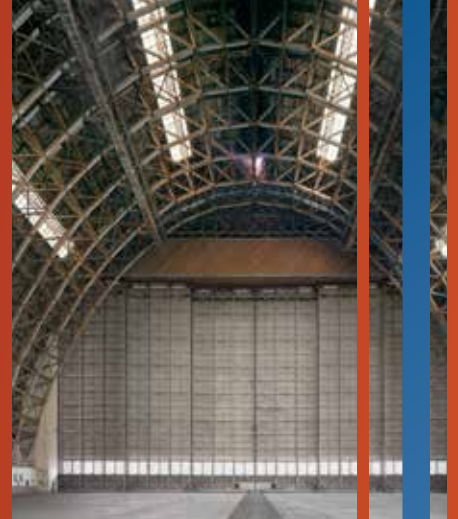


CITY OF TUSTIN, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



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CITY OF TUSTIN, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

Prepared By: Finance Department

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CITY OF TUSTIN
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For the Year Ended June 30, 2022
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Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF TUSTIN

Elected and Administrative Officials

As of June 30, 2022



AUSTIN LUMBARD
Mayor



BARRY W. COOPER
Mayor Pro Tem



LETITIA CLARK
Councilmember



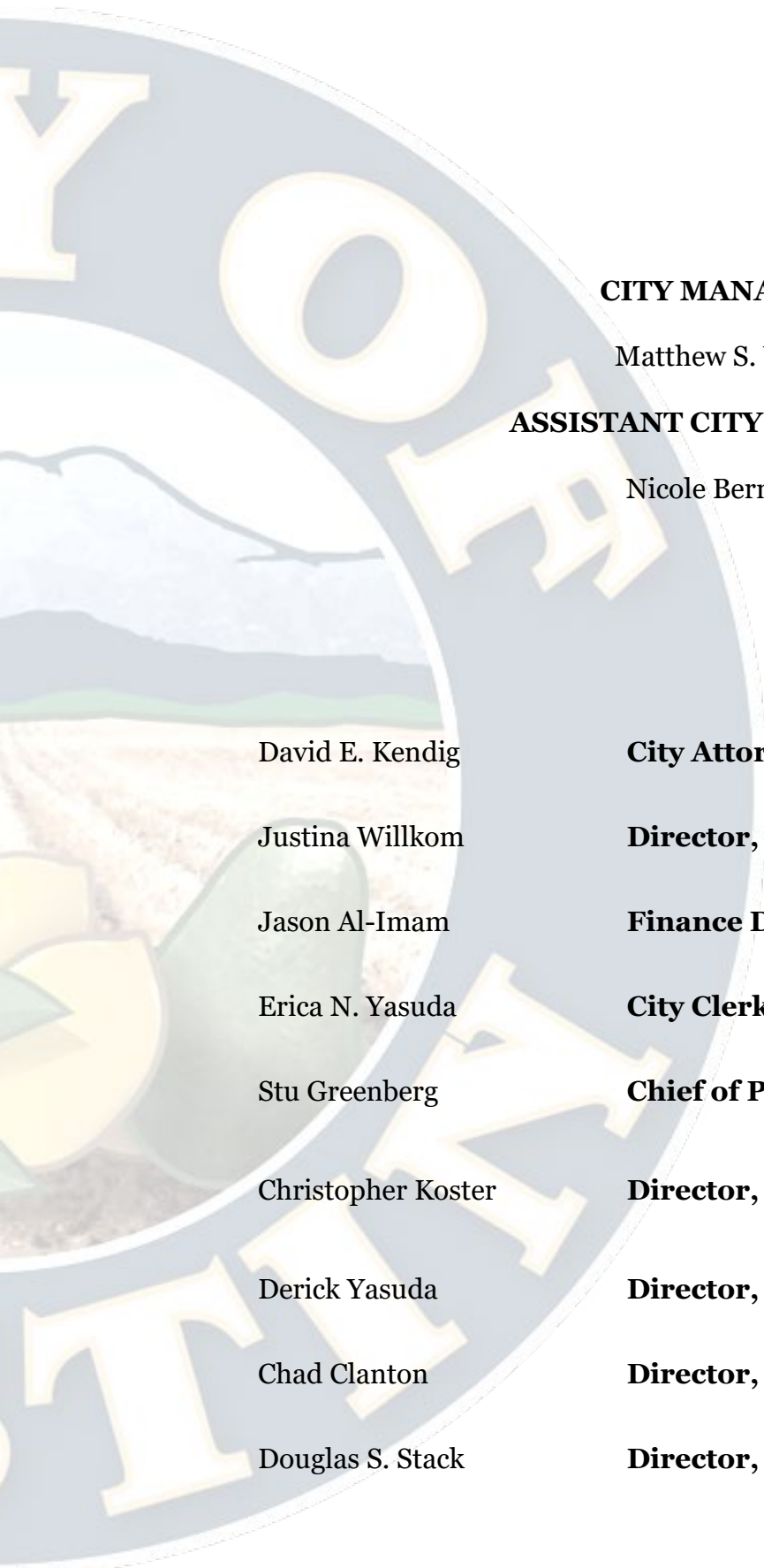
RYAN GALLAGHER
Councilmember



**REBECCA "BECKIE"
GOMEZ**
Councilmember

AUDIT COMMISSION

John Wende, Chair
Jered Elmore, Chair Pro Tem
Craig Shimomura
Robert Ammann
Daniel Erickson



CITY MANAGER

Matthew S. West

ASSISTANT CITY MANAGER

Nicole Bernard

David E. Kendig

City Attorney

Justina Willkom

Director, Community Development

Jason Al-Imam

Finance Director / City Treasurer

Erica N. Yasuda

City Clerk

Stu Greenberg

Chief of Police

Christopher Koster

Director, Economic Development

Derick Yasuda

Director, Human Resources

Chad Clanton

Director, Parks & Recreation Services

Douglas S. Stack

Director, Public Works / City Engineer

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FINANCE DEPARTMENT

Remembering what connects us.

December 09, 2022

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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Tustin for the fiscal year ended June 30, 2022.

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

The City of Tustin's financial statements for the year ended June 30, 2022, have been audited by Davis Farr LLP, an independent public accounting firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Tustin for the fiscal year ended June 30, 2022, were free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Tustin's financial statements for the



fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY OF TUSTIN

The City of Tustin is 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, 2022 population at 79,535, a decrease of about 0.8% from 2021. Most cities in Orange County showed minor decreases in population, with the County of Orange's total population decreased by 0.2%. The California statewide population also decreased by 0.3% as the state continues to experience declining birth rates among younger cohorts and the aging baby boomer generation. Also contributing to the decline in population is the fact that affordable housing remains challenging for many Californians.

