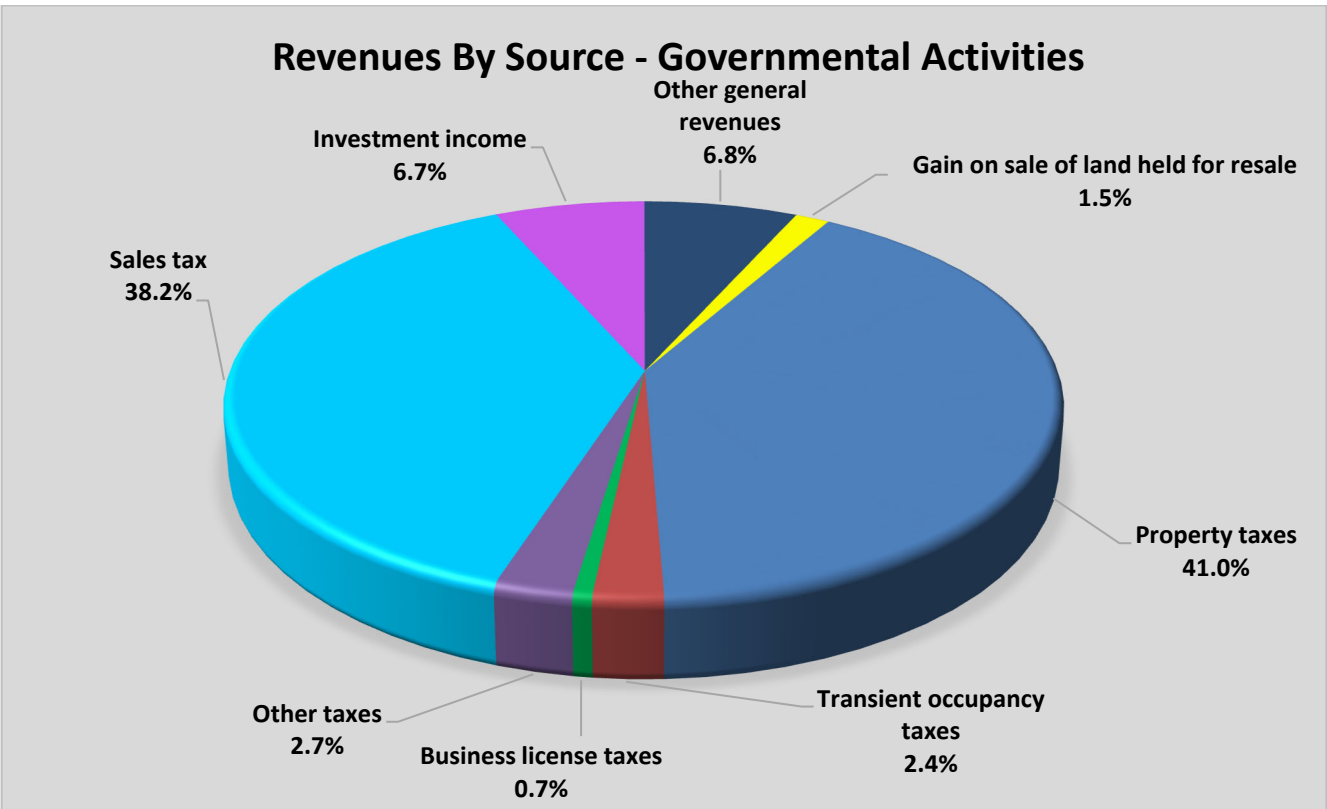
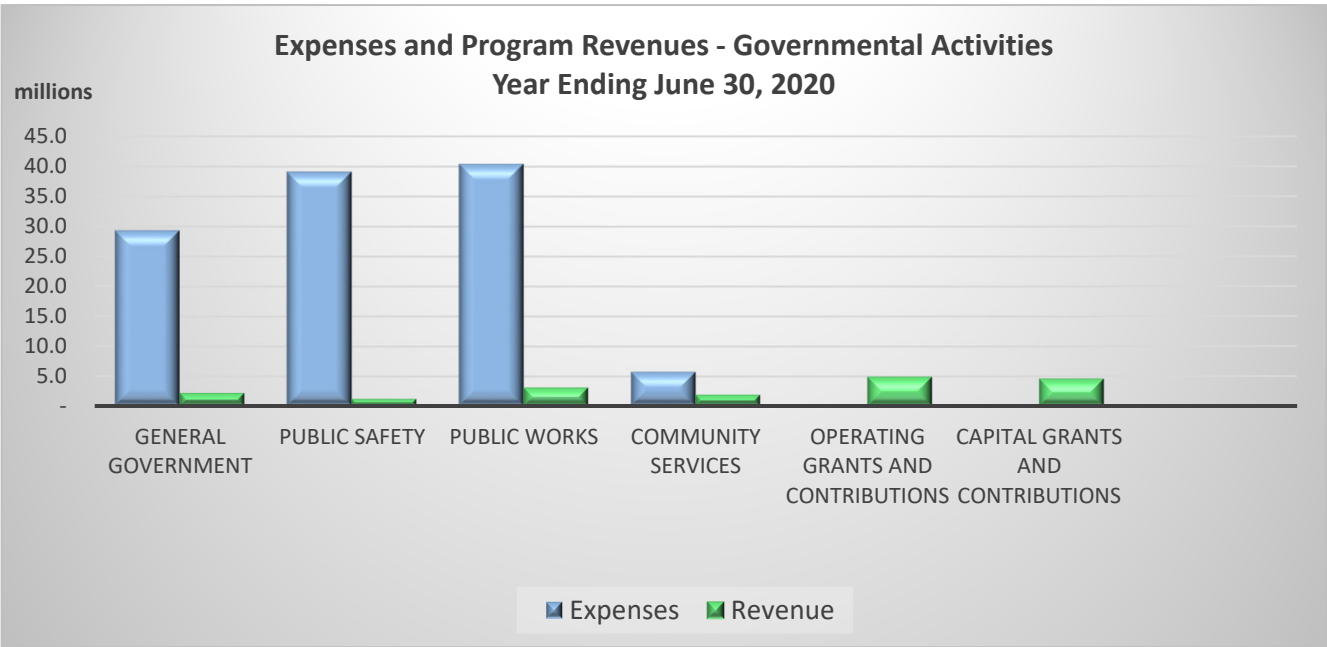
Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Net Position
As of June 30, 2020
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019-2020</u>
Assets:							
Current and other assets	\$272.2	\$234.2	\$36.7	\$32.8	\$308.9	\$267.0	
Capital assets	<u>520.4</u>	<u>529.8</u>	<u>48.6</u>	<u>53.8</u>	<u>569.0</u>	<u>583.6</u>	
Total Assets	<u>792.6</u>	<u>764.0</u>	<u>85.3</u>	<u>86.6</u>	<u>877.9</u>	<u>850.6</u>	(3.1%)
Deferred Outflows of Resources	<u>16.3</u>	<u>14.5</u>	<u>4.0</u>	<u>4.4</u>	<u>20.3</u>	<u>18.9</u>	
Liabilities:							
Current liabilities	25.5	22.0	4.8	5.9	30.3	27.9	
Non-Current liabilities	<u>83.6</u>	<u>84.3</u>	<u>45.7</u>	<u>45.6</u>	<u>129.3</u>	<u>129.9</u>	
Total Liabilities	<u>109.1</u>	<u>106.3</u>	<u>50.5</u>	<u>51.5</u>	<u>159.6</u>	<u>157.8</u>	(1.1%)
Deferred Inflows of Resources	<u>1.8</u>	<u>4.0</u>	<u>0.1</u>	<u>0.3</u>	<u>1.9</u>	<u>4.3</u>	
Net Position:							
Net investment in capital assets	520.2	527.0	20.7	24.1	540.9	551.1	
Restricted	67.8	54.1	-	-	67.8	54.1	
Unrestricted	<u>110.0</u>	<u>87.1</u>	<u>18.0</u>	<u>15.1</u>	<u>128.0</u>	<u>102.2</u>	
Total Net Position	<u>\$698.0</u>	<u>\$668.2</u>	<u>\$38.7</u>	<u>\$39.2</u>	<u>\$736.7</u>	<u>\$707.4</u>	(4%)

Governmental activities. Net position of the City's governmental activities decreased 4.3% to \$668.2 million, of which \$527 million is invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$54.1 million is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties. The remaining \$87.1 million is subject to designation for specific purposes as approved by the City Council, and may be used to meet the City's ongoing obligations.

Government-wide Financial Analysis (Continued)



CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Changes in Net Position
For the Year Ended June 30, 2020
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019-2020</u>
Revenues:							
Program revenues:							
Charges for services	\$8.9	\$8.4	\$17.3	\$17.3	\$26.2	\$25.7	
Operating grants & contributions	5.0	4.9	-	-	5.0	4.9	
Capital grants and contributions	3.9	4.6	-	-	3.9	4.6	
General revenues:							
Taxes	30.4	31.4	-	-	30.4	31.4	
Intergovernmental revenue	26.6	25.5	-	-	26.6	25.5	
Motor vehicle taxes	-	0.1	-	-	-	0.1	
Earnings on investments	7.2	4.4	1.1	0.9	8.3	5.3	
Miscellaneous	6.0	4.3	0.2	-	6.2	4.3	
Gain on sale of assets	<u>0.4</u>	<u>1.0</u>	<u>-</u>	<u>-</u>	<u>0.4</u>	<u>1.0</u>	
Total Revenues	<u>88.4</u>	<u>84.6</u>	<u>18.6</u>	<u>18.2</u>	<u>107.0</u>	<u>102.8</u>	(3.9%)
Expenses:							
General government	27.1	29.3	-	-	27.1	29.3	
Public safety	36.2	39.1	-	-	36.2	39.1	
Public works	45.9	40.4	-	-	45.9	40.4	
Community services	20.3	5.7	-	-	20.3	5.7	
Water	<u>-</u>	<u>-</u>	<u>17.8</u>	<u>17.7</u>	<u>17.8</u>	<u>17.7</u>	
Total Expenses	<u>129.5</u>	<u>114.5</u>	<u>17.8</u>	<u>17.7</u>	<u>147.3</u>	<u>132.2</u>	(10.3%)
Change in net position	(41.1)	(29.9)	0.8	0.5	(40.3)	(29.4)	
Net Position – Beginning	<u>737.7</u>	<u>696.6</u>	<u>39.3</u>	<u>40.1</u>	<u>777.0</u>	<u>736.7</u>	
Restatement for Prior Period Adjustment	=	<u>1.4</u>	=	<u>(1.4)</u>	=	=	
Net Position - Ending	<u>\$696.6</u>	<u>\$668.1</u>	<u>\$40.1</u>	<u>\$39.2</u>	<u>\$736.7</u>	<u>\$707.3</u>	(4%)

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Government-wide Financial Analysis (Continued)

Net position at July 1, 2019 has been adjusted as noted in the previous chart to allocate the total OPEB liability and related deferred outflows and inflows of resources to the Water Enterprise Fund as of the beginning of the year. The restatement resulted in a \$1.4 million decrease to net position for the Water Enterprise Fund and a corresponding increase to Governmental Activities Funds. There was no change in the total Government-wide net position as a result of the restatement.

In governmental activities, the decrease in net position of \$29.9 million is primarily due to the following:

- Capital asset depreciation expense in the amount of \$12.4 million.
- Deferred resources related to the City's pension liability and other post-employment benefits resulted in a \$4.7 million reduction to net position:
 - Deferred outflows related to pension plans decreased \$2.2 million mostly due to changes in actuarial assumptions affecting the calculation of the pension liability.
 - Deferred inflows of resources increased \$2.5 million mostly due to differences between actual and expected experience and changes in assumptions for Other Post-Employment Benefits (OPEB).
- Contribution of capital assets to other entities in the amount of \$4 million.
- Governmental liabilities increased by \$2 million related to claims and judgments and compensated absences.

In the prior fiscal year, governmental activities decreased by approximately \$41.1 million compared to a decrease of \$29.9 million in 2019/20, which reflects an \$11.2 million difference year-over-year. The year-over-year difference is primarily due to a \$15 million payment that the City made in the prior year to Tustin Unified School District (TUSD) for additional funding for the Legacy Magnet Academy 6-12 School Project.

Business-Type activities net position increased slightly reflecting an increase of \$0.5 million, which is comparable with the prior year. Revenues and expenses were also fairly consistent with prior years.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

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 may be useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported total combined ending fund balances of \$209.5 million, a decrease of \$36.4 million in comparison with the prior year. The decrease is primarily due to significant expenditures for capital projects at the Legacy development. Total capital outlay was \$42.3 million during fiscal year 2020. Approximately \$80.8 million (38.6%) of the City's governmental fund balance constitutes nonspendable fund balance. Of the nonspendable amount, \$80.3 million is land held for resale. The remainder of the fund balance consists of \$53.5 million in restricted funds, \$0.8 million assigned to capital projects, and \$74.3 million in unassigned funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$75 million, while total fund balance was \$172.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 74% of the total General Fund expenditures.

The Measure M Special Revenue Fund is another major governmental fund of the City, with restricted fund balance of \$7 million at the end of the current fiscal year. These funds are restricted by law for specific purposes such as, road maintenance / safety and traffic improvement projects. During fiscal year 2020, Measure M fund revenues over expenditures resulted in an increase of fund balance by \$1.3 million, compared to a \$0.3 million increase in fund balance in the prior year. The year-over-year increase in fund balance is largely related to capital projects that were budgeted in fiscal year 2020; however, these projects were not fully expended and have been carried-over into fiscal year 2021.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Financial Analysis of the Government's Funds (Continued)

City of Tustin
Summary of Changes in Fund Balances - General Fund
For the Year Ended June 30, 2020
(in millions of dollars)

	<u>2019</u>	<u>2020</u>	<u>Total % Change 2019-2020</u>
Revenues:			
Taxes	\$26.3	\$27.0	
Charges for services	1.8	1.8	
Intergovernmental	28.4	27.6	
Fines and forfeitures	0.9	0.8	
Licenses and permits	1.2	1.3	
Investment income	5.5	3.4	
Other	3.7	3.2	
Profit participation	0.2	-	
Gain on sale of land held for resale	=	<u>1.0</u>	
Total Revenues	<u>68.0</u>	<u>66.1</u>	(2.8%)
Expenditures:			
General government	24.4	25.8	
Public safety	33.1	36.2	
Public works	8.9	7.9	
Community services	18.7	3.7	
Capital Outlay	25.5	27.8	
Debt service	<u>0.1</u>	<u>0.1</u>	
Total Expenses	<u>110.7</u>	<u>101.5</u>	(9.2%)
Excess of Revenues Over (Under) Expenditures	(42.7)	(35.4)	
Other Financing Sources (Uses):			
Net transfers	<u>5.2</u>	<u>4.7</u>	
Net Change in Fund Balance	<u>(37.5)</u>	<u>(30.7)</u>	(18.1%)

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Financial Analysis of the Government's Funds (Continued)

Material transactions impacting revenues in the General Fund were as follows:

- Taxes increased \$0.7 million primarily due to higher property tax revenues. Property tax revenue totaled about \$23 million reflecting an increase of approximately \$0.8 million primarily due to increases in assessed values. The growth in assessed values is largely due to the 2% Proposition 13 inflation adjustment, changes in ownership and development at the former Marine Corp Air Station, known as Tustin Legacy.
- Intergovernmental revenue, which includes sales taxes, decreased by \$0.8 million compared to the prior fiscal year due to shelter in place restrictions imposed by the State of California in response to COVID-19.
- Gain on sale of land held for resale totaled \$1 million in fiscal year 2020 due to the sale of land at Pacific Center East to SchoolsFirst Federal Credit Union. There were no land sales affecting the General Fund in fiscal year 2019.
- Investment income decreased \$2.1 million during 2020 largely due to lower cash balances and a decline in the average weighted yield on investments caused by the declining interest rate environment during most of fiscal year 2020.
- The City received approximately \$682,000 in Coronavirus Relief Funds from the County of Orange, which was used for public safety expenses related to COVID-19 and to care for the homeless. In 2019/20, the City also received \$1.9 million in Coronavirus Relief Funds from the County of Orange for economic support to small businesses. However, those funds were not expended until after July 1, 2020 and therefore those revenues are reflected as unearned revenue.

Changes in General Fund expenditures from previous fiscal year, by function, occurred as follows during the year ended June 30, 2020:

- Community Services expenditures decreased \$15 million mostly due to a \$15 million advance paid in fiscal year 2019 to Tustin Unified School District (TUSD) for the planning and design of the 6-12 School Project per the School Facilities Implementation, Funding, and Mitigation Agreement.
- General Government expenditures increased \$1.4 million from prior year mostly due to higher pension costs. In addition to CalPERS required contributions, the City made a \$3.3 million discretionary payment to CalPERS to pay down unfunded actuarial liabilities for the Miscellaneous and Safety plans. In addition, \$0.5 million was contributed to the Public Agency Retirement Services (PARS) Trust Other Post-Employment Benefits (OPEB) account.
- Public safety expenditures increased \$3.1 million over the prior year primarily due to higher pension costs, increased costs for contract fire services with Orange County Fire Authority and due to costs associated with a new Computer Aided Dispatch (CAD)/Records Management System (RMS).
- Public Works expenditures decreased \$1.0 million mostly due to costs incurred during the prior fiscal year for architectural plans for the Tustin Ranch Road pedestrian bridge (\$1.2 million).

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Financial Analysis of the Government's Funds (Continued)

- Capital Outlay increased \$2.3 million primarily due to increases in construction expenditures for the following projects:
 - Tustin Legacy Veterans Sports Park
 - City Corporate Yard Facilities
 - Tustin Legacy Linear Park Improvements
 - Various Park, Road and Median Improvements primarily in the Legacy development

General Fund Budgetary Highlights

Differences between the General Fund actual revenues and amended budgeted revenues were \$1 million lower, mostly due to a decrease in sales tax revenues and other revenues that were affected by the Statewide shelter in place restrictions related to COVID-19. The amended budgeted expenditures were \$145 million, an increase in appropriations of \$24.5 million from the original budgeted expenditures of \$120.5 million. The increase in appropriations was largely associated with capital expenditures at the Tustin Legacy.

Actual General Fund expenditures were less than the amended budgeted amount of \$145 million by \$43.5 million, primarily due to appropriations for capital projects spanning multiple years. The City shifted its focus from several capital projects due to the impacts associated with COVID-19. Specifically, the City re-engaged with developers to discuss the viability of various projects due to the impacts on the development community as a result of the response to the COVID-19 pandemic.

Financial Analysis of the Proprietary Funds

The City has one proprietary fund which is the Water Enterprise Fund. As mentioned previously, net position at July 1, 2019 has been adjusted to allocate the total OPEB liability and related deferred outflows and inflows of resources to the Water Enterprise Fund as of the beginning of the year. The restatement resulted in a \$1.4 million decrease to net position for the Water Enterprise Fund. Total revenues for the Water Fund exceeded total expenses by \$0.5 million, resulting in an increase in net position during fiscal year 2020, from \$38.7 million as restated as of June 30, 2019, to \$39.2 million as of June 30, 2020.

Operating revenues showed a modest increase during fiscal year 2020, resulting in \$17.3 million for the year. City Council passed a Water Rate increase January 2020. The increase of about \$0.5 million in net position is consistent with the consultant's estimated revenue increase of \$0.4 million that would be generated from the rate increase.

Related operating costs decreased slightly (\$0.3 million) from prior fiscal year, resulting from various minor declines in expenditures for purchased water and other operations.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

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, 2020 amounts to \$583.8 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City of Tustin
Summary of Changes in Capital Assets
For the Year Ended June 30, 2020
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019- 2020</u>
Land	\$83.1	\$83.1	\$1.2	\$1.2	\$84.3	\$84.3	
Right of way	43.8	43.8	-	-	43.8	43.8	
Construction in progress	78.9	46.6	5.4	12.5	84.3	59.1	
Buildings and improvements	74.7	87.3	3.7	3.5	78.4	90.8	
Machinery and equipment	5.6	5.3	-	-	5.6	5.3	
Infrastructure	234.3	263.8	-	-	234.3	263.8	
Property, plant and equipment	=	=	<u>38.3</u>	<u>36.7</u>	<u>38.3</u>	<u>36.7</u>	
Total Capital Assets, Net	<u>\$520.4</u>	<u>\$529.9</u>	<u>\$48.6</u>	<u>\$53.9</u>	<u>\$569.0</u>	<u>\$583.8</u>	2.6%

Overall, capital asset additions of \$33 million in fiscal year 2020 (net of transfers from construction in progress) were offset by depreciation expense of \$14 million and retirements of \$4 million for a net increase in capital assets of approximately \$15 million. In fiscal year 2020, the following major construction projects were completed: Linear Park (\$9.6 Million), Moffett Dr., Armstrong Ave., & Kensington Dr. as part of the Legacy road extensions (\$33.1 Million), Median Landscape rehab (\$3.0 Million), and El Camino Real road improvements (\$1.5 Million). The following major construction projects were in progress in fiscal year 2020: Veterans Sports Park, Corp Yard Facilities, Linear Park and various road widening, extension, and traffic signal projects at the Legacy development.

Additional information on the City's capital assets can be found in Note 7 of the notes to the basic financial statements section of this report.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Long-term Debt

At the end of the current fiscal year, the City had total outstanding long-term liabilities of \$129.8 million. Of this amount, \$40.5 million are secured solely by specified revenue sources such as property tax increment and water service charges.

City of Tustin
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2020
(in millions of dollars)

	Governmental		Business-Type		Total		Total
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		<u>% Change</u>
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019-2020</u>
Bonds payable	\$-	\$-	\$40.5	\$40.5	\$40.5	\$40.5	
Claims and judgments	6.4	7.8	-	-	6.4	7.8	
Postemployment							
benefits obligation	12.4	10.3	1.4	1.2	13.8	11.5	
Compensated absences	3.4	4.0	0.3	0.3	3.7	4.3	
Lease Payable	0.2	0.1	-	-	0.2	0.1	
Pension liabilities	<u>61.2</u>	<u>62.1</u>	<u>3.6</u>	<u>3.5</u>	<u>64.8</u>	<u>65.6</u>	
Total Outstanding Debt	<u>\$83.6</u>	<u>\$84.3</u>	<u>\$45.8</u>	<u>\$45.5</u>	<u>\$129.4</u>	<u>\$129.8</u>	0.3%

Overall, long-term debt increased \$0.4 million from the prior year balances mostly due to the increase in Claims and Judgements of \$1.4 million. The increases for the Claims and judgments during fiscal year 2020 were primarily due to increases in workers compensation claims. The increase in pension liabilities was comprised of an increase of \$1.6 million for the Safety (police) Plans and a decrease of \$0.7 million for Miscellaneous (all other) plans. The above noted increases were offset by decreases in the other long-term debt categories. The decrease in postemployment benefits obligation of \$2.3 million was due to differences between actual and expected experience and employer contributions. In addition to normal employer contribution activity, the City made a \$0.5 million contribution to Public Agency Retirement Services (PARS) Trust.

As mentioned previously, an adjustment was made to allocate the total OPEB liability to the Water Enterprise Funds. This restatement resulted in recording a \$1.2 million post-employment benefits obligation in the Water Enterprise Fund and a corresponding decrease to long-term liabilities in the Governmental Activities Funds.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2020

Long-term Debt (Continued)

On February 11, 2020, the City issued \$14,910,000, Taxable Water Refunding Revenue Bonds, Series 2020, to provide funds to defease the 2013 Water Revenue Bonds and pay the costs of issuing the bonds. The bonds were refunded to reduce the City's total debt service 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 payable for the Water Enterprise carried underlying debt ratings of "AA" from Standard & Poor's, with no change from the previous year.

Additional information on the City's long-term debt can be found in Note 8, Note 9, and Note 10 of the notes to the basic financial statements section of this report.

Next Year's Budget and Rates

On June 18, 2019, the City Council adopted a Biennial Budget that established an operating and capital spending plan for Fiscal Years 2019-2020 and 2020-2021. On June 16, 2020, the City Council adopted a revised operating and capital budget for Fiscal Year 2020-2021 in response to COVID-19, which has resulted in an estimated loss of \$4 million of General Fund revenues in 2020-2021. The General Fund fiscal year 2020-2021 estimated revenues are \$65 million and budgeted appropriations are \$72 million. The operating deficit can be covered by planned use reserves and anticipated expenditure savings. The appropriations are \$1.9 million higher than the prior year's appropriation. Overall, the appropriations are consistent with fiscal year 2020. Expenditure increases are largely related to amounts required to be paid annually to CalPERS. The City has also budgeted additional discretionary payments of \$3.3 million to paydown the City's pension liability with the goal of eliminating all pension debt by 2032. There were no fee increases as part of the preparation and adoption of the fiscal year 2020-21 budget.

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 Treasurer, City of Tustin, 300 Centennial Way, Tustin, California, 92780.

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CITY OF TUSTIN
STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 112,946,827	\$ 17,932,728	\$ 130,879,555
Receivables:			
Accounts	9,365,735	2,536,512	11,902,247
Interest	369,244	68,818	438,062
Loans	898,290	-	898,290
Allowance for uncollectibles	(483,977)	-	(483,977)
Prepaid items and deposits	499,032	31,145	530,177
Land held for resale	80,348,325	3,763,799	84,112,124
Restricted assets:			
Cash and investments with fiscal agents	24,079,781	8,463,498	32,543,279
Cash and investments held by trust	6,182,499	-	6,182,499
Capital assets:			
Not being depreciated	173,373,711	13,693,852	187,067,563
Being depreciated, net	356,441,349	40,148,594	396,589,943
TOTAL ASSETS	764,020,816	86,638,946	850,659,762
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	3,693,397	3,693,397
Deferred amounts on OPEB plan	17,867	1,767	19,634
Deferred amounts on pension plans	14,461,622	671,192	15,132,814
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,479,489	4,366,356	18,845,845
LIABILITIES:			
Accounts payable and accrued liabilities	10,775,814	5,077,580	15,853,394
Interest payable	-	360,549	360,549
Deposits payable	9,274,938	502,760	9,777,698
Unearned revenue	1,973,639	-	1,973,639
Noncurrent liabilities:			
Due within one year	11,544,541	1,285,334	12,829,875
Due in more than one year	449,410	39,508,832	39,958,242
Due in more than one year - OPEB liability	10,228,663	1,225,936	11,454,599
Due in more than one year - pension liability	62,055,994	3,525,846	65,581,840
TOTAL LIABILITIES	106,302,999	51,486,837	157,789,836
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on OPEB plan	2,090,115	206,715	2,296,830
Deferred amounts on pension plans	1,925,314	95,026	2,020,340
TOTAL DEFERRED INFLOWS OF RESOURCES	4,015,429	301,741	4,317,170
NET POSITION:			
Net investment in capital assets	526,953,804	24,145,887	551,099,691
Restricted for:			
Community services	4,573,545	-	4,573,545
Public safety	3,188,683	-	3,188,683
Public works	40,161,934	-	40,161,934
Pension	6,182,499	-	6,182,499
Unrestricted	87,121,412	15,070,837	102,192,249
TOTAL NET POSITION	\$ 668,181,877	\$ 39,216,724	\$ 707,398,601

See accompanying notes to basic financial statements.

CITY OF TUSTIN

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 29,282,004	\$ 2,157,735	\$ 42,428	\$ -
Public safety	39,064,730	1,205,519	1,039,770	-
Public works	40,430,009	3,123,961	3,349,911	4,278,831
Community services	5,682,249	1,892,126	479,533	286,562
Interest on long-term liabilities	6,444	-	-	-
Total governmental activities	114,465,436	8,379,341	4,911,642	4,565,393
Business-type activity:				
Water	17,767,158	17,364,694	-	-
Total	\$ 132,232,594	\$ 25,744,035	\$ 4,911,642	\$ 4,565,393

General revenues:

Taxes:

Property

Franchise

Transient occupancy

Business license

Intergovernmental revenue - sales tax shared state revenues

Motor vehicle taxes shared state revenues

Earnings on investments

Gain on sale of land held for resale

Miscellaneous

Total general revenues

Change in net position

NET POSITION AT BEGINNING OF YEAR, AS RESTATED

NET POSITION AT END OF YEAR

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activity	Total
\$ (27,081,841)	\$ -	\$ (27,081,841)
(36,819,441)	-	(36,819,441)
(29,677,306)	-	(29,677,306)
(3,024,028)	-	(3,024,028)
(6,444)	-	(6,444)
(96,609,060)	-	(96,609,060)
-	(402,464)	(402,464)
(96,609,060)	(402,464)	(97,011,524)
27,358,525	-	27,358,525
1,792,263	-	1,792,263
1,593,532	-	1,593,532
438,632	-	438,632
25,487,518	-	25,487,518
64,400	-	64,400
4,445,124	869,426	5,314,550
1,014,511	-	1,014,511
4,556,040	23,193	4,579,233
66,750,545	892,619	67,643,164
(29,858,515)	490,155	(29,368,360)
698,040,392	38,726,569	736,766,961
\$ 668,181,877	\$ 39,216,724	\$ 707,398,601

CITY OF TUSTIN
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	General	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 85,252,491	\$ 6,909,441	\$ 20,784,895	\$ 112,946,827
Restricted cash and investments	11,476,191	-	12,603,590	24,079,781
Restricted cash and investments held by trust	6,182,499	-	-	6,182,499
Receivables:				
Accounts	6,450,086	554,080	2,361,569	9,365,735
Interest	243,586	18,027	107,631	369,244
Loans	525,194	-	373,096	898,290
Allowance for uncollectibles	(460,882)	-	(23,095)	(483,977)
Prepaid items and deposits	499,032	-	-	499,032
Land held for resale	80,348,325	-	-	80,348,325
TOTAL ASSETS	\$ 190,516,522	\$ 7,481,548	\$ 36,207,686	\$ 234,205,756
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 7,546,885	\$ 158,015	\$ 3,070,914	\$ 10,775,814
Deposits payable	8,657,489	-	617,449	9,274,938
Unearned revenue	1,914,618	-	59,021	1,973,639
TOTAL LIABILITIES	18,118,992	158,015	3,747,384	22,024,391
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	139,502	351,806	2,230,833	2,722,141
FUND BALANCES:				
Nonspendable	80,847,357	-	-	80,847,357
Restricted	16,438,469	6,971,727	30,042,734	53,452,930
Assigned	-	-	815,527	815,527
Unassigned	74,972,202	-	(628,792)	74,343,410
TOTAL FUND BALANCES	172,258,028	6,971,727	30,229,469	209,459,224
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 190,516,522	\$ 7,481,548	\$ 36,207,686	\$ 234,205,756

See accompanying notes to basic financial statements.

CITY OF TUSTIN

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

June 30, 2020

Fund balances - total governmental funds	\$ 209,459,224
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental funds.	529,815,060
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2020 are:

Claims and judgments payable	\$ (7,842,971)	
Compensated absences payable	(4,026,489)	
Capital lease payable	<u>(124,491)</u>	
Total long-term liabilities		(11,993,951)

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

Deferred outflows of resources	14,461,622	
Deferred inflows of resources	(1,925,314)	
Pension liability	<u>(62,055,994)</u>	
		(49,519,686)

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

Deferred outflows of resources	17,867	
Deferred inflows of resources	(2,090,115)	
Post employment benefits liability	<u>(10,228,663)</u>	
		(12,300,911)

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.

	<u>2,722,141</u>
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Net position of governmental activities	<u><u>\$ 668,181,877</u></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, 2020

	General	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 26,977,144	\$ -	\$ 209,868	\$ 27,187,012
Licenses and permits	1,280,180	-	-	1,280,180
Fines and forfeitures	841,747	-	-	841,747
Investment income	3,410,022	217,155	827,883	4,455,060
Intergovernmental revenue	27,564,940	1,697,850	8,893,777	38,156,567
Charges for services	1,765,424	-	923,497	2,688,921
Rental income	1,867,572	-	266,134	2,133,706
Other revenue	1,368,360	-	3,550,066	4,918,426
Gain on sale of land held for resale	1,014,511	-	-	1,014,511
TOTAL REVENUES	<u>66,089,900</u>	<u>1,915,005</u>	<u>14,671,225</u>	<u>82,676,130</u>
EXPENDITURES:				
Current:				
General government	25,834,612	2,785	1,307,729	27,145,126
Public safety	36,177,669	-	249,389	36,427,058
Public works	7,924,563	-	307,226	8,231,789
Community services	3,662,055	-	1,293,916	4,955,971
Capital outlay	27,818,762	500,115	13,958,577	42,277,454
Debt service:				
Principal retirement	74,763	-	-	74,763
Interest expenditures	6,444	-	-	6,444
TOTAL EXPENDITURES	<u>101,498,868</u>	<u>502,900</u>	<u>17,116,837</u>	<u>119,118,605</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,408,968)</u>	<u>1,412,105</u>	<u>(2,445,612)</u>	<u>(36,442,475)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,745,170	-	-	4,745,170
Transfers out	-	(81,300)	(4,663,870)	(4,745,170)
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,745,170</u>	<u>(81,300)</u>	<u>(4,663,870)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(30,663,798)	1,330,805	(7,109,482)	(36,442,475)
FUND BALANCES - BEGINNING OF YEAR	<u>202,921,826</u>	<u>5,640,922</u>	<u>37,338,951</u>	<u>245,901,699</u>
FUND BALANCES - END OF YEAR	<u>\$ 172,258,028</u>	<u>\$ 6,971,727</u>	<u>\$ 30,229,469</u>	<u>\$ 209,459,224</u>

See accompanying notes to basic financial statements.

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, 2020

Net change in fund balances - total governmental funds \$ (36,442,475)

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	\$ 26,290,449	
Contribution of capital assets to other entities	(3,989,785)	
Disposition of capital assets	(416,018)	
Depreciation expense	<u>(12,435,140)</u>	9,449,506

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:

Principal payment	74,763	
Claims and judgments payable	(1,397,495)	
Compensated absences payable	<u>(605,192)</u>	(1,927,924)

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 (3,279,413)

OPEB expenditures reported in the governmental funds includes the actuarially determined contributions. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources 411,000

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

Net change in unavailable revenue		<u>1,930,791</u>
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Change in net position of governmental activities \$ (29,858,515)

CITY OF TUSTIN

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2020

	Business-type Activity Water Enterprise Fund
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 17,932,728
Accounts receivable	2,536,512
Interest receivable	68,818
Prepaid items	31,145
Land held for resale	3,763,799
Restricted cash and investments	8,463,498
TOTAL CURRENT ASSETS	<u>32,796,500</u>
NONCURRENT ASSETS:	
Capital assets:	
Not being depreciated	13,693,852
Being depreciated, net	40,148,594
TOTAL NONCURRENT ASSETS	<u>53,842,446</u>
TOTAL ASSETS	<u>86,638,946</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	3,693,397
Deferred amounts on pension plans	671,192
Deferred amounts on OPEB plan	1,767
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,366,356</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	5,077,580
Deposits payable	502,760
Compensated absences payable	235,334
Interest payable	360,549
Bonds payable	1,050,000
TOTAL CURRENT LIABILITIES	<u>7,226,223</u>
LONG-TERM LIABILITIES:	
Compensated absences payable	26,149
Bonds payable	39,482,683
Net pension liability	3,525,846
Total OPEB liability	1,225,936
TOTAL LONG-TERM LIABILITIES	<u>44,260,614</u>
TOTAL LIABILITIES	<u>51,486,837</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts on pension plans	95,026
Deferred amounts on OPEB plan	206,715
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>301,741</u>
NET POSITION:	
Net investment in capital assets	24,145,887
Unrestricted	15,070,837
TOTAL NET POSITION	<u>\$ 39,216,724</u>

See accompanying notes to basic financial statements.

CITY OF TUSTIN

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

For the year ended June 30, 2020

	Business-type Activity Water Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 17,364,694
OPERATING EXPENSES:	
Personnel services	3,687,216
Purchased water	6,941,662
Maintenance and operation	3,410,892
Depreciation	1,925,062
TOTAL OPERATING EXPENSES	15,964,832
OPERATING INCOME	1,399,862
NONOPERATING REVENUES (EXPENSES):	
Investment income	869,426
Other income	23,193
Interest expense and other fiscal charges	(1,802,326)
TOTAL NONOPERATING REVENUES (EXPENSES)	(909,707)
CHANGE IN NET POSITION	490,155
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	38,726,569
NET POSITION AT END OF YEAR	\$ 39,216,724

See accompanying notes to basic financial statements.

CITY OF TUSTIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2020

	Business-type Activity Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 17,620,009
Payments to suppliers	(7,985,910)
Payments to other funds for services	(1,200,000)
Payments to employees	(3,456,037)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,978,062</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(7,214,296)
Escrow fee refund from acquisition of land held for resale	1,548
Principal paid on bonds	(860,000)
Payment to refunding bond escrow agent	(14,678,879)
Proceeds from issuance of bonds	14,910,000
Bond issuance costs	(262,613)
Interest paid on long-term debt	(1,485,838)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,590,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>867,147</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>867,147</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,744,869)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>30,141,095</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,396,226</u>
CASH AND CASH EQUIVALENTS:	
Cash and investments - current assets	\$ 17,932,728
Cash and investments - restricted assets	<u>8,463,498</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 26,396,226</u>

See accompanying notes to basic financial statements.

CITY OF TUSTIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 (CONTINUED)

For the year ended June 30, 2020

	Business-type Activity Water Enterprise Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,399,862
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,925,062
Other nonoperating income	23,193
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	233,251
(Increase) decrease in prepaid items	(19,315)
(Increase) decrease in deferred outflows of resources	255,921
Increase (decrease) in accounts payable and accrued liabilities	1,199,840
Increase (decrease) in deposits payable	(1,128)
Increase (decrease) in compensated absences	7,609
Increase (decrease) in net pension liability	(96,658)
Increase (decrease) in total OPEB liability	(155,157)
Increase (decrease) in deferred inflows of resources	205,582
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,978,062</u>

CITY OF TUSTIN

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Agency Funds
ASSETS:			
Cash and investments	\$ 3,157,668	\$ -	\$ 53,649
Cash and investments held by trust	-	2,166,915	-
Restricted cash and investments	835		12,504,166
Receivables:			
Taxes	-	-	73,935
Prepaid items and deposits	6,442	-	-
TOTAL ASSETS	3,164,945	2,166,915	\$ 12,631,750
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	6,283,986	-	-
LIABILITIES:			
Accounts payable	-	-	7,695
Interest payable	659,975	-	-
Due to bondholders	-	-	12,624,055
Long-term liabilities:			
Due within one year	1,965,000	-	-
Due in more than one year	53,772,879	-	-
TOTAL LIABILITIES	56,397,854	-	\$ 12,631,750
NET POSITION:			
Net position restricted for private purpose	(46,948,923)	-	
Net position restricted for OPEB	-	2,166,915	
TOTAL NET POSITION	\$ (46,948,923)	\$ 2,166,915	

See accompanying notes to basic financial statements.

CITY OF TUSTIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2020

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund
ADDITIONS:		
Tax revenue	\$ 3,968,885	\$ -
Contribution from the City of Tustin	-	-
Investment income	1,489	97,677
Employer contributions	-	1,291,153
TOTAL ADDITIONS	3,970,374	1,388,830
DEDUCTIONS:		
Administrative expenses	-	11,216
Benefits	-	791,153
Community services	28,594	-
Interest	2,027,198	-
TOTAL DEDUCTIONS	2,055,792	802,369
CHANGE IN NET POSITION	1,914,582	586,461
NET POSITION - BEGINNING OF YEAR	(48,863,505)	1,580,454
NET POSITION - END OF YEAR	\$ (46,948,923)	\$ 2,166,915

See accompanying notes to basic financial statements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. The Financial Reporting Entity

The City of Tustin (City) was incorporated in 1927 as a “General Law” City governed by an elected five-member city council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Tustin (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Tustin’s elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete.

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

Blended Component Units

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regards 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 properly included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, 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 agency funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary private purpose trust fund (fiduciary agency funds do not have a measurement focus) financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds result from providing services and producing and delivering goods. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Property taxes are recognized as revenue in the year for which they are levied. Operating revenues are those that result from providing services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City's fiduciary funds consist of a private purpose trust and the other post-employment benefit (OPEB) trust, which are reported using the economic resources measurement focus, and the agency funds which have no measurement focus, but utilize the accrual basis for reporting its assets and liabilities.

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

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

Fund Classifications

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

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

The Measure M Special Revenue Fund is used to account for monies received from the County for street and maintenance projects.

The City reports the following major proprietary fund:

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Agency 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for taxes received for special assessments debt for which the City is not obligated.

d. New Accounting Pronouncements

Current Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of this Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements of paragraphs 4 and 5 of Statement No. 97 did not impact the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged.

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In May 2019, GASB issued Statement No. 91 – *Conduit Debt Obligations*. This Statement clarifies existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, early application encouraged.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In May 2020, GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash, Cash Equivalents and Investments

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

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

Capital Assets

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

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

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

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

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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

- Deferred charge on refunding, net of accumulated amortization, reported in the government-wide statement of net position, the proprietary fund and fiduciary funds financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.
- 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.

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 position 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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)

- 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 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 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.

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value at June 30, 2020. 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 and the Water Enterprise Fund.

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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 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.

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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)

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.

- 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, 2020, 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	\$130,879,555	\$ 3,211,317	\$134,090,872
Restricted assets:			
Cash and investments	32,543,279	12,505,001	45,048,280
Cash and investments held by trust	6,182,499	2,166,915	8,349,414
Total cash and investments	<u>\$169,605,333</u>	<u>\$ 17,883,233</u>	<u>\$187,488,566</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (Continued)

Cash and investments as of June 30, 2020, consist of the following:

Cash on hand	\$ 11,000
Deposits with financial institutions	2,187,698
Investments	185,289,868
Total cash and investments	<u>\$187,488,566</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.