The City was incorporated under the General Laws of the State of California in 1927 and is governed by a five-member elected City Council. The Council/Administrator form of city government was adopted in 1965 and modified to the Council/City Manager form in 1981. Council members serve staggered, four-year terms, with a two-consecutive-term limit. The Mayor was selected by the City Council from among its members 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. In 2021, the City code was amended to implement by-district elections for four council members and established the Office of the Mayor to



be elected at-large. Beginning in November 2022, a Council member for Council District 3 and Mayor are elected in the general municipal election. Council Members for Council Districts 1, 2, and 4 will be elected in the general municipal election in November 2024.

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

BUDGET DEVELOPMENT AND MONITORING

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

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

ECONOMIC OUTLOOK

As we enter into year three of the COVID pandemic, continued progress on vaccinations has enabled the general population to gradually resume most pre-pandemic activities. Many COVID-mandated restrictions were removed. During the first six months of Fiscal



Year 2021-2022, the national and local economies continued to grow at an above-trend pace, fueled by an increase in labor market participation and consumer spending. However, geopolitical risks, persistent supply chain bottlenecks, and a strong job market have all contributed to a heightened risk of inflation and potential economic slowdown. The Federal Open Market Committee (FOMC) has increased the federal funds rate six times since March 2022 in order to counter the highest inflation rate in 40 years.

The City's second-year update of the biennial 2021-2023 budget reflects a slight decrease of \$1 million in General Fund revenues in Fiscal Year 2022-2023. Consumers' pent-up demands had pushed some major revenues to levels never seen before in Tustin. The slight reduction in Fiscal Year 2022-2023 General Fund revenues still reflects a significant increase in revenues over the pre-pandemic periods. Activities for the City's top three revenue sources are briefly described below:

- Sales tax revenue is the General Fund's largest revenue source. As consumer demand remains strong, sales tax revenue is projected to increase by one to three percent each year.
- Property tax revenue is the General Fund's second largest revenue source. This revenue is estimated to increase by three to four percent per year due to projected increases in assessed property valuations and on-going development.
- Departmental revenues primarily consist of revenues generated by the Parks and Recreation and Community Development Departments. Building and permit fees are projected to increase based on anticipated development activity.