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	25%	5%
Local Agency Investment Pool (LAIF)	N/A	None	\$75 Million
Orange County Investment Pool (OCIP)	N/A	None	Max permitted by County Treasurer
Bankers acceptances*	180 days	30%	5%
Medium-term notes*	5 years	20%	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%
Repurchase agreements*	1 year	30%	5%
Supranationals*	5 years	15%	5%
Shares of beneficial interest by a JPA	5 years	None	50%

* Combined total limitation of these investment types is 30%

N/A - Not Applicable

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

Investment Types Authorized by the City's Policy	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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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:

Investment Type	Remaining Maturity				Total
	1 Year or Less	1 - 2 Years	2 - 3 Years	3 - 4 Years	
U.S. Government Sponsored					
Agency Securities:					
Federal National Mortgage Association (FNMA)	\$ 1,870,132	\$ -	\$ -	\$ -	\$ 1,870,132
Federal Home Loan Bank (FHLB)	1,007,336	4,133,117	-	-	5,140,453
Federal Home Loan Mortgage Corporation (FHLMC)	-	1,034,724	2,073,640	-	3,108,364
Local Agency Investment Pool (LAIF)	72,699,169	-	-	-	72,699,169
California Asset Management Program (CAMP)	22,994,603	-	-	-	22,994,603
Orange County Investment Pool	1,147,293	-	-	-	1,147,293
Negotiable Certificates of Deposit	9,814,171	5,323,337	2,858,937	269,563	18,266,008
Medium-term Notes	9,056,923	7,228,220	4,659,586	1,086,945	22,031,674
Municipal Bonds	1,015,430	3,396,409	1,030,043	-	5,441,882
Held by Fiscal Agents:					
Money Market Mutual Funds	24,240,875	-	-	-	24,240,875
Held by Pension Trust:					
Money Market Mutual Funds	260,800	-	-	-	260,800
Mutual Funds - Equity	3,013,127	-	-	-	3,013,127
Mutual Funds - Fixed Income	2,908,573	-	-	-	2,908,573
Held by OPEB Trust:					
Money Market Mutual Funds	91,068	-	-	-	91,068
Mutual Funds - Equity	1,056,360	-	-	-	1,056,360
Mutual Funds - Fixed Income	1,019,487	-	-	-	1,019,487
Total	<u>\$ 152,195,347</u>	<u>\$ 21,115,807</u>	<u>\$ 10,622,206</u>	<u>\$ 1,356,508</u>	<u>\$ 185,289,868</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

Investment Type	Total as of June 30, 2020	Minimum Legal Rating	AAA	AA+	AA-	Other	Not Rated
U.S. Government Sponsored							
Agency Securities:							
FNMA	\$ 1,870,132	N/A	\$ -	\$ 1,870,132	\$ -	\$ -	\$ -
FHLB	5,140,453	N/A	-	5,140,453	-	-	-
FHLMC	3,108,364	N/A	-	3,108,364	-	-	-
LAIF	72,699,169	N/A	-	-	-	-	72,699,169
CAMP	22,994,603	N/A	-	-	-	22,994,603	-
Orange County Investment Pool	1,147,293	N/A	-	-	-	-	1,147,293
Negotiable Certificates of Deposit	18,266,008	N/A	-	-	-	-	18,266,008
Medium-term Notes	22,031,674	A	1,004,074	4,092,762	3,096,332	13,838,506	-
Municipal Bonds	5,441,882	A	-	1,501,271	3,330,018	610,593	-
Held by Fiscal Agents:							
Money Market Mutual Funds	24,240,875	A	24,240,875	-	-	-	-
Held by Pension Trust:							
Money Market Mutual Funds	260,800	N/A	-	-	-	260,800	-
Mutual Funds - Equity	3,013,127	N/A	-	-	-	-	3,013,127
Mutual Funds - Fixed Income	2,908,573	N/A	-	-	-	-	2,908,573
Held by OPEB Trust:							
Money Market Mutual Funds	91,068	N/A	-	-	-	91,068	-
Mutual Funds - Equity	1,056,360	N/A	-	-	-	-	1,056,360
Mutual Funds - Fixed Income	1,019,487	N/A	-	-	-	-	1,019,487
Total	<u>\$ 185,289,868</u>		<u>\$ 25,244,949</u>	<u>\$ 15,712,982</u>	<u>\$ 6,426,350</u>	<u>\$ 37,795,570</u>	<u>\$ 100,110,017</u>

N/A - Not Applicable

The ratings for the "Other" category above are as follows:

Medium-term Notes		Municipal Bonds		CAMP	
AA	\$ 5,090,224	A	<u>\$ 610,593</u>	AAAm	<u>\$ 22,994,603</u>
A+	5,706,843				
A-	2,005,120				
A	103,631				
	<u>\$ 13,838,506</u>				
		Held by Pension Trust		Held by OPEB Trust	
		AAAm	<u>\$ 260,800</u>	AAAm	<u>\$ 91,068</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City did not have investments in any one issuer that represent 5% or more of total City's investments other than for LAIF, CAMP and money market mutual funds.

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:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

As of June 30, 2020, the City's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment Type	Carrying Value
U.S. Government Sponsored	
Agency Securities	\$ 10,118,949
Medium-Term Notes	22,031,674
Municipal Bonds	5,441,882
Negotiable Certificates of Deposit	18,266,008

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

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

Investment in California Asset Management Program (CAMP)

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

Investment in County Investment Pool

The Orange County Investment Pool Fund (OCIP) is a pooled investment fund program governed by the Orange County Board of Supervisors and is administered by the Orange County Treasurer-Tax Collector. Investments in OCIP are highly liquid as deposits and withdrawal can be made at any time without penalty. The City's fair value of its share in the pool is the same value of the pool shares. Information on OCIP's use of derivative securities in its investment portfolio and OCIP's and the City's exposure to credit, market, or legal risk is not available.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

The City has the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored				
Agency Securities:				
FNMA	\$ -	\$ 1,870,132	\$ -	\$ 1,870,132
FHLB	-	5,140,453	-	5,140,453
FHLMC	-	3,108,364	-	3,108,364
Negotiable Certificates of Deposit	-	18,266,008	-	18,266,008
Medium-term Notes	-	22,031,674	-	22,031,674
Municipal Bonds	-	5,441,882	-	5,441,882
Held by Pension Trust:				
Mutual Funds - Equity	3,013,127	-	-	3,013,127
Mutual Funds - Fixed Income	2,908,573	-	-	2,908,573
Held by OPEB Trust:				
Mutual Funds - Equity	1,056,360	-	-	1,056,360
Mutual Funds - Fixed Income	1,019,487	-	-	1,019,487
Total Leveled Investments	<u>\$ 7,997,547</u>	<u>\$ 55,858,513</u>	<u>\$ -</u>	<u>63,856,060</u>
LAIF*				72,699,169
CAMP*				22,994,603
Orange County Investment Pool*				1,147,293
Money Market Mutual Funds*:				
Held by Fiscal Agents				24,240,875
Held by Pension Trust				260,800
Held by OPEB Trust				91,068
Total Investment Portfolio				<u>\$ 185,289,868</u>

* Not subject to fair value measurement hierarchy.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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, 2020, was \$350,000.

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, 2020, was \$23,095. An allowance of \$23,095 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, 2020, including accrued interest of \$16,715, was \$460,882. An allowance of \$460,882 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, 2020. The total outstanding balance at June 30, 2020, including accrued interest of \$761, was \$81,789.

NOTE 4 - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2020, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Measure M Special Revenue Fund	\$ 81,300
	Other Governmental Funds	4,663,870
		<u>\$ 4,745,170</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 4 - INTERFUND TRANSFERS (CONTINUED)

The transfers during the fiscal year ended June 30, 2020, were for the following purposes:

Measure M Special Revenue Fund transferred \$81,300 to the General Fund for eligible Measure M expenditures.

Other governmental fund (Construction 95-1 Capital Projects Fund) transferred \$484,155 to the General Fund for eligible AD 95-1 construction expenditures.

Other governmental fund (Special Tax B Special Revenue Fund) transferred \$4,179,715 to the General Fund for eligible Special Tax B area expenditures.

NOTE 5 - LAND HELD FOR RESALE

Land held for resale as of June 30, 2020, consisted of the following:

	General Fund	Water Enterprise Fund	Total
Pacific Center East*	\$ 28,895,069	\$ -	\$ 28,895,069
Tustin Legacy	51,453,256	-	51,453,256
2061 Valhalla Drive	-	1,957,602	1,957,602
11781 Outlook Lane	-	1,806,197	1,806,197
Total Land Held for Resale	<u>\$ 80,348,325</u>	<u>\$ 3,763,799</u>	<u>\$ 84,112,124</u>

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

In September 2019, the City sold 1.23 acres of land from Pacific Center East to SchoolsFirst Federal Credit Union for \$2,932,000 resulting in a gain on land held for resale of \$1,014,511.

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.

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 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 5 acres of land, for \$1,083,220 less a demolition credit of \$500,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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

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 \$48,136,121.

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 310 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 5 acres) were reclassified due to a change in the intended use of the property. These parcels were retained by the City and will be used to create the new Veteran's Sports Park. As a result, land held for resale was reduced by \$34,026,499 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 \$6,267,009.

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 \$17,621,229.

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 \$32,664,261.

The recorded value of the remaining parcels as of June 30, 2020, was \$51,453,256. 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2020, is as follows:

	Balance at June 30, 2019	Additions	Deletions/ Transfers	Contributions to Other Entities	Balance at June 30, 2020
Capital assets, not depreciated:					
Land	\$ 83,054,787	\$ -	\$ -	\$ -	\$ 83,054,787
Right of way	43,758,156	-	-	-	43,758,156
Construction in progress	78,853,406	25,341,085	(53,643,938)	(3,989,785)	46,560,768
Total capital assets, not depreciated	205,666,349	25,341,085	(53,643,938)	(3,989,785)	173,373,711
Capital assets, being depreciated:					
Buildings	75,082,457	-	-	-	75,082,457
Improvements other than buildings	30,584,312	15,262,188	-	-	45,846,500
Machinery and equipment	19,643,699	1,382,310	(226,475)	-	20,799,534
Infrastructure	368,675,016	37,948,804	(1,107,511)	-	405,516,309
Total capital assets, being depreciated	493,985,484	54,593,302	(1,333,986)	-	547,244,800
Less accumulated depreciation for:					
Buildings	(21,357,700)	(1,514,237)	-	-	(22,871,937)
Improvements other than buildings	(9,651,197)	(1,055,959)	-	-	(10,707,156)
Machinery and equipment	(14,040,018)	(1,625,504)	198,334	-	(15,467,188)
Infrastructure	(134,237,364)	(8,239,440)	719,634	-	(141,757,170)
Total accumulated depreciation	(179,286,279)	(12,435,140)	917,968	-	(190,803,451)
Total capital assets, being depreciated, net	314,699,205	42,158,162	(416,018)	-	356,441,349
Total governmental activities capital assets, net	<u>\$ 520,365,554</u>	<u>\$ 67,499,247</u>	<u>\$ (54,059,956)</u>	<u>\$ (3,989,785)</u>	<u>\$ 529,815,060</u>

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

General government	\$ 243,676
Public safety	693,920
Public works	10,771,266
Community services	726,278
	<u>\$ 12,435,140</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 7 - CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2020, is as follows:

	Balance at June 30, 2019	Additions	Deletions/ Transfers	Balance at June 30, 2020
Capital assets, not depreciated:				
Land	\$ 1,177,216	\$ -	\$ -	\$ 1,177,216
Construction in progress	5,409,137	7,107,499	-	12,516,636
Total capital assets, not depreciated	6,586,353	7,107,499	-	13,693,852
Capital assets, being depreciated:				
Buildings and improvements	9,500,377	-	-	9,500,377
Property, plant and equipment	65,826,863	106,797	(8,053)	65,925,607
Total capital assets, being depreciated	75,327,240	106,797	(8,053)	75,425,984
Less accumulated depreciation for:				
Buildings and improvements	(5,826,407)	(209,207)	-	(6,035,614)
Property, plant and equipment	(27,533,974)	(1,715,855)	8,053	(29,241,776)
Total accumulated depreciation	(33,360,381)	(1,925,062)	8,053	(35,277,390)
Total capital assets, being depreciated, net	41,966,859	(1,818,265)	-	40,148,594
Total business-type activity capital assets, net	<u>\$ 48,553,212</u>	<u>\$ 5,289,234</u>	<u>\$ -</u>	<u>\$ 53,842,446</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Claims and judgments (Note 12)	\$ 6,445,476	\$ 4,047,130	\$ (2,649,635)	\$ 7,842,971	\$ 7,842,971
Lease payable	199,254	-	(74,763)	124,491	77,731
Compensated absences	3,421,297	3,098,109	(2,492,917)	4,026,489	3,623,839
Total governmental activities long-term liabilities	<u>\$ 10,066,027</u>	<u>\$ 7,145,239</u>	<u>\$ (5,217,315)</u>	<u>\$ 11,993,951</u>	<u>\$ 11,544,541</u>
Business-type Activity:					
2012 Refunding					
Water Revenue Bonds	\$ 3,625,000	\$ -	\$ (860,000)	\$ 2,765,000	\$ 885,000
Bond premium	306,587	-	(81,756)	224,831	-
2013 Water Revenue bonds	13,810,000	-	(13,810,000)	-	-
Bond premium	95,643	-	(95,643)	-	-
2016 Water					
Refunding Revenue Bonds	21,515,000	-	-	21,515,000	-
Bond premium	1,170,456	-	(52,604)	1,117,852	-
2020 Taxable Water					
Refunding Revenue Bonds	-	14,910,000	-	14,910,000	165,000
Compensated absences	253,874	230,735	(223,126)	261,483	235,334
Total business-type activity long-term liabilities	<u>\$ 40,776,560</u>	<u>\$ 15,140,735</u>	<u>\$ (15,123,129)</u>	<u>\$ 40,794,166</u>	<u>\$ 1,285,334</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

Lease Payable

The City entered into a lease to finance equipment with a present value of \$368,356, using an interest rate of 3.9%. The lease term is for a period of 60 months with monthly payments of \$6,767. Total payments made during the year amount to \$81,207 which included interest payments of \$6,444 and principal payments of \$74,763. At June 30, 2020, the outstanding principal amount was \$124,491.

The following is a schedule, by year, of future minimum lease payments and the present value of the net minimum lease payment for the capital lease as of June 30, 2020.

Year Ending June 30,	Minimum Lease Payments
2021	\$ 81,207
2022	47,370
Subtotals	\$ 128,577
Less: amounts representing interest	(4,086)
Present value of net minimum lease payments	\$ 124,491

The assets acquired through the capital lease are as follows:

Equipment	\$ 368,356
Less: accumulated depreciation	(257,849)
	\$ 110,507

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity

2012 Refunding Water Revenue Bonds

On March 27, 2012, the City issued \$8,910,000, 2012 Refunding Water Revenue Bonds. The Bonds were issued to provide funds to defease the 2003 Refunding Water Revenue Bonds and prepay certain outstanding notes payable incurred to finance improvements to the Water Enterprise. The 2003 Refunding Water Revenue Bonds were redeemed in full on April 1, 2013.

The Bonds are payable in annual installments ranging from \$710,000 to \$960,000 until maturity on April 1, 2023. 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 \$594,664. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2023. The remaining balance at June 30, 2020, is \$148,667.

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, 2020, total interest and principal remaining on the bonds is \$2,989,200. During the fiscal year, the total interest expense incurred was \$138,500, principal payments were \$860,000, and net revenues were \$4,234,897.

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>
2021	\$ 885,000	\$ 110,600	\$ 995,600
2022	920,000	75,200	995,200
2023	960,000	38,400	998,400
Subtotals	\$ 2,765,000	\$ 224,200	\$ 2,989,200
Add: Premium	224,831	-	224,831
Totals	<u>\$ 2,989,831</u>	<u>\$ 224,200</u>	<u>\$ 3,214,031</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2013 Water Revenue Bonds

On April 1, 2014, the City issued \$14,045,000, 2013 Water Revenue Bonds. The Bonds were issued to finance certain water system improvements. The Bonds were refunded in advance using the bond proceeds from the Taxable Water Refunding Revenue Bonds, Series 2020.

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. As of June 30, 2020, the defeased 2011 Bonds have a remaining outstanding balance of \$20,760,000.

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, 2020, is \$2,782,699.

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, 2020, total interest and principal remaining on the bonds is \$30,704,563. During the fiscal year, the total interest expense incurred was \$687,300, no principal payment was due, and net revenues were \$4,234,897.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2016 Water Refunding Revenue Bonds (Continued)

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>
2021	\$ -	\$ 687,300	\$ 687,300
2022	-	687,300	\$ 687,300
2023	-	687,300	687,300
2024	905,000	687,300	1,592,300
2025	925,000	669,200	1,594,200
2026 - 2030	5,040,000	2,911,038	7,951,038
2031 - 2035	6,025,000	1,936,462	7,961,462
2036 - 2040	7,080,000	877,463	7,957,463
2041 - 2044	1,540,000	46,200	1,586,200
Subtotals	\$ 21,515,000	\$ 9,189,563	\$ 30,704,563
Add: Premium	1,117,852	-	1,117,852
Totals	<u>\$ 22,632,852</u>	<u>\$ 9,189,563</u>	<u>\$ 31,822,415</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. As of June 30, 2020, the defeased 2013 Bonds have a remaining outstanding balance of \$13,760,000.

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

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

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$773,237. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2043. The remaining balance at June 30, 2020, is \$762,031.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2020 Taxable Water Refunding Revenue Bonds

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, 2020, total interest and principal remaining on the bonds is \$21,785,918. During the fiscal year, no payments were due, and net revenues were \$4,234,897.

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

June 30,	Principal	Interest	Total
2021	\$ 165,000	\$ 444,834	\$ 609,834
2022	205,000	403,862	608,862
2023	205,000	400,608	605,608
2024	440,000	397,240	837,240
2025	445,000	389,721	834,721
2026 - 2030	2,380,000	1,815,838	4,195,838
2031 - 2035	2,670,000	1,522,047	4,192,047
2036 - 2040	3,080,000	1,119,141	4,199,141
2041 - 2044	5,320,000	382,627	5,702,627
Totals	<u>\$ 14,910,000</u>	<u>\$ 6,875,918</u>	<u>\$ 21,785,918</u>

NOTE 9 - 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

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 5 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 5 years of service. All members are eligible for non-duty disability retirement benefits after 5 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.

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

	Miscellaneous		
	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	2%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of eligible compensation	2%	2%	2%
Required employee contribution rates	7%	7%	5.75%
Required employer contribution rates			
Normal cost rate	7.791%	7.791%	6.133%
Payment of unfunded liability	\$ 3,112,197	\$ -	\$ -

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - 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, 2019, 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%	2%	2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates:			
Normal cost rate	20.556%	15.719%	12.141%
Payment of unfunded liability	\$ 3,517,517	\$ 2,651	\$ 1,705

Employees Covered

At the measurement date ended June 30, 2019, the following employees were covered by the benefit terms for the Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	269
Inactive employees entitled to but not yet receiving benefits	305
Active employees	207
Total	<u>781</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. 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
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 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - 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 as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.0% used for this period

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

b. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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, 2018 (Measurement Date)	<u>\$119,615,864</u>	<u>\$ 91,750,438</u>	<u>\$ 27,865,426</u>
Changes in the Year:			
Service cost	2,456,587	-	2,456,587
Interest on the total pension liability	8,458,273	-	8,458,273
Differences between actual and expected experience	(222,610)	-	(222,610)
Changes in assumptions	-	-	-
Contribution - employer	-	4,373,702	(4,373,702)
Contribution - employee	-	1,097,180	(1,097,180)
Net investment income	-	6,030,153	(6,030,153)
Administrative expenses	-	(65,475)	65,475
Benefit payments, including refunds of employee contributions	(4,648,016)	(4,648,016)	-
Net plan to plan resource movement	-	213	(213)
Other miscellaneous expense	-	-	-
Net Changes	<u>6,044,234</u>	<u>6,787,757</u>	<u>(743,523)</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$125,660,098</u>	<u>\$ 98,538,195</u>	<u>\$ 27,121,903</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability (Continued)

As of June 30, 2020, the City reported \$38,459,937 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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	<u>Safety</u>
Proportion - June 30, 2018	0.62908%
Proportion - June 30, 2019	0.61609%
Change - Increase (Decrease)	-0.01299%

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 7.15%, 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	6.15%	6.15%
Net Pension Liability	\$ 44,310,954	\$ 59,357,307
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 27,121,903	\$ 38,459,937
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 12,958,836	\$ 21,327,369

Pension Plan Fiduciary Net Position

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2020, the City recognized pension expense of \$6,316,521 and \$7,775,042 for the Miscellaneous and Safety Plans, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,837,028	\$ -
Differences between actual and expected experience	325,991	(143,106)
Change in assumptions	-	(132,377)
Net differences between projected and actual earnings on plan investments	-	(455,491)
Total	<u>\$ 5,163,019</u>	<u>\$ (730,974)</u>

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,782,787	\$ -
Differences between actual and expected experience	2,511,087	-
Change in assumptions	1,576,406	(307,634)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	99,515	(452,651)
Net differences between projected and actual earnings on plan investments	-	(529,081)
Total	<u>\$ 9,969,795</u>	<u>\$ (1,289,366)</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

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

\$4,837,028 and \$5,782,787 reported in the Miscellaneous and Safety Plans, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2021	\$ 462,251	\$ 2,593,188
2022	(846,586)	(158,057)
2023	(129,108)	359,567
2024	108,460	102,944
2025	-	-
Thereafter	-	-

e. Payable to the Pension Plans

At June 30, 2020, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the OPEB Plan

Plan Description

The City has an agent multiple employer defined benefit post-employment health care plan that provides for medical insurance benefits to eligible employees at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA). The City has an OPEB trust with PARS where the assets are held for the exclusive purpose of providing post-employment health care benefits to the eligible employees of the employer. The City makes discretionary contributions to the PARS OPEB trust and pays benefits directly to the insurance provider and retirees. The PARS OPEB trust issues a publicly available financial report for the fiduciary net position that is available upon request. The PARS OPEB trust is reported as a fiduciary fund. The plan itself does not issue a separate financial report.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

a. General Information about the OPEB Plan (Continued)

Plan Description (Continued)

Employees hired prior to July 1, 2011 are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), with five years of service and are eligible for a PERS pension and are enrolled in a PERS retiree health plan. Employees hired after June 30, 2011 are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), with ten years of service and are eligible for a PERS pension and are enrolled in a PERS retiree health plan. Dependents are eligible to enroll, and in the event of a retiree's death, benefits may continue to surviving beneficiaries in certain circumstances.

Employees Covered

At June 30, 2020, measurement date, the benefit terms covered the following employees:

Inactive employees, spouses, or beneficiaries currently receiving benefit payments	122
Active employees	295
Total Plan Participants	<u>417</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.

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, 2020, the City contributed \$500,000 to the PARS OPEB trust, made payments of \$521,284 to insurance providers and retirees, and the estimated implied subsidy was \$269,869, resulting in total contributions of \$1,291,153. The liability for governmental activities is primarily liquidated from the general fund.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	6.25%
Expected long term investment rate of return	6.25% net of OPEB plan investment expense
Inflation	2.75%
Salary Increase	2.75%.
Healthcare Cost Trend Rates	3.50% for 2020 to 2023; 5.20 percent for 2024 to 2069; and 4.00% for 2070 and later years
Mortality	Based on the Public Agency Miscellaneous or Police rates from the 2017 CalPERS Experience Study.

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan 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).

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

b. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions) as of June 30, 2020:

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%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the PARS OPEB trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - 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, 2019 (Measurement Date)	<u>\$ 15,345,483</u>	<u>\$ 1,580,454</u>	<u>\$ 13,765,029</u>
Changes in the Year:			
Service cost	437,360	-	437,360
Interest on the total OPEB liability	824,887	-	824,887
Differences between actual and expected experience	(1,778,679)	-	(1,778,679)
Changes in assumptions	(416,384)	-	(416,384)
Contribution - employer	-	1,291,153	(1,291,153)
Net investment income	-	97,677	(97,677)
Benefit payments	(791,153)	(791,153)	-
Administrative expenses	-	(11,216)	11,216
Net Changes	<u>(1,723,969)</u>	<u>586,461</u>	<u>(2,310,430)</u>
Balance at June 30, 2020 (Measurement Date)	<u><u>\$ 13,621,514</u></u>	<u><u>\$ 2,166,915</u></u>	<u><u>\$ 11,454,599</u></u>

Change of Assumptions

From measurement date June 30, 2019 to measurement date June 30, 2020, there were the following changes of assumptions: (1) the inflation rate increased from 2.50% to 2.75%, (2) healthcare cost trend changed from 6.50% trending down to 3.84% over 57 years to 3.50% trending down to 4.00% for 2070 and later years.

Change of Benefit Terms

There was no change of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

c. Changes in the net OPEB liability (Continued)

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 (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 12,959,760	\$ 11,454,599	\$ 10,171,810

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 (2.5% decreasing to 3.0%)	Current Healthcare Cost Trend Rates (3.5% decreasing to 4.0%)	1% Increase (4.5% decreasing to 5.0%)
Net OPEB Liability	\$ 10,400,386	\$ 11,454,599	\$ 12,852,892

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$897,507. At June 30, 2020, 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	\$ -	\$ (1,605,992)
Change in assumptions	-	(690,838)
Differences between projected and actual earnings	19,634	-
Total	\$ 19,634	\$ (2,296,830)

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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

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

Year Ending June 30,	Amount
2021	\$ (250,617)
2022	(250,615)
2023	(249,959)
2024	(249,563)
2025	(255,097)
Thereafter	(1,021,345)

e. Payable to the OPEB Plan

At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

NOTE 11 - 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 salary to the deferred compensation plan every pay period. The City contributes an additional 2% of salary, for a total contribution of 7.5%. Council established the plan by resolution in fiscal year 2011-2012 and has the authority to amend contribution requirements. Contributions to the participants 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 2020 were \$70,628.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 12 - 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 \$250,000 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 \$400,000 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, 2020. At June 30, 2020, estimated claims payable of \$7,842,971, which includes a provision for incurred but not reported claims and loss adjustment expenses, are reported as a long-term liability.

Changes in the balances of claims liabilities for the years ended June 30, 2020 and 2019, including a provision for incurred but not reported claims and loss adjustment expenses, were as follows:

June 30,	Beginning Balance	Additions	Deletions	Ending Balance
2019	\$ 5,085,858	\$ 4,017,447	\$ (2,657,829)	\$ 6,445,476
2020	6,445,476	4,047,130	(2,649,635)	7,842,971

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 13 - 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 and are the liabilities of the property owners and are secured by liens against the assessed property. The City Treasurer acts as an agent for 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, 2020
Community Facilities District 04-1, 2013	\$ 9,350,000	\$ 7,445,000
Community Facilities District 06-1, 2015A	49,740,000	45,600,000
Community Facilities District 06-1, 2015B	2,735,000	2,375,000
Community Facilities District 07-1, 2015A	13,155,000	13,155,000
Community Facilities District 07-1, 2015B	1,500,000	300,000
Community Facilities District 2014-01, 2015A	27,665,000	26,940,000
	<u>\$ 104,145,000</u>	<u>\$ 95,815,000</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 30, 2020, the outstanding amount of the Special Tax Refunding Bonds, Series 2013 was \$7,445,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 13 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

In November 2015, the City issued \$27,665,000 Community Facilities District No. 2014-01 Special Tax Bonds, Series 2015A (CFD 2014-01 2015A Special Tax Bonds). The CFD 2014-01 2015A Special Tax Bonds were issued to finance certain infrastructure improvements and school facilities, fund a reserve account, and pay for costs of issuance and administrative costs. Serial current interest bonds will mature from September 1, 2016 to September 1, 2035 with interest rates ranging from 2.0% to 5.0%. Term current interest bonds will mature on September 1, 2040 and September 1, 2045, with mandatory sinking payments from September 1, 2036 through September 1, 2045 with interest rates of 5.0%. At June 30, 2020, the outstanding amount of the CFD 2014-01 2015A Special Tax Bonds was \$26,940,000.

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, 2020, the outstanding amount of the CFD 07-1 2015A Refunding Bonds was \$13,155,000.

In December 2015, the City issued \$1,500,000 Community Facilities District No. 07-1 Special Tax Bonds, Series 2015B (CFD 07-1 Special Tax 2015B Bonds). The CFD 07-1 Special Tax 2015B Bonds were issued to finance public improvements, fund a reserve account and pay for costs of issuance. Serial bonds will mature from September 1, 2016 to September 1, 2020 with interest rates ranging from 2.00% to 2.25%. At June 30, 2020, the outstanding amount of the CFD 07-1 Special Tax 2015B Bonds was \$300,000.

In November 2015, the City issued \$49,740,000 Community Facilities District No. 06-1 Special Tax Refunding Bonds, Series 2015A (CFD 06-01 2015A Refunding Bonds). The CFD 06-01 2015A Refunding Bonds were issued to refund in full and defease the CFD No 06-1 Series 2007A Bonds and Special Tax Bonds 2010. Serial current bonds will mature from September 1, 2016 to September 1, 2035 with interest rates ranging from 2.0% to 5.0%. Term current interest bonds will mature on September 1, 2037 with an interest rate of 5.00%, September 1, 2037 with an interest rate of 3.75% and September 1, 2039 with an interest rate of 4.0% with mandatory sinking fund payments due September 1, 2036 through September 1, 2039. The City's refunding of the CFD No. 06-1 Series 2007A Bonds and Special Tax Bonds 2010 resulted in a decrease of its total debt service payments by \$15,726,836 and an economic gain (difference between the present values of the old and new debt) of \$7,020,039. At June 30, 2020, the outstanding amount of the CFD 06-01 2015A Refunding Bonds was \$45,600,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 13 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

In November 2015, the City issued \$2,735,000 Community Facilities District No. 06-1 Special Tax Bonds, Series 2015B (CFD 06-1 Special Tax 2015B Bonds). The CFD 06-1 Special Tax 2015B Bonds were issued to finance public improvements, fund a reserve account and pay for costs of issuance. Serial current bonds will mature from September 1, 2016 to September 1, 2033 with interest rates ranging from 2.0% to 3.75%. Term current interest bonds will mature on September 1, 2035 with an interest rate of 3.75%, and September 1, 2037 with an interest rate of 3.75% with mandatory sinking fund payments due September 1, 2035 through September 1, 2037. At June 30, 2020, the outstanding amount of the CFD 06-1 Special Tax 2015B Bonds was \$2,375,000.

NOTE 14 - 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. City Council has not delegated such authority.

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

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 14 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 499,032	\$ -	\$ -	\$ 499,032
Land held for resale	80,348,325	-	-	80,348,325
Restricted for:				
Capital projects (1)	10,255,970	6,971,727	25,384,482	42,612,179
Public safety program	-	-	435,269	435,269
Housing projects	-	-	4,166,895	4,166,895
Solid waste program	-	-	56,088	56,088
Pension	6,182,499	-	-	6,182,499
Assigned to:				
Capital projects (2)	-	-	815,527	815,527
Unassigned	74,972,202	-	(628,792)	74,343,410
Total fund balances	<u>\$ 172,258,028</u>	<u>\$ 6,971,727</u>	<u>\$ 30,229,469</u>	<u>\$ 209,459,224</u>

(1) Restricted for capital projects:

- General Fund \$10,255,970 - legally restricted for backbone infrastructure at the Tustin Legacy development.
- Measure M Special Revenue Fund \$6,971,727 - state gas taxes restricted for allowable street-related purposes.
- Other Governmental Funds:
 - CFD Construction Capital Projects Fund \$11,716,891 - comprised of bond proceeds restricted for uses specified in the bond indenture.
 - Gas Tax Special Revenue Fund \$5,291,407 - comprised of state gas taxes restricted for allowable street-related purposes.
 - Park Acquisition and Development Special Revenue Fund \$3,247,836 - comprised of developer fees restricted for improvement of City parks.
 - Construction 95-1 Capital Projects Fund \$1,142,556 - restricted for uses specified in the bond indenture.
 - Road Maintenance and Rehabilitation Special Revenue Fund \$2,601,976 - restricted for maintenance and rehabilitation of streets.
 - Other Capital Projects Fund \$115,751 and MCAS 2010 Capital Projects Fund \$719,211 - retention amounts withheld in restricted escrow accounts to be paid to contractors once projects are completed
 - Air Quality Special Revenue Fund \$548,854 - restricted for projects to reduce pollution

(2) Assigned to capital projects

- Other Capital Projects Fund \$815,527 - for specific projects indicated in the adopted budget.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 15 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Excess of Expenditures over Appropriations

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Funds:			
Supplemental Law Enforcement			
Special Revenue Fund	\$ 141,737	\$ 145,500	\$ (3,763)

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. The purpose of the 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 2020, City of Placentia left Authority.

The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the 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, Placentia, and Seal Beach. The County pays all structural fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

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

Orange County Housing Finance Trust

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 16 - JOINT POWERS AUTHORITY (CONTINUED)

Orange County Housing Finance Trust (Continued)

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:

Long-Term Liabilities

A summary of long-term liabilities activity for the year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Tax allocation bonds	\$ 52,085,000	\$ -	\$ (1,895,000)	\$ 50,190,000	\$ 1,965,000
Unamortized premium	5,808,955	-	(261,076)	5,547,879	-
Total long-term liabilities	<u>\$ 57,893,955</u>	<u>\$ -</u>	<u>\$ (2,156,076)</u>	<u>\$ 55,737,879</u>	<u>\$ 1,965,000</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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

Long-Term Liabilities (Continued)

Tax Allocation Bonds Payable

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, 2020 and to redeem the then outstanding 2010 Housing Bonds in full on September 1, 2020; 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, 2020 the amount of defeased 2010 Housing Bonds outstanding was \$17,760,000. 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, 2020, is \$6,283,986.

At June 30, 2020, the 2016 Tax Allocation Refunding Bonds outstanding balance was \$50,190,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

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

Long-Term Liabilities (Continued)

Tax Allocation Bonds Payable (Continued)

2016 Tax Allocation Refunding Bonds (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,965,000	\$ 1,940,625	\$ 3,905,625
2022	2,050,000	1,860,325	3,910,325
2023	2,130,000	1,776,725	3,906,725
2024	2,215,000	1,689,825	3,904,825
2025	2,305,000	1,599,425	3,904,425
2026 - 2030	11,940,000	6,229,875	18,169,875
2031 - 2035	11,525,000	3,684,813	15,209,813
2036 - 2040	13,790,000	1,413,425	15,203,425
2041 - 2044	2,270,000	34,050	2,304,050
Totals	<u>\$ 50,190,000</u>	<u>\$ 20,229,088</u>	<u>\$ 70,419,088</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. Of the \$27,665,000, \$7,892,722 are available to be spent on school facilities.

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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2020

NOTE 18 - SCHOOL FACILITIES IMPLEMENTATION COMMITMENT

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, 2020, the City's total contributions to TUSD under the I/M agreement was \$60,830,410. The balance remaining under the IM is \$24,169,590.

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.

NOTE 20 – RESTATEMENT OF NET POSITIONS

	Governmental Activities	Business-type Activities	Totals
Net position at July 1, 2019, as originally reported	\$ 696,626,862	\$ 40,140,099	\$ 736,766,961
To allocate the total OPEB liability and related deferred outflows and inflows of resources to the Water Enterprise Fund as of the beginning of the year	1,413,530	(1,413,530)	-
Net position at July 1, 2019, as restated	<u>\$ 698,040,392</u>	<u>\$ 38,726,569</u>	<u>\$ 736,766,961</u>

	Water Enterprise Fund
Net position at July 1, 2019, as originally reported	\$ 40,140,099
To allocate the total OPEB liability and related deferred outflows and inflows of resources to the Water Enterprise Fund as of the beginning of the year	(1,413,530)
Net position at July 1, 2019, as restated	<u>\$ 38,726,569</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
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>
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	75.26%	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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

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

There were no changes in assumptions.

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

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2015</u>
Measurement period	June 30, 2014
Plan's proportion of the net pension liability	0.68843%
Plan's proportionate share of the net pension liability	\$ 25,822,675
Plan's covered payroll	\$ 9,640,345
Plan's proportionate share of the net pension liability as a percentage of covered payroll	267.86%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	79.82%
Plan's proportionate share of aggregate employer contributions	\$ 2,544,912

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	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.625%	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)

(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) 3% at 50 and 2% at 50 and 2.7% at 57

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 3,045,919
Contributions in relation to the actuarially determined contributions	<u>(7,049,591)</u>
Contribution deficiency (excess)	<u>\$ (4,003,672)</u>
Covered payroll	\$ 9,495,434
Contributions as a percentage of covered payroll	74.24%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown

CITY OF TUSTIN

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

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2015</u>
Measurement period	<u>June 30, 2014</u>
Total Pension Liability:	
Service cost	\$ 1,747,494
Interest on total pension liability	6,613,765
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	<u>(3,974,724)</u>
Net Change in Total Pension Liability	4,386,535
Total Pension Liability - Beginning of Year	<u>89,297,153</u>
Total Pension Liability - End of Year (a)	<u>\$ 93,683,688</u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 1,379,562
Contributions - employee	962,617
Net investment income	11,900,167
Benefit payments	(3,974,724)
Net plan to plan resource movement	-
Other miscellaneous expense	-
Administrative expense	<u>-</u>
Net Change in Plan Fiduciary Net Position	10,267,622
Plan Fiduciary Net Position - Beginning of Year	<u>69,316,731</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 79,584,353</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 14,099,335</u>
Plan fiduciary net position as a percentage of the total pension liability	84.95%
Covered payroll	\$ 12,270,014
Net pension liability as percentage of covered payroll	114.91%

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

Inflation	2.625%	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)

(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) 2.5% at 55 and 2% at 60 and 2% at 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 1,503,081
Contributions in relation to the actuarially determined contributions	<u>(1,503,081)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 12,847,036
Contributions as a percentage of covered payroll	11.70%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates

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

CITY OF TUSTIN

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended Measurement date	June 30, 2020 June 30, 2020	June 30, 2019 June 30, 2019	June 30, 2018 June 30, 2018
Total OPEB Liability:			
Service cost	\$ 437,360	\$ 735,504	\$ 714,949
Interest on total OPEB liability	824,887	890,622	862,866
Differences between expected and actual experience	(1,778,679)	-	-
Changes of assumptions	(416,384)	(398,848)	-
Benefit payments	(791,153)	(777,685)	(686,172)
Net Change in Total OPEB Liability	(1,723,969)	449,593	891,643
Total OPEB Liability - Beginning of Year	15,345,483	14,895,890	14,004,247
Total OPEB Liability - End of Year (a)	13,621,514	15,345,483	14,895,890
Plan Fiduciary Net Position:			
Contributions - employer	1,291,153	1,277,685	1,686,172
Net investment income	97,677	77,171	3,283
Benefit payments	(791,153)	(777,685)	(686,172)
Administrative expense	(11,216)	-	-
Net Change in Plan Fiduciary Net Position	586,461	577,171	1,003,283
Plan Fiduciary Net Position - Beginning of Year	1,580,454	1,003,283	-
Plan Fiduciary Net Position - End of Year (b)	2,166,915	1,580,454	1,003,283
Net OPEB Liability - Ending (a)-(b)	\$ 11,454,599	\$ 13,765,029	\$ 13,892,607
Plan fiduciary net position as a percentage of the total OPEB liability	15.91%	10.30%	6.74%
Covered - employee payroll	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Net OPEB liability as percentage of covered - employee payroll	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.

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

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 1,318,454	\$ 1,780,746	\$ 1,729,589
Contributions in relation to the actuarially determined contributions	<u>(1,291,153)</u>	<u>(1,277,685)</u>	<u>(1,686,172)</u>
Contribution deficiency (excess)	<u>\$ 27,301</u>	<u>\$ 503,061</u>	<u>\$ 43,417</u>
Covered - employee payroll	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Contributions as a percentage of covered-employee payroll	3.70%	5.42%	6.98%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2017	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Inflation	2.75%	2.50%	2.50%
Salary increases	2.75%	2.75%	2.75%
Healthcare trend rates	(3)	(2)	(2)
Rate of return on assets	6.25%	6.25%	6.25%
Mortality rate	CalPERS Rates	CalPERS Rates	CalPERS Rates
Retirement 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

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

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

For the year ended June 30, 2020

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%

(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 three 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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 28,040,647	\$ 28,040,647	\$ 26,977,144	\$ (1,063,503)
Licenses and permits	883,959	883,959	1,280,180	396,221
Fines and forfeitures	916,000	916,000	841,747	(74,253)
Investment income	1,461,000	1,461,000	3,410,022	1,949,022
Intergovernmental	27,375,098	28,056,828	27,564,940	(491,888)
Charges for services	2,124,217	2,124,217	1,765,424	(358,793)
Rental income	1,974,867	1,974,868	1,867,572	(107,296)
Other revenue	3,581,100	3,581,100	1,368,360	(2,212,740)
Gain on land held for resale	-	-	1,014,511	1,014,511
TOTAL REVENUES	<u>66,356,888</u>	<u>67,038,619</u>	<u>66,089,900</u>	<u>(948,719)</u>
EXPENDITURES:				
Current:				
General government	24,849,834	26,304,857	25,834,612	470,245
Public safety	35,861,443	36,276,827	36,177,669	99,158
Public works	7,970,942	8,512,521	7,924,563	587,958
Community services	4,204,028	4,256,783	3,662,055	594,728
Capital outlay	47,508,888	69,598,004	27,818,762	41,779,242
Debt service:				
Principal retirement	81,200	81,200	74,763	6,437
Interest expense	6,500	6,500	6,444	56
TOTAL EXPENDITURES	<u>120,482,835</u>	<u>145,036,692</u>	<u>101,498,868</u>	<u>43,537,824</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,125,947)</u>	<u>(77,998,073)</u>	<u>(35,408,968)</u>	<u>42,589,105</u>
OTHER FINANCING SOURCES:				
Transfers in	4,663,500	4,699,500	4,745,170	45,670
TOTAL OTHER FINANCING SOURCES	<u>4,663,500</u>	<u>4,699,500</u>	<u>4,745,170</u>	<u>45,670</u>
NET CHANGE IN FUND BALANCE	(49,462,447)	(73,298,573)	(30,663,798)	42,634,775
FUND BALANCE - BEGINNING OF YEAR	<u>202,921,826</u>	<u>202,921,826</u>	<u>202,921,826</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 153,459,379</u>	<u>\$ 129,623,253</u>	<u>\$ 172,258,028</u>	<u>\$ 42,634,775</u>

See accompanying note to required supplementary information.

CITY OF TUSTIN

BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 50,000	\$ 50,000	\$ 217,155	\$ 167,155
Intergovernmental revenue	1,646,900	1,646,900	1,697,850	50,950
TOTAL REVENUES	1,696,900	1,696,900	1,915,005	218,105
EXPENDITURES:				
Current:				
General government	-	-	2,785	(2,785)
Capital outlay	5,060,969	5,917,471	500,115	5,417,356
TOTAL EXPENDITURES	5,060,969	5,917,471	502,900	5,414,571
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,364,069)	(4,220,571)	1,412,105	5,632,676
OTHER FINANCING USES:				
Transfers out	(40,000)	(40,000)	(81,300)	(41,300)
NET CHANGE IN FUND BALANCE	(3,404,069)	(4,260,571)	1,330,805	5,591,376
FUND BALANCE - BEGINNING OF YEAR	5,640,922	5,640,922	5,640,922	-
FUND BALANCE - END OF YEAR	<u>\$ 2,236,853</u>	<u>\$ 1,380,351</u>	<u>\$ 6,971,727</u>	<u>\$ 5,591,376</u>

See accompanying note to required supplementary information.