The General Fund expenditures are projected to increase by \$5.6 million over the Fiscal Year 2021-2022 amended budget. Major factors contributing to this increase are contractually obligated salary increases; a \$1.1 million contribution to the Liability Fund; higher annual required contributions toward the City's pension obligations; an increase in the City's annual contract with the Orange County Fire Authority; and an increase in the Police Department's overtime budget.

The City of Tustin first developed a "Tustin CARES" program in 2020 in response to the pandemic. The City initially allocated over \$3 million of federal funds to provide aid and reinvestment into the Tustin community in the form of grants to small businesses and



non-profits, meal gap assistance for seniors and families in need, and to provide emergency rent and utility assistance. The Tustin CARES program continued in Fiscal Year 2021-2022, utilizing \$6.4 million from the American Rescue Plan Act of 2021 (ARPA) to provide additional rounds of aid and reinvestment into the local community and for provisions of governmental services. An additional \$7.8 million ARPA funds are planned for similar purposes in Fiscal Year 2022-2023. This financial assistance extended to Tustin residents, non-profits, and businesses help them recover from the devastating impacts of COVID-related restrictions.

MAJOR ECONOMIC DEVELOPMENTS

Tustin Legacy

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

- Approximately 400,000 square feet of office space has been completed at FLIGHT at Tustin Legacy, a creative office campus developed by Lincoln Property Company. FLIGHT features several amenities, including a very popular 12,000-square-foot 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. Over 94% of Flight is occupied or in lease negotiations. Current tenants include Happy Money, OTTNO Inc, Virgin Galactic, InXile Entertainment, Branded Online, WATG, Avetta, Chromadex, Taylor & Associates, Colloquy, Lendistry, PTS Advance, Syspro, Incipio, Just Food for Dogs, and Synergy Training. A large number of employees at FLIGHT will have a positive economic multiplier effect that reaches beyond the boundaries of FLIGHT. FLIGHT will benefit 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. Encompass Health Rehabilitation Hospital, a 69,500-square-foot acute care hospital/rehabilitation facility opened in early 2022. All portions of the medical plaza are now complete.
- The Landing at Tustin Legacy, developed by Brookfield Homes Southern California LLC (Brookfield) is a 25-acre residential community that features 400 for-sale units comprised of three design styles: 154 attached stacked flats (Terra), 129 row townhomes (Luna), as well as 117 luxury single-family homes (Cira). The City closed on the land sale to Brookfield in September 2021. Construction began in the Fall of 2021 and is projected to take three years for full build-out. Model homes opened to the public in the spring of 2022; over 150 homes have been built to date and sales are ongoing.

Pacific Center East

Pacific Center East, an area near the intersection of Edinger Avenue and the 55 freeway, contains City-owned assets, portions of which have been conveyed for development, leased, or will be available for future development. The area currently includes two hotels that generate a significant amount of Transient Occupancy Tax (TOT) revenue for the City.

- 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 headquarter in Tustin. The site is bounded by Newport Avenue, Del Amo Avenue, and Edinger Avenue. SchoolsFirst has completed



construction of its new 180,000 square-foot office building, 5,000 square-foot retail bank branch, and 900+ space parking structure and began to move into their facilities in phases starting in the Fall of 2021 and throughout 2022. 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 California corporate headquarters.

Old Town Tustin

- The Downtown Commercial Core Specific Plan (DCCSP) provides the framework 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 was completed in 2021. The Vintage by Taylor Morrison offers resort-style amenities, including a community pool, and is within walking distance to Old Town businesses.

Affordable Housing

In May 2022, the City conveyed approximately 0.4 acres of land to Family Promise of Orange County (Family Promise) to develop the House of Ruth, a seven (7) unit apartment complex that will provide transitional housing for homeless families. HomeAid Orange County is serving as the construction manager for Family Promise and Brookfield Residential is the principal builder. Construction is scheduled to be complete in Spring of 2023.

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 2022 include the following:

- **Public Facilities**
 - Tustin Sports Park Playground Renovation
 - HVAC for City Hall and Police Department
- **Transportation Facilities**
 - Red Hill Median Improvements
 - Annual Pavement Maintenance Program
- **Water Production**
 - Simon Ranch Reservoir and Booster Pump Station Pipeline Replacement

The City's capital projects for fiscal year 2022-2023 are budgeted at \$61.2 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, State Road Maintenance and Rehabilitation funds (RMRA), and Community Development Block Grants. Major capital projects for fiscal year 2022-2023 include:

- **Tustin Legacy Facilities**
 - Alley Grove
 - Neighborhood D-South Infrastructure Construction – Phase 2
- **Traffic Control Facilities**
 - Main Street Improvements
- **Transportation Facilities**
 - Annual Pavement Maintenance and Public Infrastructure Maintenance Program
- **Public Facilities**
 - Civic Center Generator
- **Park Facilities**



- Pine Tree Park Irrigation and Turf Improvements, Picnic Shelter Replacement, and Volleyball Court Reconfiguration
- Tustin Legacy Dog Park
- **Water Projects**
 - Conjunctive Use Well at Beneta Well Site

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tustin for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the thirty-fifth (35) 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

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



management of the City's finances; and finally to the City's auditing firm of Davis Farr LLP for their professional assistance.

Respectfully submitted,

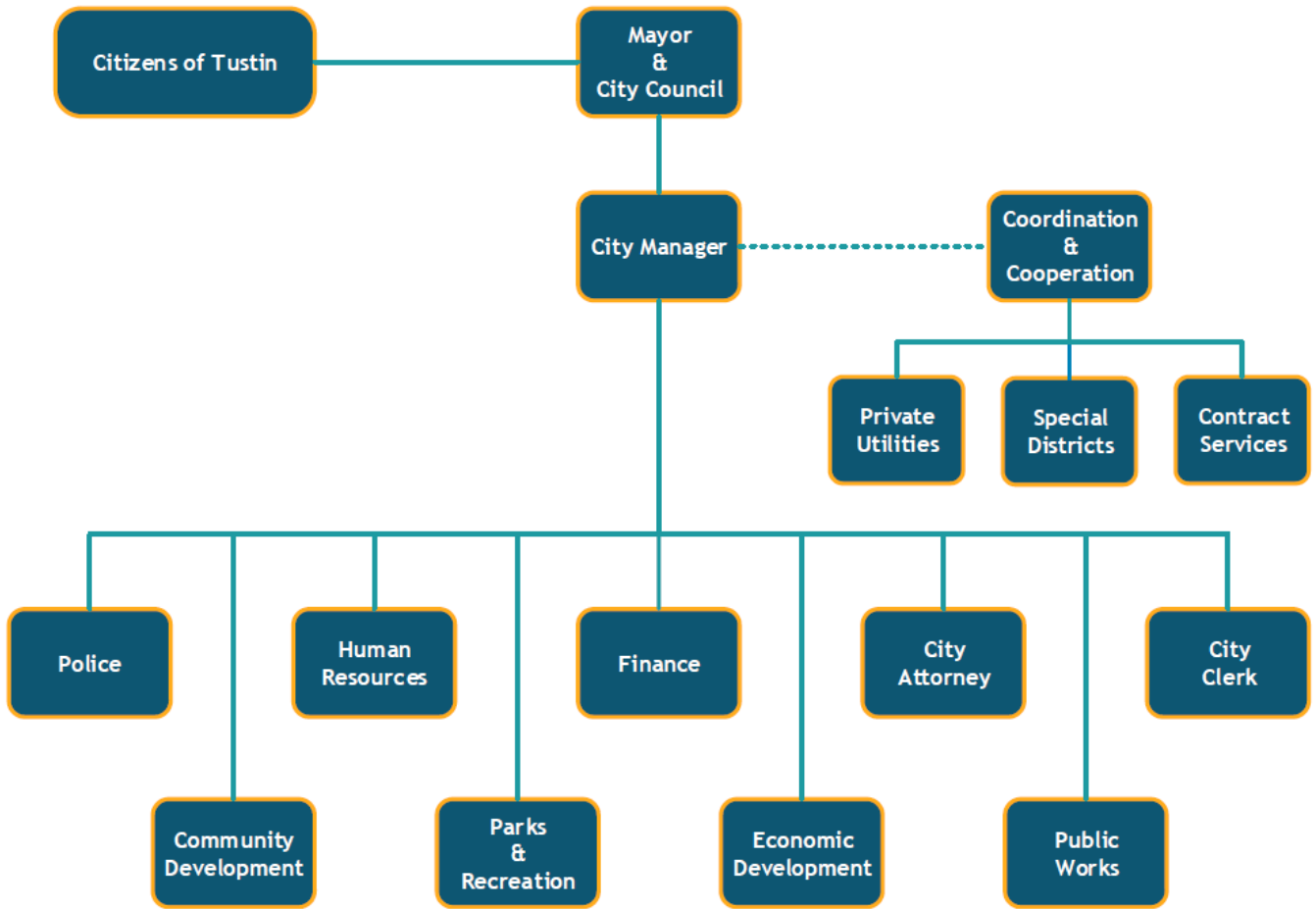
A handwritten signature in blue ink that reads "Matthew S. West". The signature is fluid and cursive.