CITY OF TUSTIN

Note to Required Supplementary Information

June 30, 2020

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 hearing and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
- (2) The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers City expenditures in all governmental funds, except for capital improvement projects carried forward from prior years.

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. Capital projects appropriations are an automatic supplemental appropriation for the next year. All others lapse unless they are encumbered at year-end or re-appropriated through the formal budget process. There were no outstanding encumbrances at year-end.
- (4) Annual budgets are adopted for the General and Special Revenue Funds, except for Voluntary Workforce Housing Incentive Special Revenue Fund, 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.

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SUPPLEMENTARY INFORMATION

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.

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

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 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.

Housing Authority - This fund is used to account for revenues and associated expenditures to be used for increasing or improving low and moderate income housing.

Special Tax B - This fund is used to account for Special Tax B perpetual tax levied on taxable property in the Tustin Legacy to pay for authorized 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 the solid waste program revenues and expenditures.

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 Tustin 95-1 Area.

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

MCAS 2010 - This fund is used to account for capital project costs at the Marine Corps Air Station.

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, 2020

	Special Revenue Funds					
	Gas Tax	Park Acquisition and Development	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	Housing Authority
ASSETS						
Cash and investments	\$ 5,509,834	\$ 3,342,522	\$ 197,404	\$ 522,026	\$ 207,886	\$ 2,221,104
Restricted cash and investments	-	39,596	-	-	-	-
Receivables:						
Accounts	249,216	19,837	-	25,466	-	-
Interest	14,375	8,720	515	1,362	542	62,445
Loans	-	-	-	-	-	373,096
Allowance for uncollectibles	-	-	-	-	-	(23,095)
TOTAL ASSETS	<u>\$ 5,773,425</u>	<u>\$ 3,410,675</u>	<u>\$ 197,919</u>	<u>\$ 548,854</u>	<u>\$ 208,428</u>	<u>\$ 2,633,550</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 482,018	\$ 162,839	\$ -	\$ -	\$ 5,218	\$ 112,264
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>482,018</u>	<u>162,839</u>	<u>-</u>	<u>-</u>	<u>5,218</u>	<u>112,264</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	-	-	-	-	406,650
FUND BALANCES:						
Restricted	5,291,407	3,247,836	197,919	548,854	203,210	2,114,636
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,291,407</u>	<u>3,247,836</u>	<u>197,919</u>	<u>548,854</u>	<u>203,210</u>	<u>2,114,636</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,773,425</u>	<u>\$ 3,410,675</u>	<u>\$ 197,919</u>	<u>\$ 548,854</u>	<u>\$ 208,428</u>	<u>\$ 2,633,550</u>

Special Revenue Funds (Continued)				Capital Projects Funds				Total
Special Tax B	Road Maintenance and Rehabilitation	Voluntary Workforce Housing Incentive	Solid Waste	Construction 95-1	Other Capital Projects	MCAS 2010	CFD Construction	Other Governmental Funds
\$ -	\$ 2,622,160	\$ 2,046,919	\$ 126,009	\$ 1,142,556	\$ 2,547,799	\$ 218,676	\$ 80,000	\$ 20,784,895
-	-	-	-	-	115,751	719,211	11,729,032	12,603,590
34,140	215,208	-	-	-	1,817,702	-	-	2,361,569
-	6,841	5,340	329	-	6,601	561	-	107,631
-	-	-	-	-	-	-	-	373,096
-	-	-	-	-	-	-	-	(23,095)
<u>\$ 34,140</u>	<u>\$ 2,844,209</u>	<u>\$ 2,052,259</u>	<u>\$ 126,338</u>	<u>\$ 1,142,556</u>	<u>\$ 4,487,853</u>	<u>\$ 938,448</u>	<u>\$ 11,809,032</u>	<u>\$ 36,207,686</u>
\$ -	\$ 242,233	\$ -	\$ 11,229	\$ -	\$ 1,114,943	\$ 848,029	\$ 92,141	\$ 3,070,914
-	-	-	-	-	617,449	-	-	617,449
-	-	-	59,021	-	-	-	-	59,021
-	242,233	-	70,250	-	1,732,392	848,029	92,141	3,747,384
-	-	-	-	-	1,824,183	-	-	2,230,833
34,140	2,601,976	2,052,259	56,088	1,142,556	115,751	719,211	11,716,891	30,042,734
-	-	-	-	-	815,527	-	-	815,527
-	-	-	-	-	-	(628,792)	-	(628,792)
<u>34,140</u>	<u>2,601,976</u>	<u>2,052,259</u>	<u>56,088</u>	<u>1,142,556</u>	<u>931,278</u>	<u>90,419</u>	<u>11,716,891</u>	<u>30,229,469</u>
<u>\$ 34,140</u>	<u>\$ 2,844,209</u>	<u>\$ 2,052,259</u>	<u>\$ 126,338</u>	<u>\$ 1,142,556</u>	<u>\$ 4,487,853</u>	<u>\$ 938,448</u>	<u>\$ 11,809,032</u>	<u>\$ 36,207,686</u>

CITY OF TUSTIN

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

For the year ended June 30, 2020

	Special Revenue Funds					
	Gas Tax	Park Acquisition and Development	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	Housing Authority
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	177,676	128,824	6,671	15,999	6,289	84,504
Intergovernmental revenue	1,890,502	909,741	95,433	103,176	223,182	-
Charges for services	-	7,675	-	-	-	-
Rental income	-	266,134	-	-	-	-
Other revenue	-	-	4,650	-	-	31,928
TOTAL REVENUES	2,068,178	1,312,374	106,754	119,175	229,471	116,432
EXPENDITURES:						
Current:						
General government	1,231,268	75,258	-	203	-	-
Public safety	-	-	109,821	-	139,568	-
Public works	-	-	-	-	-	-
Community services	-	-	-	-	-	1,293,916
Capital outlay	456,484	2,523,273	-	-	5,932	-
TOTAL EXPENDITURES	1,687,752	2,598,531	109,821	203	145,500	1,293,916
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	380,426	(1,286,157)	(3,067)	118,972	83,971	(1,177,484)
OTHER FINANCING USES:						
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING USES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	380,426	(1,286,157)	(3,067)	118,972	83,971	(1,177,484)
FUND BALANCES - BEGINNING OF YEAR	4,910,981	4,533,993	200,986	429,882	119,239	3,292,120
FUND BALANCES - END OF YEAR	\$ 5,291,407	\$ 3,247,836	\$ 197,919	\$ 548,854	\$ 203,210	\$ 2,114,636

Special Revenue Funds (Continued)				Capital Projects Funds				Total
Special Tax B	Road Maintenance and Rehabilitation	Voluntary Workforce Housing Incentive	Solid Waste	Construction 95-1	Other Capital Projects	MCAS 2010	CFD Construction	Other Governmental Funds
\$ -	\$ -	\$ -	\$ 209,868	\$ -	\$ -	\$ -	\$ -	\$ 209,868
-	35,645	57,825	3,423	-	86,318	12,662	212,047	827,883
4,184,442	1,409,301	-	-	-	78,000	-	-	8,893,777
-	-	904,972	10,850	-	-	-	-	923,497
-	-	-	-	-	-	-	-	266,134
-	-	-	2,424	-	3,509,790	1,274	-	3,550,066
4,184,442	1,444,946	962,797	226,565	-	3,674,108	13,936	212,047	14,671,225
-	-	-	-	-	1,000	-	-	1,307,729
-	-	-	-	-	-	-	-	249,389
-	-	-	183,552	-	-	123,674	-	307,226
-	-	-	-	-	-	-	-	1,293,916
-	428,950	-	-	-	7,696,290	1,183,160	1,664,488	13,958,577
-	428,950	-	183,552	-	7,697,290	1,306,834	1,664,488	17,116,837
4,184,442	1,015,996	962,797	43,013	-	(4,023,182)	(1,292,898)	(1,452,441)	(2,445,612)
(4,179,715)	-	-	-	(484,155)	-	-	-	(4,663,870)
(4,179,715)	-	-	-	(484,155)	-	-	-	(4,663,870)
4,727	1,015,996	962,797	43,013	(484,155)	(4,023,182)	(1,292,898)	(1,452,441)	(7,109,482)
29,413	1,585,980	1,089,462	13,075	1,626,711	4,954,460	1,383,317	13,169,332	37,338,951
<u>\$ 34,140</u>	<u>\$ 2,601,976</u>	<u>\$ 2,052,259</u>	<u>\$ 56,088</u>	<u>\$ 1,142,556</u>	<u>\$ 931,278</u>	<u>\$ 90,419</u>	<u>\$ 11,716,891</u>	<u>\$ 30,229,469</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 65,000	\$ 65,000	\$ 177,676	\$ 112,676
Intergovernmental revenue	2,166,100	2,166,100	1,890,502	(275,598)
TOTAL REVENUES	2,231,100	2,231,100	2,068,178	(162,922)
EXPENDITURES:				
Current:				
General government	1,262,180	1,547,858	1,231,268	316,590
Capital outlay	1,838,400	3,579,981	456,484	3,123,497
TOTAL EXPENDITURES	3,100,580	5,127,839	1,687,752	3,440,087
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(869,480)	(2,896,739)	380,426	3,277,165
FUND BALANCE - BEGINNING OF YEAR	4,910,981	4,910,981	4,910,981	-
FUND BALANCE - END OF YEAR	<u>\$ 4,041,501</u>	<u>\$ 2,014,242</u>	<u>\$ 5,291,407</u>	<u>\$ 3,277,165</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 128,824	\$ 108,824
Intergovernmental revenue	-	-	909,741	909,741
Charges for services	16,500	16,500	7,675	(8,825)
Rental income	207,400	207,400	266,134	58,734
TOTAL REVENUES	243,900	243,900	1,312,374	1,068,474
EXPENDITURES:				
Current:				
General government	-	40,000	75,258	(35,258)
Capital outlay	2,041,814	2,735,617	2,523,273	212,344
TOTAL EXPENDITURES	2,041,814	2,775,617	2,598,531	177,086
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,797,914)	(2,531,717)	(1,286,157)	1,245,560
FUND BALANCE - BEGINNING OF YEAR	4,533,993	4,533,993	4,533,993	-
FUND BALANCE - END OF YEAR	\$ 2,736,079	\$ 2,002,276	\$ 3,247,836	\$ 1,245,560

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 6,671	\$ 6,671
Intergovernmental revenue	-	-	95,433	95,433
Other revenue	-	-	4,650	4,650
	<u>-</u>	<u>-</u>	<u>106,754</u>	<u>106,754</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>106,754</u>	<u>106,754</u>
EXPENDITURES:				
Current:				
Public safety	-	113,702	109,821	3,881
	<u>-</u>	<u>113,702</u>	<u>109,821</u>	<u>3,881</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(113,702)	(3,067)	110,635
FUND BALANCE - BEGINNING OF YEAR	<u>200,986</u>	<u>200,986</u>	<u>200,986</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 200,986</u>	<u>\$ 87,284</u>	<u>\$ 197,919</u>	<u>\$ 110,635</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,000	\$ 1,000	\$ 15,999	\$ 14,999
Intergovernmental revenue	95,900	95,900	103,176	7,276
TOTAL REVENUES	96,900	96,900	119,175	22,275
EXPENDITURES:				
Current:				
General government	-	-	203	(203)
Capital outlay	100,000	100,000	-	100,000
TOTAL EXPENDITURES	100,000	100,000	203	99,797
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,100)	(3,100)	118,972	122,072
FUND BALANCE - BEGINNING OF YEAR	429,882	429,882	429,882	-
FUND BALANCE - END OF YEAR	<u>\$ 426,782</u>	<u>\$ 426,782</u>	<u>\$ 548,854</u>	<u>\$ 122,072</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 6,289	\$ 6,289
Intergovernmental revenue	176,000	176,000	223,182	47,182
TOTAL REVENUES	176,000	176,000	229,471	53,471
EXPENDITURES:				
Current:				
Public safety	133,800	141,737	139,568	2,169
Capital outlay	-	-	5,932	(5,932)
TOTAL EXPENDITURES	133,800	141,737	145,500	(3,763)
EXCESS OF REVENUES OVER EXPENDITURES	42,200	34,263	83,971	49,708
FUND BALANCE - BEGINNING OF YEAR	119,239	119,239	119,239	-
FUND BALANCE - END OF YEAR	<u>\$ 161,439</u>	<u>\$ 153,502</u>	<u>\$ 203,210</u>	<u>\$ 49,708</u>

CITY OF TUSTIN

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

HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 84,504	\$ 84,504
Other revenue	301,120	301,120	31,928	(269,192)
TOTAL REVENUES	301,120	301,120	116,432	(184,688)
EXPENDITURES:				
Current:				
Community services	1,422,645	2,117,374	1,293,916	823,458
TOTAL EXPENDITURES	1,422,645	2,117,374	1,293,916	823,458
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,121,525)	(1,816,254)	(1,177,484)	638,770
FUND BALANCE - BEGINNING OF YEAR	3,292,120	3,292,120	3,292,120	-
FUND BALANCE - END OF YEAR	<u>\$ 2,170,595</u>	<u>\$ 1,475,866</u>	<u>\$ 2,114,636</u>	<u>\$ 638,770</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 4,072,500	\$ 4,072,500	\$ 4,184,442	\$ 111,942
OTHER FINANCING USES:				
Transfers out	(4,072,500)	(4,072,500)	(4,179,715)	(107,215)
NET CHANGE IN FUND BALANCE	-	-	4,727	4,727
FUND BALANCE - BEGINNING OF YEAR	29,413	29,413	29,413	-
FUND BALANCE - END OF YEAR	<u>\$ 29,413</u>	<u>\$ 29,413</u>	<u>\$ 34,140</u>	<u>\$ 4,727</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 35,645	\$ 35,645
Intergovernmental revenue	1,353,300	1,353,300	1,409,301	56,001
TOTAL REVENUES	1,353,300	1,353,300	1,444,946	91,646
EXPENDITURES:				
Capital outlay	2,675,000	3,270,500	428,950	2,841,550
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,321,700)	(1,917,200)	1,015,996	2,933,196
FUND BALANCE - BEGINNING OF YEAR	1,585,980	1,585,980	1,585,980	-
FUND BALANCE - END OF YEAR	<u>\$ 264,280</u>	<u>\$ (331,220)</u>	<u>\$ 2,601,976</u>	<u>\$ 2,933,196</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 210,000	\$ 210,000	\$ 209,868	\$ (132)
Investment income	-	-	3,423	3,423
Charges for services	7,500	7,500	10,850	3,350
Other revenue	-	-	2,424	2,424
TOTAL REVENUES	<u>217,500</u>	<u>217,500</u>	<u>226,565</u>	<u>9,065</u>
EXPENDITURES:				
Current:				
Public works	<u>213,400</u>	<u>213,400</u>	<u>183,552</u>	<u>29,848</u>
TOTAL EXPENDITURES	<u>213,400</u>	<u>213,400</u>	<u>183,552</u>	<u>29,848</u>
EXCESS OF REVENUES OVER EXPENDITURES	4,100	4,100	43,013	38,913
FUND BALANCE - BEGINNING OF YEAR	<u>13,075</u>	<u>13,075</u>	<u>13,075</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,175</u>	<u>\$ 17,175</u>	<u>\$ 56,088</u>	<u>\$ 38,913</u>

CITY OF TUSTIN

Agency Funds

June 30, 2020

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations and other governments.

Community Facilities District 04-01 - This fund records the deposit of monies held to pay the debt service requirements of the community facilities district.

Community Facilities District 06-01 - This fund records the deposit of monies held to pay the debt service requirements of the community facilities district.

Community Facilities District 07-01 - This fund records the deposit of monies held to pay the debt service requirements of the community facilities district.

Community Facilities District 13-01 - This fund records the deposit of monies held to pay the service requirements of the community facilities district.

Community Facilities District 2014-1 - This fund records the deposit of monies held to pay the debt service requirements of the community facilities district.

CITY OF TUSTIN

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2020

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 13-01	Community Facilities District 2014-1	Community Facilities District 2018-1	Total
ASSETS							
Cash and investments	\$ 5,145	\$ 34,790	\$ -	\$ 1,750	\$ 11,089	\$ 875	\$ 53,649
Restricted cash and investments	1,128,868	6,156,171	1,776,248	-	3,442,879	-	12,504,166
Taxes receivable	15,060	34,837	-	-	24,038	-	73,935
TOTAL ASSETS	\$ 1,149,073	\$ 6,225,798	\$ 1,776,248	\$ 1,750	\$ 3,478,006	\$ 875	\$ 12,631,750
LIABILITIES							
Accounts payable	\$ 5,070	\$ -	\$ -	\$ 1,750	\$ -	\$ 875	\$ 7,695
Due to bondholders	1,144,003	6,225,798	1,776,248	-	3,478,006	-	12,624,055
TOTAL LIABILITIES	\$ 1,149,073	\$ 6,225,798	\$ 1,776,248	\$ 1,750	\$ 3,478,006	\$ 875	\$ 12,631,750

CITY OF TUSTIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
COMMUNITY FACILITIES DISTRICT 04-01				
ASSETS:				
Cash and investments	\$ -	\$ 708,270	\$ 703,125	\$ 5,145
Restricted cash and investments	1,130,042	692,019	693,193	1,128,868
Taxes receivable	6,028	15,060	6,028	15,060
TOTAL ASSETS	\$ 1,136,070	\$ 1,415,349	\$ 1,402,346	\$ 1,149,073
LIABILITIES:				
Accounts payable	\$ -	\$ 684,706	\$ 679,636	\$ 5,070
Due to bondholders	1,136,070	727,457	719,524	1,144,003
TOTAL LIABILITIES	\$ 1,136,070	\$ 1,412,163	\$ 1,399,160	\$ 1,149,073
COMMUNITY FACILITIES DISTRICT 06-01				
ASSETS:				
Cash and investments	\$ 4,776	\$ 3,521,266	\$ 3,491,252	\$ 34,790
Restricted cash and investments	5,971,784	3,470,054	3,285,667	6,156,171
Taxes receivable	32,160	34,837	32,160	34,837
TOTAL ASSETS	\$ 6,008,720	\$ 7,026,157	\$ 6,809,079	\$ 6,225,798
LIABILITIES:				
Accounts payable	\$ -	\$ 3,411,534	\$ 3,411,534	\$ -
Due to bondholders	6,008,720	3,629,592	3,412,514	6,225,798
TOTAL LIABILITIES	\$ 6,008,720	\$ 7,041,126	\$ 6,824,048	\$ 6,225,798
COMMUNITY FACILITIES DISTRICT 07-01				
ASSETS:				
Cash and investments	\$ -	\$ 938,242	\$ 938,242	\$ -
Restricted cash and investments	1,744,445	927,165	895,362	1,776,248
Prepaid items	-	-	-	-
TOTAL ASSETS	\$ 1,744,445	\$ 1,865,407	\$ 1,833,604	\$ 1,776,248
LIABILITIES:				
Accounts payable	\$ -	\$ 910,463	\$ 910,463	\$ -
Due to bondholders	1,744,445	960,536	928,733	1,776,248
TOTAL LIABILITIES	\$ 1,744,445	\$ 1,870,999	\$ 1,839,196	\$ 1,776,248
COMMUNITY FACILITIES DISTRICT 13-01				
ASSETS:				
Cash and investments	\$ -	\$ 427,670	\$ 425,920	\$ 1,750
TOTAL ASSETS	\$ -	\$ 427,670	\$ 425,920	\$ 1,750
LIABILITIES:				
Accounts payable	\$ -	\$ 4,375	\$ 2,625	\$ 1,750
Due to bondholders	-	425,920	425,920	-
TOTAL LIABILITIES	\$ -	\$ 430,295	\$ 428,545	\$ 1,750

(Continued)

CITY OF TUSTIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
COMMUNITY FACILITIES DISTRICT 2014-01				
ASSETS:				
Cash and investments	\$ -	\$ 1,482,534	\$ 1,471,445	\$ 11,089
Restricted cash and investments	3,417,565	1,485,488	1,460,174	3,442,879
Taxes receivable	16,878	24,038	16,878	24,038
TOTAL ASSETS	\$ 3,434,443	\$ 2,992,060	\$ 2,948,497	\$ 3,478,006
LIABILITIES:				
Accounts payable	\$ -	\$ 1,452,170	\$ 1,452,170	\$ -
Due to bondholders	3,434,443	1,550,356	1,506,793	3,478,006
TOTAL LIABILITIES	\$ 3,434,443	\$ 3,002,526	\$ 2,958,963	\$ 3,478,006
COMMUNITY FACILITIES DISTRICT 2018-01				
ASSETS:				
Cash and investments	\$ -	\$ 276,081	\$ 275,206	\$ 875
Restricted cash and investments	-	-	-	-
Taxes receivable	-	-	-	-
TOTAL ASSETS	\$ -	\$ 276,081	\$ 275,206	\$ 875
LIABILITIES:				
Accounts payable	\$ -	\$ 3,500	\$ 2,625	\$ 875
Due to bondholders	-	275,252	275,252	-
TOTAL LIABILITIES	\$ -	\$ 278,752	\$ 277,877	\$ 875
TOTAL ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 4,776	\$ 7,354,063	\$ 7,305,190	\$ 53,649
Restricted cash and investments	12,263,836	6,574,726	6,334,396	12,504,166
Taxes receivable	55,066	73,935	55,066	73,935
Prepaid items	-	-	-	-
TOTAL ASSETS	\$ 12,323,678	\$ 14,002,724	\$ 13,694,652	\$ 12,631,750
LIABILITIES:				
Accounts payable	\$ -	\$ 6,466,748	\$ 6,459,053	\$ 7,695
Due to bondholders	12,323,678	7,569,113	7,268,736	12,624,055
TOTAL LIABILITIES	\$ 12,323,678	\$ 14,035,861	\$ 13,727,789	\$ 12,631,750