Matthew S. West
City Manager/City Treasurer

A handwritten signature in blue ink that reads "Jennifer King". The signature is fluid and cursive.

Jennifer King
Acting Finance Director

LOCAL GOVERNMENT FY 2021-22





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tustin
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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Independent Auditor's Report

City Council
City of Tustin
Tustin, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tustin, California, as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Tustin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tustin, California, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Tustin, California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in Note 1 to the financial statements, during the year ended June 30, 2022, the City of Tustin implemented Governmental Accounting Standards Board (GASB) Statement No. 87. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Tustin's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The City of Tustin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tustin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General Fund and each major special revenue fund, Schedule of Proportionate Share of the Net Pension Liability – Safety Plan, Schedule of Contributions – Safety Plan, Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan, Schedule of Contributions – Miscellaneous Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions – OPEB, and the Annual Money-Weighted Rate of Return on Investments* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The *combining and individual nonmajor fund financial statements and schedules*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 9, 2022 on our consideration of the City of Tustin’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tustin’s internal control over financial reporting and compliance.



Irvine, California
December 9, 2022

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Management Discussion and Analysis

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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, 2022. 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, 2022, by \$805.4 million (*net position*). The net position consists of \$569.4 million invested in capital assets, \$48.3 million in restricted net position, and \$187.7 million in unrestricted net position.
- The City's total net position increased by \$54.9 million during the fiscal year ended June 30, 2022. The increase in net position is largely related to the sale of 25.44 acres of land to a developer at the Tustin Legacy area during the fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish City governmental activities that are principally supported by taxes and intergovernmental revenues from other business-type activities that are

Government-wide Financial Statements (Continued)

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 services.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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, the governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The City maintains various individual governmental funds organized by their type (special revenue and capital projects funds). Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The General Fund, American Rescue Plan Act (ARPA) Special Revenue Fund, Housing Authority Special Revenue Fund, and Park Acquisition and Development 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.

Fund Financial Statements (Continued)

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial 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 Services (PARS) for pre-funding the City's OPEB obligations. The City Council approved the establishment of the trust in April 2017, and the City has made two deposits to the trust since its inception.

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

Notes to the Basic Financial Statements

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

Other Information

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

Government-wide Financial Analysis

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

The largest portion of the City's net position (70.7%) reflects its investment in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's total assets increased by \$57.4 million or 6.4% compared to the prior fiscal year while its total deferred outflows of resources increased by \$4.6 million or 26.1%. As discussed previously, the City sold land to a developer during the year, resulting in cash-inflows and an increase in assets. Major factors to the increases in deferred outflows of resources stemmed from changes in assumptions used for pension obligations as well as additional pension contributions made by the City, which will be applied as a reduction of the net pension liabilities for the next fiscal year.

The City's total liabilities decreased by \$26.5 million or 15.9% while its total deferred inflows of resources increased by \$33.6 million. The primary reason for the decreased liabilities and increased deferred inflows of resources can be attributed to CalPERS achieving a significantly higher investment return during fiscal year 2020-2021. CalPERS's 21% actual investment return far exceeded its expected investment return of 7.15%. As a result, the City's pension plan assets increased and pension plan liabilities were reduced by \$32.3 million. At the same time, this higher than expected return widened the gap between the pension plan's projected and actual investment earnings by \$27 million, which was reported as an increase in deferred inflows of resources on the City's financial

Government-wide Financial Analysis (Continued)

statements. The other component that offset the total liability decrease was an increase in unspent American Rescue Plan Act (ARPA) funds. The City received two tranches of ARPA funds (\$9.7 million in May 2021 and \$9.7 million in June 2022). ARPA funds are required to be classified as unearned revenue until expended. The City expended \$6.4 million in ARPA funds in the current year and the remaining \$13 million was classified as unearned revenue at June 30, 2022. Lastly, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases* during the current fiscal year. The City recognized approximately \$7.1 million in deferred inflows of resources related to various leases.