STATISTICAL SECTION

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CITY OF TUSTIN
Description of Statistical Contents
June 30, 2020

This part of the City of Tustin's Comprehensive Annual Financial Report presents detailed 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.	130
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140
<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.	146
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	154
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	156

Sources:

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

CITY OF TUSTIN

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 378,911,546	\$ 412,683,460	\$ 431,761,288	\$ 461,673,323
Restricted	116,718,495	47,727,966	54,367,385	36,693,458
Unrestricted	116,545,351	147,513,249	177,532,888	93,877,440
Total governmental activities net position	<u>\$ 612,175,392</u>	<u>\$ 607,924,675</u>	<u>\$ 663,661,561</u>	<u>\$ 592,244,221</u>
Business-type activities:				
Net investment in capital assets	\$ 20,872,492	\$ 25,479,160	\$ 24,171,745	\$ 23,657,878
Restricted	-	-	-	-
Unrestricted	5,541,672	2,795,701	7,094,771	8,326,340
Total business-type activities net position	<u>\$ 26,414,164</u>	<u>\$ 28,274,861</u>	<u>\$ 31,266,516</u>	<u>\$ 31,984,218</u>
Primary government:				
Net investment in capital assets	\$ 399,784,038	\$ 438,162,620	\$ 455,933,033	\$ 485,331,201
Restricted	116,718,495	47,727,966	54,367,385	36,693,458
Unrestricted	122,087,023	150,308,950	184,627,659	102,203,780
Total primary government net position	<u>\$ 638,589,556</u>	<u>\$ 636,199,536</u>	<u>\$ 694,928,077</u>	<u>\$ 624,228,439</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 456,649,085	\$ 483,229,135	\$ 490,574,647	\$ 499,190,473	\$ 520,166,300	\$ 526,953,804
72,929,522	95,241,025	102,027,853	87,395,188	67,892,989	54,106,661
140,727,040	107,224,779	144,442,931	151,119,177	109,981,103	87,121,412
<u>\$ 670,305,647</u>	<u>\$ 685,694,939</u>	<u>\$ 737,045,431</u>	<u>\$ 737,704,838</u>	<u>\$ 698,040,392</u>	<u>\$ 668,181,877</u>
\$ 24,270,718	\$ 25,443,651	\$ 23,252,432	\$ 22,753,763	\$ 20,650,435	\$ 24,145,887
-	-	-	-	-	-
11,845,734	12,227,557	15,129,697	16,505,744	18,076,134	15,070,837
<u>\$ 36,116,452</u>	<u>\$ 37,671,208</u>	<u>\$ 38,382,129</u>	<u>\$ 39,259,507</u>	<u>\$ 38,726,569</u>	<u>\$ 39,216,724</u>
\$ 480,919,803	\$ 508,672,786	\$ 513,827,079	\$ 521,944,236	\$ 540,816,735	\$ 551,099,691
72,929,522	95,241,025	102,027,853	87,395,188	67,892,989	54,106,661
152,572,774	119,452,336	159,572,628	167,624,921	128,057,237	102,192,249
<u>\$ 706,422,099</u>	<u>\$ 723,366,147</u>	<u>\$ 775,427,560</u>	<u>\$ 776,964,345</u>	<u>\$ 736,766,961</u>	<u>\$ 707,398,601</u>

CITY OF TUSTIN
CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Governmental activities:				
General government	\$ 7,854,361	\$ 12,266,470	\$ 18,705,913	\$ 14,825,780
Public safety	28,622,807	28,800,773	30,702,298	28,440,799
Public works	19,809,907	20,765,854	15,087,234	49,538,371
Community services	13,150,089	7,078,104	3,201,865	3,498,460
Interest on long-term debt	4,814,598	3,057,645	967,115	-
Total governmental activities expenses	<u>74,251,762</u>	<u>71,968,846</u>	<u>68,664,425</u>	<u>96,303,410</u>
Business-type activities:				
Water	12,578,667	13,467,541	13,574,149	16,100,137
Tustin Legacy	-	-	-	-
Total business-type activities expenses	<u>12,578,667</u>	<u>13,467,541</u>	<u>13,574,149</u>	<u>16,100,137</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,109,150	1,390,073	763,101	249,237
Public safety	1,196,830	1,133,096	917,947	920,112
Public works	3,508,904	800,328	1,248,595	1,710,813
Community services	969,006	974,747	926,432	967,134
Operating grants and contributions	3,441,281	3,590,210	4,513,158	3,325,304
Capital grants and contributions	<u>3,395,929</u>	<u>20,902,629</u>	<u>20,998,311</u>	<u>12,222,106</u>
Total governmental activities program revenues	<u>13,621,100</u>	<u>28,791,083</u>	<u>29,367,544</u>	<u>19,394,706</u>
Business-type activities:				
Charges for services:				
Water	12,422,746	15,112,161	16,688,773	18,682,821
Tustin Legacy	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>12,422,746</u>	<u>15,112,161</u>	<u>16,688,773</u>	<u>18,682,821</u>
Net revenues (expenses):				
Governmental activities	\$ (60,630,662)	\$ (43,177,763)	\$ (39,296,881)	\$ (76,908,704)
Business-type activities	<u>(155,921)</u>	<u>1,644,620</u>	<u>3,114,624</u>	<u>2,582,684</u>
Total net revenues (expenses)	<u><u>\$ (60,786,583)</u></u>	<u><u>\$ (41,533,143)</u></u>	<u><u>\$ (36,182,257)</u></u>	<u><u>\$ (74,326,020)</u></u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 17,121,057	\$ 20,023,280	\$ 24,504,764	\$ 23,949,544	\$ 27,097,686	\$ 29,282,004
29,886,284	27,779,830	34,611,078	33,713,796	36,215,060	39,064,730
34,435,214	47,326,664	24,822,480	37,599,662	45,849,976	40,430,009
3,699,059	7,869,124	19,524,660	10,795,733	20,304,550	5,682,249
-	-	5,802	12,043	9,297	6,444
85,141,614	102,998,898	103,468,784	106,070,778	129,476,569	114,465,436
15,982,078	15,586,463	16,654,429	17,680,886	17,763,633	17,767,158
-	-	-	-	-	-
15,982,078	15,586,463	16,654,429	17,680,886	17,763,633	17,767,158
252,074	2,072,540	1,979,211	1,630,903	1,920,214	2,157,735
1,071,099	1,195,350	1,255,299	1,283,672	1,285,584	1,205,519
1,564,314	3,538,906	1,861,045	2,167,726	3,300,906	3,123,961
892,102	953,149	1,101,294	1,434,988	2,426,578	1,892,126
3,546,823	2,722,978	2,742,140	3,863,547	4,952,271	4,911,642
20,244,479	48,711,583	26,535,693	7,641,510	3,942,834	4,565,393
27,570,891	59,194,506	35,474,682	18,022,346	17,828,387	17,856,376
19,375,359	16,511,795	17,100,836	18,229,013	17,329,090	17,364,694
-	-	-	-	-	-
-	-	-	-	-	-
19,375,359	16,511,795	17,100,836	18,229,013	17,329,090	17,364,694
\$ (57,570,723)	\$ (43,804,392)	\$ (67,994,102)	\$ (88,048,432)	\$ (111,648,182)	\$ (96,609,060)
3,393,281	925,332	446,407	548,127	(434,543)	(402,464)
\$ (54,177,442)	\$ (42,879,060)	\$ (67,547,695)	\$ (87,500,305)	\$ (112,082,725)	\$ (97,011,524)

CITY OF TUSTIN

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

	Fiscal Year			
	2011	2012	2013	2014
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 30,205,879	\$ 23,270,718	\$ 14,526,101	\$ 13,661,771
Transient occupancy taxes	142,915	137,131	137,064	616,897
Business license taxes	358,526	44,800	377,498	393,241
Other taxes	1,648,319	1,621,521	1,655,388	1,663,215
Sales tax	18,597,453	19,931,865	21,575,405	22,288,032
Motor vehicle in lieu, unrestricted	6,189,249	5,833,094	5,951,653	6,150,893
Investment income	2,358,847	958,169	243,921	628,180
Other general revenues	1,700,323	14,444,183	7,231,648	4,040,996
Gain on sale of land held for resale	-	-	43,335,089	-
Profit participation	-	-	-	-
Transfers	-	-	-	-
Contribution from successor agency	-	-	-	-
Extraordinary and special items	-	(27,314,435)	-	1,412,257
Total governmental activities	<u>61,201,511</u>	<u>38,927,046</u>	<u>95,033,767</u>	<u>50,855,482</u>
Business-type activities:				
Investment income	158,242	156,855	39,700	144,381
Miscellaneous	19,064	59,222	271,858	408,749
Transfers	-	-	-	-
Total business-type activities	<u>177,306</u>	<u>216,077</u>	<u>311,558</u>	<u>553,130</u>
Total primary government	<u>\$ 61,378,817</u>	<u>\$ 39,143,123</u>	<u>\$ 95,345,325</u>	<u>\$ 51,408,612</u>
Changes in net position:				
Governmental activities	\$ 570,849	\$ (4,250,717)	\$ 55,736,886	\$ (26,053,222)
Business-type activities	21,385	1,860,697	3,426,182	3,135,814
Total primary government	<u>\$ 592,234</u>	<u>\$ (2,390,020)</u>	<u>\$ 59,163,068</u>	<u>\$ (22,917,408)</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,552,535	\$ 16,451,763	\$ 24,437,717	\$ 25,636,673	\$ 26,275,789	\$ 27,358,525
1,090,675	1,554,754	1,609,318	1,575,830	1,825,957	1,593,532
419,148	406,891	420,684	431,457	466,828	438,632
1,763,878	1,839,963	1,931,185	1,781,175	1,762,642	1,792,263
22,269,896	24,513,610	25,133,146	24,925,934	26,634,458	25,487,518
6,380,698	6,778,329	37,056	43,359	39,526	64,400
1,052,276	2,430,087	611,964	1,109,193	7,167,093	4,445,124
7,829,149	2,671,845	4,594,651	4,838,383	6,002,632	4,556,040
48,136,121	-	24,241,261	33,636,759	395,281	1,014,511
-	-	31,327,612	-	-	-
-	-	-	-	-	-
32,137,773	-	-	-	-	-
-	2,546,442	5,000,000	-	-	-
135,632,149	59,193,684	119,344,594	93,978,763	70,570,206	66,750,545
249,863	480,050	108,669	150,371	1,084,525	869,426
489,090	149,374	155,845	178,880	230,610	23,193
-	-	-	-	-	-
738,953	629,424	264,514	329,251	1,315,135	892,619
\$ 136,371,102	\$ 59,823,108	\$ 119,609,108	\$ 94,308,014	\$ 71,885,341	\$ 67,643,164
\$ 78,061,426	\$ 15,389,292	\$ 51,350,492	\$ 5,930,331	\$ (41,077,976)	\$ (29,858,515)
4,132,234	1,554,756	710,921	877,378	880,592	490,155
\$ 82,193,660	\$ 16,944,048	\$ 52,061,413	\$ 6,807,709	\$ (40,197,384)	\$ (29,368,360)

CITY OF TUSTIN

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Fund Balance subsequent to GASB 54				
General fund:				
Nonspendable	\$ 144,186,955	\$ 144,604,847	\$ 128,988,209	\$ 129,049,954
Restricted	-	-	19,615,343	1,352,309
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	7,443,165	4,077,344	44,368,566 ²	18,781,826
Total general fund	<u>\$ 151,630,120</u>	<u>\$ 148,682,191</u>	<u>\$ 192,972,118</u>	<u>\$ 149,184,089</u>
All other governmental funds:				
Nonspendable	\$ 22,352,713	\$ 1,710,292	\$ 1,287,607	\$ -
Restricted	130,673,281	38,274,666 ¹	33,885,757	29,820,853
Committed	-	-	-	-
Assigned	18,603,317	16,239,322	16,880,590	5,493,536
Unassigned	(10,989,463)	-	-	-
Total all other governmental funds	<u>\$ 160,639,848</u>	<u>\$ 56,224,280</u>	<u>\$ 52,053,954</u>	<u>\$ 35,314,389</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 122,458,642	\$ 88,579,214 ⁵	\$ 84,344,748	\$ 82,868,217	\$ 82,902,130	\$ 80,847,357
16,650,332	18,657,461	34,901,943	41,269,878	31,250,893	16,438,469
-	-	-	-	-	-
-	-	-	-	-	-
84,278,138 ³	79,667,061	102,517,562	116,332,458	88,768,803	74,972,202
<u>\$ 223,387,112</u>	<u>\$ 186,903,736</u>	<u>\$ 221,764,253</u>	<u>\$ 240,470,553</u>	<u>\$ 202,921,826</u>	<u>\$ 172,258,028</u>
\$ -	\$ 1,922	\$ 1,922	\$ -	\$ 1,922	\$ -
24,048,818	54,438,343	51,069,708	46,322,996	37,215,903	37,014,461
-	-	-	-	-	-
37,350,531 ⁴	26,871,816	20,408,936	17,719,394	5,762,048	815,527
-	-	-	-	-	(628,792)
<u>\$ 61,399,349</u>	<u>\$ 81,312,081</u>	<u>\$ 71,480,566</u>	<u>\$ 64,042,390</u>	<u>\$ 42,979,873</u>	<u>\$ 37,201,196</u>

¹ Decrease of \$92.4 million due to dissolution of the Tustin Community Redevelopment Agency (TCRA) on February 1, 2012. The assets and liabilities of the TCRA were transferred to the Successor Agency for the TCRA private purpose trust fund.

² Increase of \$40.3 million due to the gain on sale of land in the former Marine Corp Air Station referred to as the Legacy and land held for resale along the 55 freeway and Edinger Avenue.

³ Increase of \$65.5 million due to the gain on sale of land held for resale of \$48.1 million for the development of residential housing and special item totaling \$21.4 million due to reclassification of promissory note to long-term debt.

⁴ Increase of \$31.9 million due to the transfer of bond proceeds from the Successor Agency to the TCRA to the MCAS 2010 Capital Project Fund.

⁵ 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.

CITY OF TUSTIN

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues:				
Taxes	\$ 38,726,558	\$ 30,975,441	\$ 22,703,619	\$ 22,808,488
Licenses and permits	716,144	443,928	577,044	1,284,232
Fines and forfeitures	893,642	875,068	678,428	631,340
Investment income	1,632,215	472,725	173,890	621,786
Intergovernmental revenues	23,970,358	26,345,002	43,126,447	29,741,754
Charges for services	5,020,485	2,813,752	2,685,080	1,787,268
Rental income	358,030	480,255	550,003	751,724
Developer contributions	1,593,475	-	-	-
Profit participation	-	-	-	-
Gain on sale of land held for resale	-	-	43,340,797	-
Contribution from Successor Agency	-	-	-	-
Other revenues	2,425,052	14,075,025	9,773,813	6,110,735
Total revenues	<u>75,335,959</u>	<u>76,481,196</u>	<u>123,609,121</u>	<u>63,737,327</u>
Expenditures:				
Current:				
General government	7,505,928	11,656,331	17,357,805	14,205,424
Public safety	27,508,514	28,714,347	27,944,039	28,170,314
Public works	9,110,621	6,954,384	5,980,807	5,797,705
Community services	12,740,969	6,506,381	2,752,523	3,081,299
Capital outlay	9,979,670	25,816,530	28,487,231	74,422,436
Debt service:				
Principal retirement	10,659,000	2,590,000	-	-
Interest and fiscal charges	4,131,435	3,264,323	967,115	-
Bond issue costs	429,731	-	-	-
Total expenditures	<u>82,065,868</u>	<u>85,502,296</u>	<u>83,489,520</u>	<u>125,677,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,729,909)</u>	<u>(9,021,100)</u>	<u>40,119,601</u>	<u>(61,939,851)</u>
Other financing sources (uses):				
Transfers in	2,645,014	3,020,291	6,122,454	2,084,612
Transfers out	(2,645,014)	(3,020,291)	(6,122,454)	(2,084,612)
Proceeds from debt issuance	43,281,289	-	-	-
Contribution to developer	-	-	-	-
Sale of property	18,138	43,745	-	-
Capital lease issued	-	-	-	-
Total other financing sources (uses)	<u>43,299,427</u>	<u>43,745</u>	<u>-</u>	<u>-</u>
Extraordinary gain (loss)	-	(98,386,142)	-	1,412,257
Special item	-	-	-	-
Net change in fund balances	<u>\$ 36,569,518</u>	<u>\$(107,363,497)</u>	<u>\$ 40,119,601</u>	<u>\$ (60,527,594)</u>
Debt service as a percentage of noncapital expenditures	17.69%	20.00%	9.00%	1.73%

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 21,426,308	\$ 23,525,899	\$ 24,825,401	\$ 25,770,970	\$ 26,385,383	\$ 27,187,012
885,043	1,334,311	853,990	905,086	1,212,696	1,280,180
752,597	982,123	953,665	996,912	909,355	841,747
1,041,661	2,422,072	608,888	1,120,276	7,172,443	4,455,060
37,302,283	42,838,003	35,382,444	42,121,841	39,613,110	38,156,567
1,870,401	2,357,268	1,999,860	2,177,345	2,761,688	2,688,921
1,113,340	1,308,852	1,542,281	1,674,068	2,055,135	2,133,706
16,934,704	26,357,490	16,804,964	1,341,143	-	-
-	-	23,495,709	7,179,553	212,651	-
48,136,121	-	24,241,261	33,636,759	395,281	1,014,511
32,137,773	-	-	-	-	-
6,302,392	4,714,101	5,849,937	8,848,778	7,590,956	4,918,426
167,902,623	105,840,119	136,558,400	125,772,731	88,308,698	82,676,130
17,568,297	20,372,454	24,052,915	21,259,806	25,539,637	27,145,126
33,062,929	27,897,182	30,733,524	32,335,404	33,200,885	36,427,058
6,417,257	7,182,380	7,591,876	7,795,849	9,105,493	8,231,789
3,170,747	7,308,498	18,727,257	9,747,562	19,603,654	4,955,971
23,800,093	22,498,621	26,657,177	40,082,440	59,389,068	42,277,454
5,000,000	4,101,171	4,129,203	3,271,503	71,908	74,763
-	-	5,802	12,043	9,297	6,444
-	-	-	-	-	-
89,019,323	89,360,306	111,897,754	114,504,607	146,919,942	119,118,605
78,883,300	16,479,813	24,660,646	11,268,124	(58,611,244)	(36,442,475)
5,266,102	5,453,988	4,242,209	8,908,605	7,281,771	4,745,170
(5,266,102)	(5,453,988)	(4,242,209)	(8,908,605)	(7,281,771)	(4,745,170)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	368,356	-	-	-
-	-	368,356	-	-	-
-	976,042	-	-	-	-
21,404,683	(34,026,499)	-	-	-	-
<u>\$ 100,287,983</u>	<u>\$ (16,570,644)</u>	<u>\$ 25,029,002</u>	<u>\$ 11,268,124</u>	<u>\$ (58,611,244)</u>	<u>\$ (36,442,475)</u>
8.86%	6.03%	5.28%	3.46%	0.06%	0.09%

CITY OF TUSTIN

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

Last Ten Fiscal Years

Fiscal Year Ended June 30	City		
	Secured	Unsecured	Taxable Assessed Value
2011	\$ 6,791,003	\$ 318,875	\$ 7,109,878
2012	6,865,333	294,518	7,159,851
2013	6,975,148	295,303	7,270,451
2014	7,151,192	267,629	7,418,821
2015	7,503,074	287,558	7,790,632
2016	7,924,736	293,492	8,218,228
2017	8,254,232	312,525	8,566,757
2018	8,684,095	311,475	8,995,570
2019	9,092,631	313,242	9,405,874
2020	9,494,882	324,715	9,819,597

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.

(A) Effective February 1, 2012, the Redevelopment Agency was dissolved. See Notes 18 and 19 for more information.

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

Redevelopment Agency (A)			Taxable Assessed Value (A)	Total Direct Tax Rate (B)
Secured	Unsecured			
\$ 2,180,029	\$ 129,387	\$	2,309,416	0.310%
2,085,982	133,065		2,219,047	0.303%
2,107,792	123,929		2,231,721	0.302%
2,192,026	121,534		2,313,560	0.116%
2,362,339	139,834		2,502,173	0.116%
2,643,865	141,934		2,785,799	0.116%
2,872,602	138,433		3,011,035	0.116%
3,260,212	143,833		3,404,045	0.116%
3,498,105	313,242		3,811,347	0.116%
3,671,553	324,715		3,996,268	0.116%

CITY OF TUSTIN

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year			
	2011	2012	2013	2014
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	0.0596	0.0559	0.0672	0.0891
Metropolitan Water District Bonds	0.0037	0.0037	0.0035	0.0035
Rancho Santiago Community College District Bonds	0.0314	0.0315	0.0324	0.0333
Orange Unified School District Bonds	-	-	-	-
Irvine Ranch Water District Bonds	0.2242	0.2155	0.2155	0.2155
Santa Ana Unified School District Bonds	0.0717	0.0715	0.0775	0.0736
Irvine Unified School District Bonds	-	-	-	-
Total Overlapping Rates	0.3906	0.3781	0.3961	0.4150
Total Direct and Overlapping Rates	\$ 1.3906	\$ 1.3781	\$ 1.3961	\$ 1.4150

Source: Hdl, Coren & Cone

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 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
0.0696	0.0775	0.0700	0.0687	0.0669	0.0638
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
0.0508	0.0504	0.0495	0.0509	0.0454	0.0518
-	-	-	-	0.0269	0.0229
0.0960	0.0960	0.1270	0.1270	0.1270	0.1270
0.0687	0.0660	0.0638	0.0633	0.0556	0.0730
-	-	-	0.0271	0.0280	0.0253
0.2886	0.2934	0.3138	0.3405	0.3532	0.3673
\$ 1.2886	\$ 1.2934	\$ 1.3138	\$ 1.3405	\$ 1.3532	\$ 1.3672

CITY OF TUSTIN

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Tustin LP	\$ 182,150,905	1.33%	\$ 154,066,340	1.64%
Raintree Tustin LLC	147,381,658	1.08%		
Legacy Villas LLC	129,371,611	0.95%		
Irvine Company LLC	128,569,886	0.94%	215,725,010	2.29%
Tustin Market Place	86,528,122	0.63%		
Flight Phase I Owner LLC	77,178,891	0.57%		
Tustin Parc LP	63,957,712	0.47%		
Apple Ten Hospitality Ownership Inc	57,641,874	0.42%		
Borchard Redhill SKB-Tustin LLC	57,085,110	0.42%	49,334,093	0.52%
Irvine Apartment Communities LP	55,950,815	0.41%	83,879,946	0.89%
PK II Larwin Square SC LP	-	0.00%	48,435,507	0.51%
Costco Wholesale Corporation	-	0.00%	46,653,846	0.50%
Ricoh Development	-	0.00%	46,703,056	0.50%
Tustin Legacy Community Partners LLC	-	0.00%	60,304,007	0.64%
Avalon II California Value I	-	0.00%	84,390,000	0.90%
American Funding US Investments	-	0.00%	57,006,297	0.61%
	<u>\$ 985,816,584</u>	<u>7.20%</u>	<u>\$ 846,498,102</u>	<u>8.99%</u>

Source: Orange County Assessor's Office

CITY OF TUSTIN

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

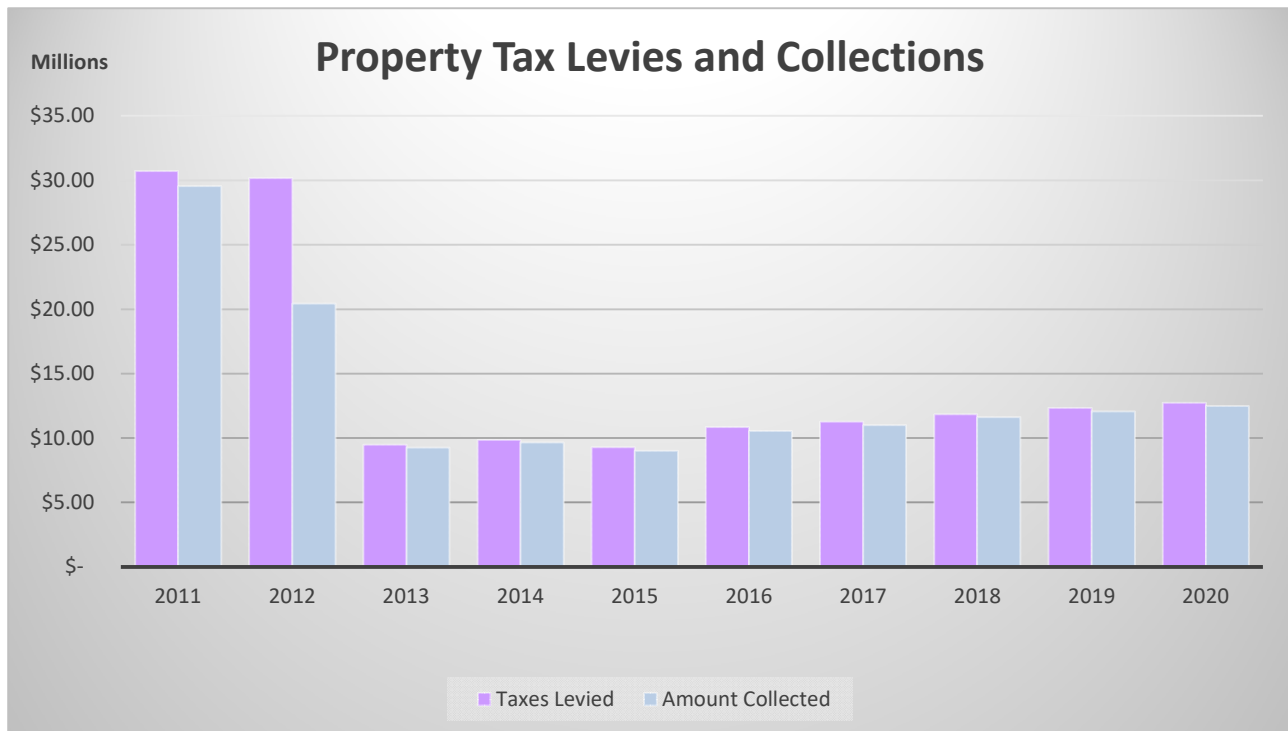
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2011	\$ 30,713,746	\$ 29,541,000	96.18%	\$ 610,052	\$ 30,151,052	98.17%
2012	30,163,205	20,433,400	67.74%	147,389	20,580,789	68.23%
2013	9,492,638	9,257,817	97.53%	121,715	9,379,532	98.81%
2014	9,862,476	9,655,778	97.90%	121,400	9,777,178	99.14%
2015	9,287,149	9,007,785	96.99%	163,497	9,171,282	98.75%
2016	10,847,984	10,541,516	97.17%	233,935	10,775,451	99.33%
2017	11,278,643	10,996,314	97.50%	207,332	11,203,646	99.34%
2018	11,844,150	11,615,833	98.07%	174,112	11,789,945	99.54%
2019	12,335,873	12,072,342	97.86%	183,788	12,256,130	99.35%
2020	12,732,756	12,500,616	98.18%	182,977	12,683,593	99.61%

Notes:

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

Effective February 1, 2012, the former Redevelopment Agency was dissolved. See Notes 17 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
	Tax Allocation Bonds (1)	Tax Allocation Bonds (2)	Tax Allocation Bonds (3)	Notes Payable (4)	Lease Payable (5)	
2011	\$ 8,515,000	\$ 24,915,000	\$ 44,170,000	\$ 20,976,317	\$ -	\$ 98,576,317
2012	-	-	-	21,877,282	-	21,877,282
2013	-	-	-	22,816,940	-	22,816,940
2014	-	-	-	21,404,683	-	21,404,683
2015	-	-	-	16,404,683	-	16,404,683
2016	-	-	-	12,303,512	-	12,303,512
2017	-	-	-	3,202,341	340,324	3,542,665
2018	-	-	-	-	271,162	271,162
2019	-	-	-	-	199,255	199,255
2020	-	-	-	-	124,492	124,492

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

- (1) On July 1, 1998 The City issued \$20.8 million of Tax Allocation Refunding Bonds to retire Series 1987 Refunding Bonds. On February 1, 2012, the remaining liability of \$7,260,000 was transferred to the Successor Agency to the Tustin Community Redevelopment Agency. See Notes 17 for more information.
- (2) In March 2010 the Tustin Redevelopment Agency issued \$26,170,000 Tax Allocation Housing Bonds, Series 2010 to refinance low and moderate income housing activities throughout the geographic boundaries in the City. On
- (3) In November 2010 the Tustin Redevelopment Agency issued \$44,170,000 MCAS Tax Allocation Bonds, Series 2010 to finance capital improvements in the MCAS project area. On February 1, 2012, the remaining liability of \$43,530,000 was transferred to the Successor Agency to the Tustin Community Redevelopment Agency. See Note 17 for more information.
- (4) 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.
- (5) In February 2017 the City entered into a lease to finance equipment with a present value of \$368,356.

Business-type Activity							Percentage		
Water Revenue Bonds (6)	Water Revenue Bonds (7)	Water Revenue Bonds (8)	Water Revenue Bonds (9)	Water Revenue Bonds (10)	Water Revenue Bonds (11)	Total Business-type Activity	Total Primary Government	of Personal Income	Debt Per Capita
\$ 11,165,000	\$ 20,760,000	\$ -	\$ -	\$ -	\$ -	\$ 31,925,000	\$ 130,501,317	5.52%	1,722
-	20,760,000	8,910,000	-	-	-	29,670,000	51,547,282	2.12%	673
-	21,044,310	8,997,129	-	-	-	30,041,439	52,858,379	2.16%	678
-	21,034,111	8,205,372	14,160,362	-	-	43,399,845	64,804,528	2.73%	827
-	21,023,911	7,398,615	14,111,418	-	-	42,533,944	58,938,627	2.44%	752
-	21,013,711	6,571,858	14,062,474	-	-	41,648,043	53,951,555	2.21%	656
-	-	5,720,101	14,013,530	22,790,666	-	42,524,297	46,066,962	1.82%	559
-	-	4,843,344	13,959,586	22,738,061	-	41,540,991	41,812,153	1.63%	508
-	-	3,931,858	13,905,642	22,685,456	-	40,522,956	40,722,211	1.46%	500
-	-	2,989,831	-	22,632,852	15,672,031	41,294,713	41,419,205	1.40%	515

(6) In September of 2003 the City issued \$14.355 million of Refunding Water Revenue Bonds to defease the outstanding Certificates of Participation and the Orange County Water District Notes. These bonds were defeased in March 2012.

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

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

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

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

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

CITY OF TUSTIN

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value *	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
2011	\$ -	\$ 77,600,000	\$ 77,600,000	0.82%	\$ 1,024
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds. The City currently does not have general bonded debt in either fund.

* - Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Effective February 1, 2012, the redevelopment agency was dissolved. The outstanding balance of tax allocation bonds were transferred to the Successor Agency to the Tustin Community Redevelopment Agency. See Note 17 for more information.

CITY OF TUSTIN

OVERLAPPING DEBT SCHEDULE

June 30, 2020

2019-20 Assessed Valuation:	\$ 13,658,893,858
Redevelopment Incremental Valuation	(3,665,008,824)
Adjusted Assessed Value	<u>\$ 9,993,885,034</u>

	Total Debt 6/30/20	(1) % Applicable	City's Share of Debt at 6/30/20
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 37,300,000	0.441%	\$ 164,493
Rancho Santiago Community College District	220,164,038	0.108	237,777
Rancho Santiago Community College District School Facilities Improvement District No.1	166,020,000	0.178	295,516
Irvine Unified School District School Facilities Improvement District No. 1	123,400,000	2.903	3,582,302
Orange Unified School District	180,385,000	0.029	52,312
Santa Ana Unified School District	285,682,392	0.22	628,501
Tustin Unified School District School Facilities Improvement District No. 2002-1	41,157,228	46.454	19,119,179
Tustin Unified School District School Facilities Improvement District No. 2008-1	83,175,000	44.841	37,296,502
Tustin Unified School District School Facilities Improvement District No. 2012-1	39,895,000	45.371	18,100,760
Tustin Unified School District Community Facilities District No. 88-1	20,930,000	100	20,930,000
Tustin Unified School District Community Facilities District No. 06-1	14,090,000	100	14,090,000
City of Tustin Community Facilities Districts	95,815,000	100	95,815,000
Irvine Unified School District Community Facilities District No. 86-1	14,580,000	0.183	26,681
Irvine Ranch Water District Improvement Districts	408,471,130	5.162-87.416	57,541,816
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>267,880,839</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Orange County General Fund Obligations	\$ 386,745,000	2.183%	\$ 8,442,643
Orange County Pension Obligations	466,863,754	2.183	10,191,636
Orange County Board of Education Certificates of Participation	12,930,000	2.183	282,262
Orange Unified School District Certificates of Participation	24,951,384	0.029	7,236
Orange Unified School District Benefit Obligations	63,565,000	0.029	18,434
Santa Ana Unified School District Certificates of Participation	62,467,085	0.22	137,428
City of Tustin	-	100	-
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>19,079,639</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>	<u>\$ 119,670,000</u>	<u>0.001-100.0%</u>	<u>50,190,695</u>
TOTAL DIRECT DEBT			-
TOTAL OVERLAPPING DEBT			<u>\$ 337,151,173</u> (2)
COMBINED TOTAL DEBT			<u>\$ 337,151,173</u>

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

(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.

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

Ratios to 2019-20 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	1.96%
Total Direct Debt	0.00%
Combined Total Debt	2.47%

Ratios to Redevelopment Incremental Valuations (\$3,665,008,824):

Total Overlapping Tax Increment Debt	1.37%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF TUSTIN

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Assessed valuation	\$ 7,109,878,000	\$ 7,159,851,000	\$ 7,270,451,000	\$ 7,418,821,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,777,469,500	1,789,962,750	1,817,612,750	1,854,705,250
Debt limit percentage	15%	15%	15%	15%
Debt limit	266,620,425	268,494,413	272,641,913	278,205,788
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	<u>\$ 266,620,425</u>	<u>\$ 268,494,413</u>	<u>\$ 272,641,913</u>	<u>\$ 278,205,788</u>
Total debt applicable to the limit as a percentage of debt limit	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					
2015	2016	2017	2018	2019	2020
\$ 7,790,632,000	\$ 8,218,228,000	\$ 8,566,757,000	\$ 8,995,570,000	\$ 9,405,874,000	\$ 9,819,597,000
25%	25%	25%	25%	25%	25%
1,947,658,000	2,054,557,000	2,141,689,250	2,248,892,500	2,351,468,500	2,454,899,250
15%	15%	15%	15%	15%	15%
292,148,700	308,183,550	321,253,388	337,333,875	352,720,275	368,234,888
-	-	-	-	-	-
<u>\$ 292,148,700</u>	<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>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF TUSTIN

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue	Less Operating Expenses	Net Available Revenue	Water Revenue Bonds		
				Debt Service		Coverage
				Principal	Interest	
2011	\$ 12,422,746	\$ 10,566,435	\$ 1,856,311	\$ 710,000	\$ 502,705	1.53
2012	15,112,161	10,683,621	4,428,540	740,000	1,432,659	2.04
2013	16,688,773	11,462,258	5,226,515	710,000	957,111	3.14
2014	18,955,616	13,198,598	5,757,018	710,000	1,622,859	2.47
2015	19,428,741	12,511,648	6,917,093	770,000	1,973,820	2.52
2016	17,141,219	12,013,376	5,127,843	790,000	1,951,170	1.87
2017	17,365,350	13,032,698	4,332,652	815,000	1,229,673	2.12
2018	18,558,264	14,315,827	4,242,437	845,000	1,535,895	1.78
2019	18,644,225	14,284,470	4,359,755	880,000	1,503,095	1.83
2020	18,257,313	14,022,416	4,234,897	860,000	1,474,120	1.81

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.

On February 1, 2012, the remaining balance of the Tax Allocation Bonds was transferred to the Successor Agency to the Tustin Community Redevelopment Agency. See Note 17 for more information,

Tax Allocation Bonds				
Tax Allocation		Debt Service		Coverage
		Principal	Interest	
\$	17,928,849	\$ 2,460,000	\$ 2,204,419	4
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

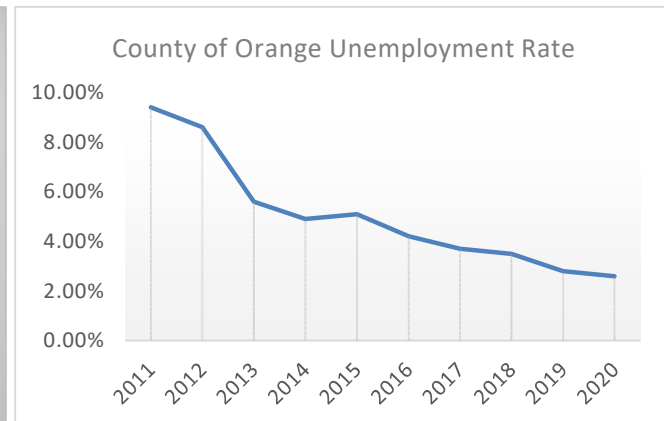
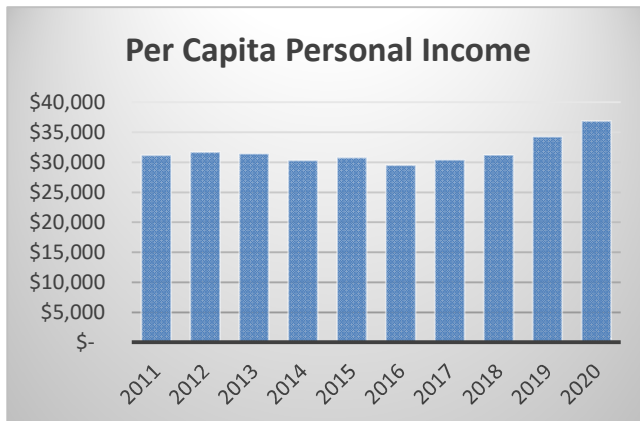
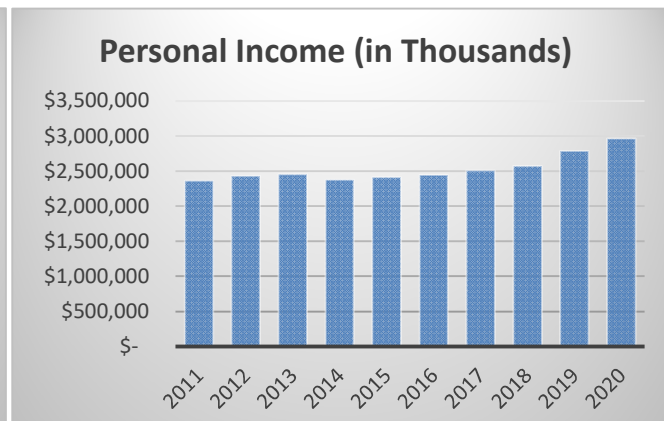
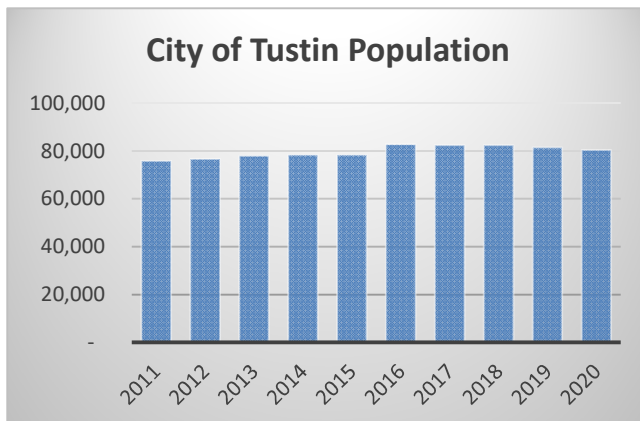
CITY OF TUSTIN

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	City of Tustin Population	Personal Income (in Thousands)	Per Capita Personal Income	County of Orange Unemployment Rate
2011	75,773	\$ 2,363,057	\$ 31,186	9.40%
2012	76,597	2,429,318	31,716	8.60%
2013	77,983	2,451,708	31,439	5.60%
2014	78,360	2,375,640	30,317	4.90%
2015	78,347	2,411,442	30,779	5.10%
2016	82,717	2,441,169	29,512	4.20%
2017	82,372	2,506,380	30,427	3.70%
2018	82,344	2,570,460	31,216	3.50%
2019	81,369	2,785,795	34,237	2.80%
2020	80,382	2,963,734	36,870	2.60%

Source: HdL Coren & Cone, LLC



CITY OF TUSTIN

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tustin Unified School District	2,850	6.85%		
Schools First Federal Credit Union	983	2.36%		
Youngs Market Company LLC	681	1.64%	2,100	5.42%
Costco Wholesale Corporation	658	1.58%	450	1.16%
New American Funding	645	1.55%		
City of Tustin	409	0.98%	300	0.77%
Avid Bioservices, Inc.	230	0.55%		
Vita Best Nutrition	215	0.52%		
Kaiser Foundation Hospitals	200	0.48%		
Logomark Inc	196	0.47%		
Ricoh Electronics Inc	-	0.00%	1,384	3.57%
Lamppost Pizza Corp	-	0.00%	1,400	3.61%
Toshiba America Medical Systems	-	0.00%	900	2.32%
Rockwell Collins	-	0.00%	600	1.55%
Cherokee International Corp.	-	0.00%	350	0.90%
RAJ Manufacturing Inc	-	0.00%	260	0.67%
Cash Plus, Inc.	-	0.00%	250	0.64%
Kleen Impressions	-	0.00%	250	0.64%
Ricoh Business Solutions	-	0.00%	250	0.64%

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	25	29	26	35	33	38	35	39	42	42
Community Development	17	17	15	15	16	19	19	19	20	20
Public Works	52	51	40	47	48	45	48	47	49	50
Police	140	139	131	140	141	141	137	142	140	143
Parks and Recreation	14	15	13	13	14	14	17	17	17	16
RDA/Successor Agency	6	5	3	-	-	-	-	-	-	-
Water	23	25	17	17	18	19	18	18	19	17
Total	<u>277</u>	<u>281</u>	<u>245</u>	<u>267</u>	<u>270</u>	<u>276</u>	<u>274</u>	<u>282</u>	<u>287</u>	<u>288</u>

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

Source: City of Tustin Human Resource Department (Karyn Roznos)

CITY OF TUSTIN
CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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)	127.2	127.2	127.2	129.1	129.1	130.1	130.7	131.3	131.3	132.6
Street Lights	3,544	3,544	3,544	3,640	3,640	3,680	3,700	3,700	3,740	3,797
Traffic Signals	117	118	118	121	121	125	126	128	128	128
Storm Drain (miles)	49.2	49.2	49.2	51.2	51.4	51.8	52.9	53.9	53.9	53.9
Street Trees	15,837	15,786	16,097	16,073	15,815	15,706	15,542	15,574	15,042	14,606
Parks and Recreation										
Parks	13	13	13	13	13	14	14	14	14	16
Parks (acres)	98.5	98.5	98.5	98.5	98.5	116.0	116.0	116.0	116.0	173.5
Community Centers	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1
Water										
Metered Services	14,139	14,139	14,172	14,181	14,148	14,099	14,109	14,104	14,241	14,328
Average daily consumption	12,899	13,491	13,601	13,975	13,975	9,975	10,601	11,770	11,098	11,097
Reservoirs	6	6	6	6	6	6	6	6	6	6
Wells	13	13	13	13	13	13	14	14	14	14
Water Main (miles)	173	173	173	173	173	173	172	172	172	172
Fire Hydrants	2,201	2,201	2,201	1,914	1,945	1,945	1,945	1,945	1,945	1,945

(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

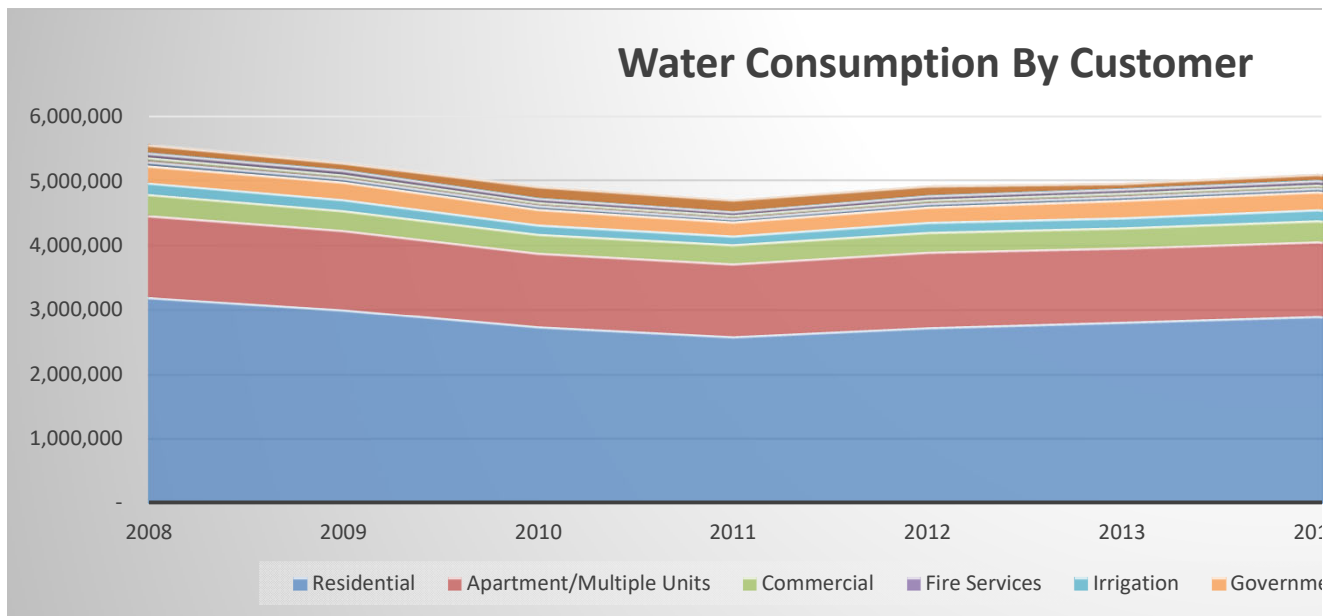
WATER CONSUMPTION BY CUSTOMER TYPE

Last Ten Fiscal Years

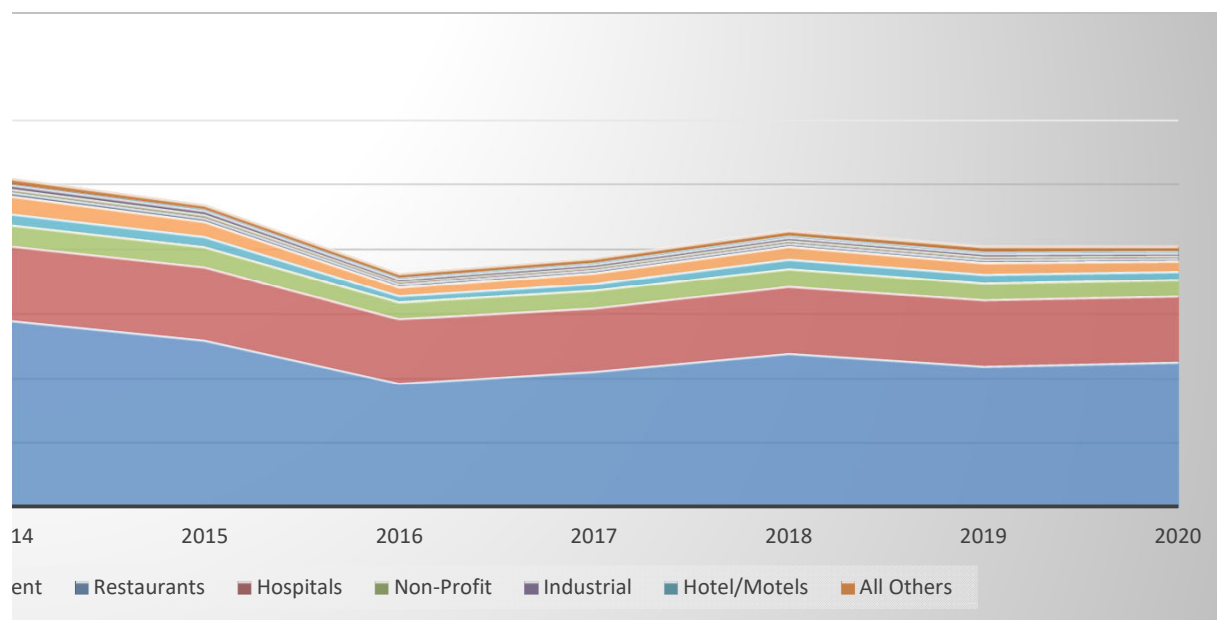
Type of Customer	Fiscal Year			
	2011	2012	2013	2014
Residential	2,592,741	2,733,482	2,815,322	2,905,069
Apartment/Multiple Units	1,133,899	1,172,823	1,158,480	1,163,159
Commercial	296,001	305,638	308,376	321,125
Fire Services	275	1,242	818	577
Irrigation	134,408	149,957	151,965	167,346
Government	212,561	236,658	268,581	276,292
Restaurants	48,873	53,183	53,461	52,520
Hospitals	11,587	12,204	12,442	7,634
Non-Profit	41,291	44,488	44,476	45,920
Industrial	51,760	58,298	57,462	60,438
Hotel/Motels	8,332	8,514	10,417	12,866
All Others	176,248	147,552	82,716	87,785
	<u>4,707,976</u>	<u>4,924,039</u>	<u>4,964,516</u>	<u>5,100,731</u>

Measured in hundred cubic feet.

Source: City of Tustin Finance Department (Julie Interante)



Fiscal Year					
2015	2016	2017	2018	2019	2020
2,603,538	1,934,761	2,119,716	2,398,744	2,199,236	2,264,772
1,139,321	1,003,808	987,688	1,039,878	1,029,284	1,026,696
310,585	259,459	271,649	274,943	267,541	255,245
837	646	504	589	564	475
155,766	96,082	105,750	146,941	131,579	127,429
229,262	134,446	162,843	195,695	177,321	158,344
51,658	45,069	44,947	45,086	45,905	37,786
10,018	11,166	11,276	10,536	13,102	10,158
41,601	22,989	26,751	34,539	32,021	28,491
59,292	40,407	45,071	45,062	44,693	37,520
21,379	23,387	25,185	28,908	32,594	32,754
71,324	68,830	70,721	75,208	76,873	70,777
<u>4,694,581</u>	<u>3,641,050</u>	<u>3,872,101</u>	<u>4,296,129</u>	<u>4,050,713</u>	<u>4,050,447</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
2011	\$ 34.49	\$ 0.58	\$ 1.02	\$ 1.33	\$ 1.65	\$ 1.97	\$ 2.29	\$ 2.62
2012	36.94	0.70	1.22	1.60	1.99	2.37	2.76	3.17
2013	40.63	0.73	1.29	1.69	2.10	2.56	2.97	3.40
2014	43.59	0.79	1.38	1.81	2.25	2.79	3.24	3.70
2015 (1)	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2016	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2017	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2018	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2019	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020 (2)	39.76	2.79	2.79	2.79	2.79	2.79	2.79	2.79

Fiscal Year	Bi-Monthly Fixed Charge	Emergency Drought Stage 2 - Consumption Charges						
		Up to 8 HCF	From 9 to 16 HCF	From 17 to 24 HCF	From 25 to 32 HCF	From 33 to 40 HCF	From 41 to 48 HCF	All Over 49 HCF
2015 (1)	\$ 46.85	\$ 0.84	\$ 1.48	\$ 1.94	\$ 2.41	\$ 3.05	\$ 3.53	\$ 4.05
2016	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2017	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2018	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2019	46.85	0.84	1.48	1.94	2.41	3.05	3.53	4.05
2020	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) Per resolution No. 20-04, the City implemented a new water rate with provisions for escalation on February 1, 2020. The water rate schedule has a fixed component based on the the size of the water meter serving the property and a variable component based on usage.

Source: City of Tustin Finance Department

CITY OF TUSTIN

WATER CUSTOMERS

Current Fiscal Year and Nine Years Ago

Water Customer	2020		2011	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Tustin Unified School District	\$ 592,307	3.41%	\$466,467	3.75%
City of Tustin	204,681	1.18%	148,837	1.20%
Raintree Tustin LLC	170,918	0.98%	0	
Schroeder Property Management	83,999	0.48%	58,441	0.47%
Tustin Parc	83,992	0.48%	0	
Tustin Acres Community Association	82,100	0.47%	54,514	0.47%
Tustin Village Community Association	80,388	0.46%	0	
Key Inn	74,162	0.43%	0	
Westchester Park LP	70,656	0.41%	49,524	0.40%
Ricoh Electronics, Inc.	69,335	0.40%	59,515	0.48%
Briarwood Investment Co. Ltd.	67,768	0.39%	49,336	0.40%
Vio Tustin Investment LP	67,087	0.39%		
CA 4-14 Fund LLC	64,372	0.37%		
CMC Association Management	62,419	0.36%	42,345	0.34%
Raintree-Evergreen LLC	58,316	0.34%		
Curtis Grieder	56,880	0.33%		
Saddleback Mobilodge	56,772	0.33%	39,391	0.32%
New Villa Valencia MHP	55,254	0.32%		
Regency West	53,910	0.31%	36,341	0.29%
15701 TV Way Partnership	53,834	0.31%	42,606	0.34%
Arnel Management (Walnut East)	51,422	0.30%		
Williamshire HOA	45,635	0.26%		
Stonebrook Lmtd.	44,181	0.25%		
Waterstone Gardens Investments LP	43,631	0.25%	35,454	0.29%
Sycamore Gardens HOA	43,383	0.25%		
CalTrans - District 12			59,225	0.48%
Tustin Plaza Center, LP			37,021	0.30%
Roshan M.D.				
Alders Apartment Company			34,499	0.28%
Avalon 2 Calif 1 LP			126,158	1.02%
AT& T Services, Inc.			76,797	0.62%
V KAY - NNC Valencia Gardens			52,264	0.42%
Carmel Partners, MS#3			52,142	0.42%
Cadigan Communitis - Monterey Pines			51,282	0.41%
Villa Valencia MHP			39,776	0.32%
Sierra Corporate Management			47,367	0.38%
SKB-Tustin LLC			39,779	0.32%
Archstone Commuites			38,900	0.31%
Great West American			33,821	0.27%
Total Water Sales	<u>\$ 2,337,402</u>	<u>13.46%</u>	<u>\$ 1,771,802</u>	<u>14.30%</u>
Total Water Revenues	<u>\$ 17,364,694</u>			

Source: City of Tustin Finance Department

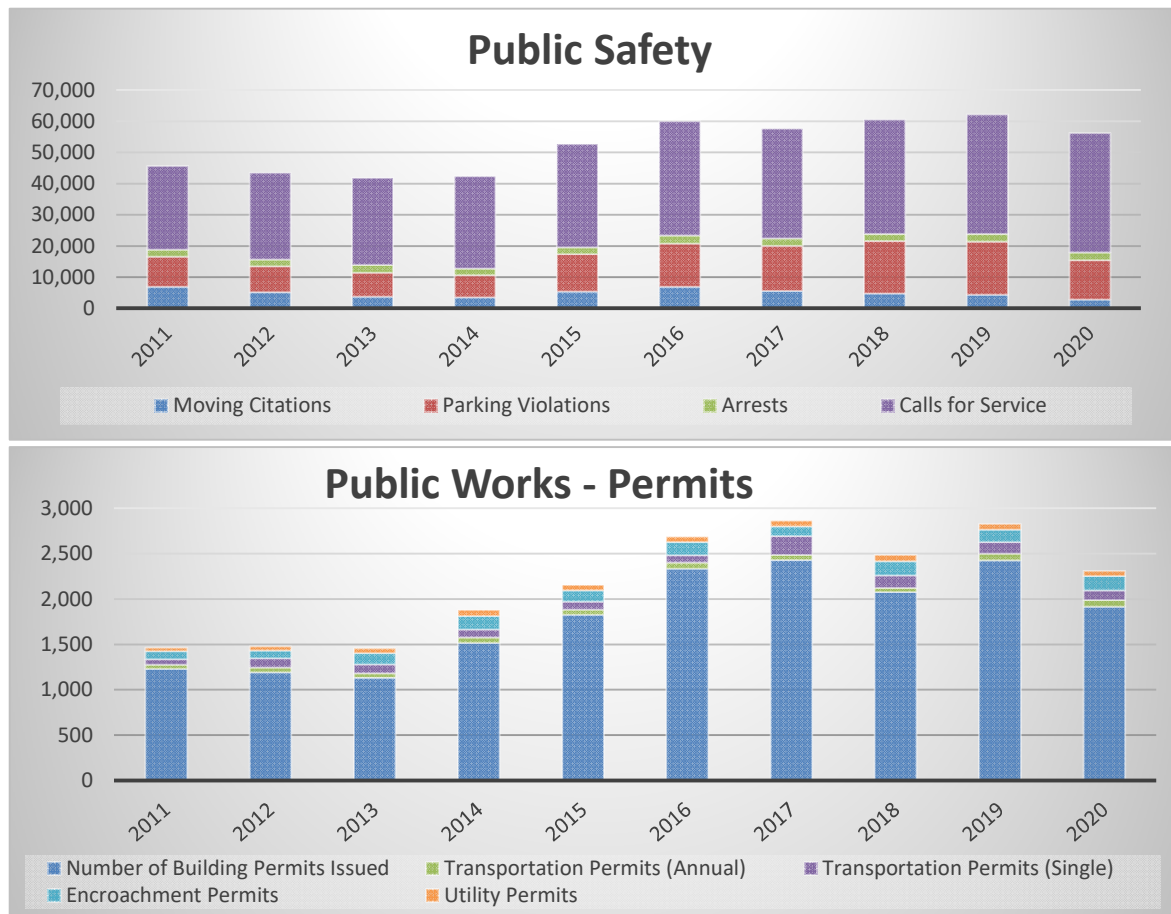
CITY OF TUSTIN

OPERATING INDICATORS BY FUNCTION

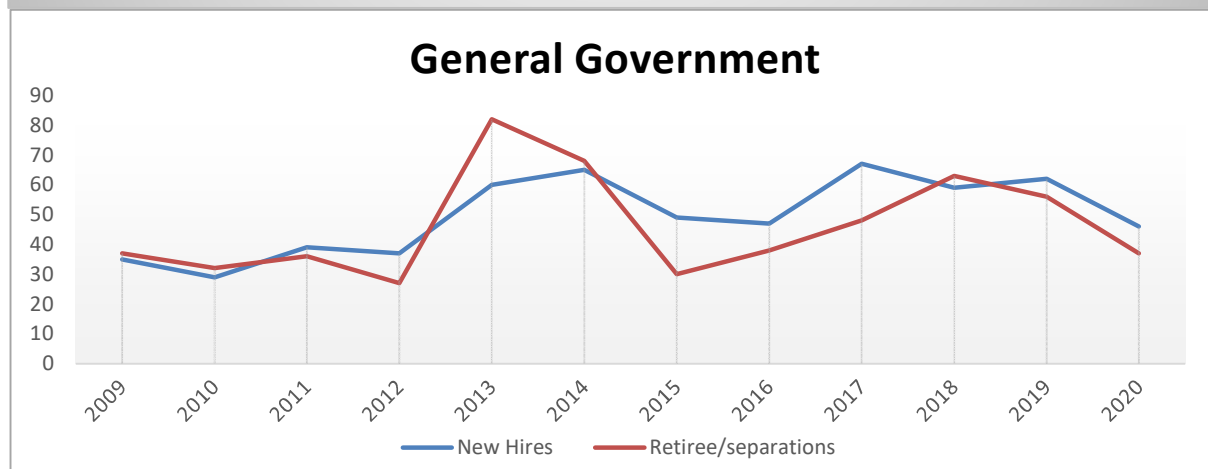
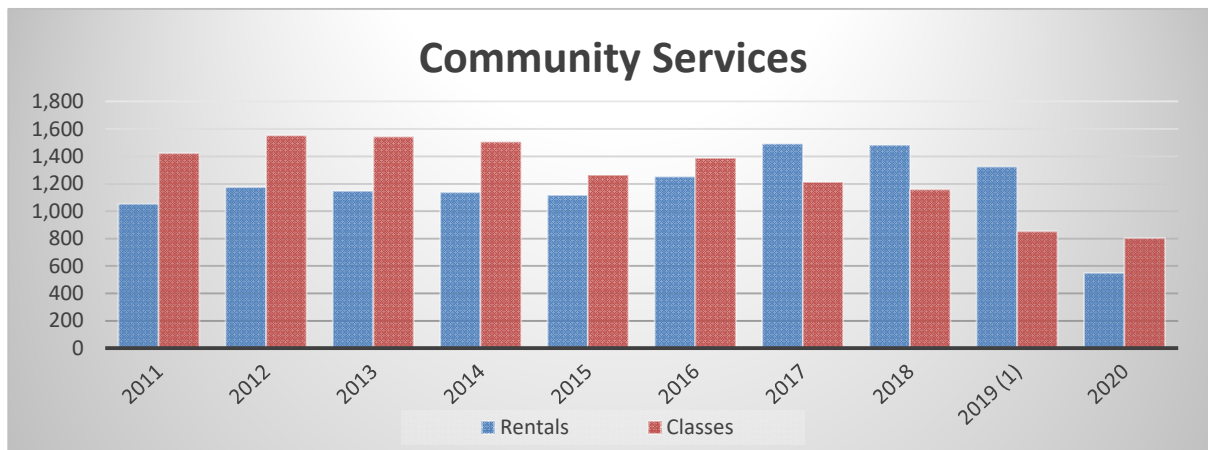
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Public Safety				
Moving Citations	6,954	5,161	3,748	3,499
Parking Violations	9,594	8,323	7,754	7,136
Arrests	2,288	2,177	2,420	2,139
Calls for Service	26,819	27,774	27,954	29,527
Public Works				
Number of Building Permits Issued	1,230	1,193	1,130	1,517
Number of Building Inspections Completed	10,656	8,019	5,934	5,655
Transportation Permits				
Annual	45	50	50	59
Single	62	104	99	89
Encroachment Permits	88	83	123	148
Utility Permits	40	48	55	66
Curb Miles Swept	20,608	20,872	20,003	21,118
Community Services				
Rentals	1,055	1,176	1,147	1,138
Classes	1,424	1,555	1,544	1,508
General Government				
New Hires	39	37	60	65
Retiree/separations	36	27	82	68

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



Fiscal Year					
2015	2016	2017	2018	2019	2020
5,444	6,982	5,590	4,762	4,355	2,811
11,994	13,855	14,514	16,836	17,017	12,609
2,155	2,494	2,343	2,302	2,463	2,448
33,114	36,618	35,172	36,571	38,326	38,288
1,828	2,334	2,430	2,078	2,425	1,915
6,344	11,947	11,768	9,816	11,348	15,884
55	66	56	46	77	74
88	82	208	137	127	104
124	147	107	155	136	161
60	59	62	71	65	57
20,773	22,087	20,589	20,270	22,162	20,766
1,117	1,253	1,494	1,483	1,326	550
1,265	1,389	1,213	1,160	854	805
49	47	67	48	62	46
30	38	47	63	56	37



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