The City's total net position increased by \$54.9 million or 7.3%. Major factors that contributed to the net position increase are discussed in the following pages.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2022

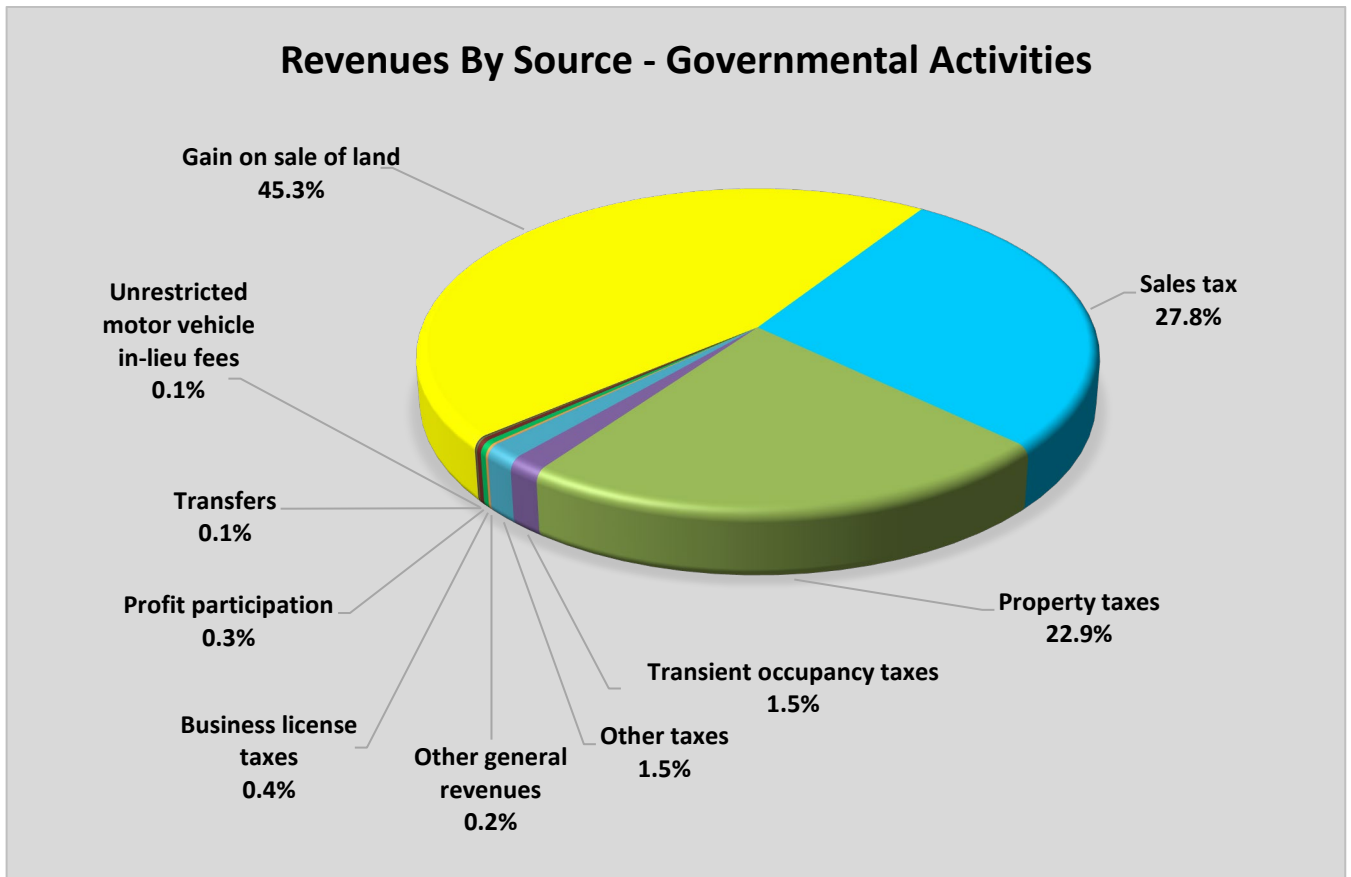
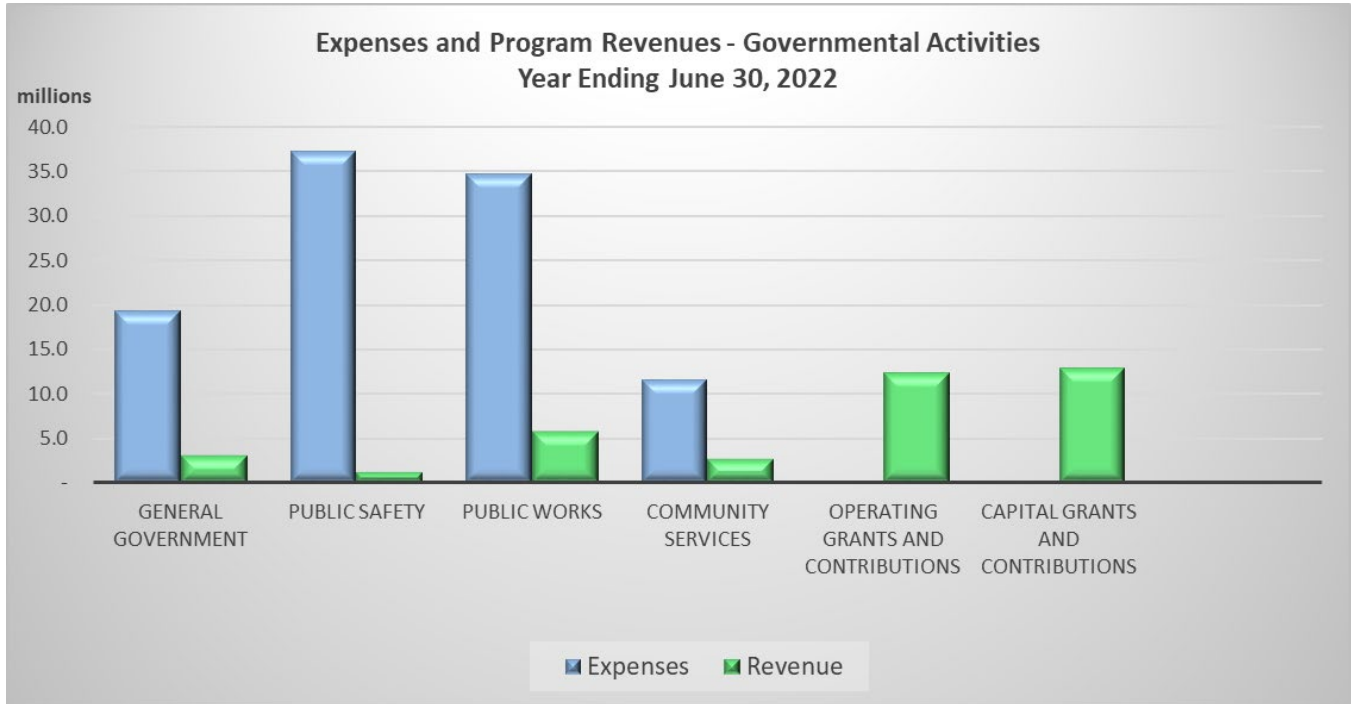
Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Net Position
As of June 30, 2022
(in millions of dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities		Total		% Change
	2021	2022	2021	2022	2021	2022	2021-2022
Assets:							
Current and other assets	\$267.7	\$334.8	\$ 24.5	\$ 19.0	\$292.2	\$353.8	
Capital assets	<u>550.5</u>	<u>542.4</u>	<u>60.7</u>	<u>64.6</u>	<u>611.2</u>	<u>607.0</u>	
Total Assets	<u>818.2</u>	<u>877.2</u>	<u>85.2</u>	<u>83.6</u>	<u>903.4</u>	<u>960.8</u>	6.4%
Deferred Outflows of Resources	<u>13.5</u>	<u>18.1</u>	<u>4.1</u>	<u>4.1</u>	<u>17.6</u>	<u>22.2</u>	26.1%
Liabilities:							
Current liabilities	27.3	31.1	5.6	5.5	32.9	36.6	
Non-Current liabilities	<u>89.2</u>	<u>62.1</u>	<u>44.6</u>	<u>41.5</u>	<u>133.8</u>	<u>103.6</u>	
Total Liabilities	<u>116.5</u>	<u>93.2</u>	<u>50.2</u>	<u>47.0</u>	<u>166.7</u>	<u>140.2</u>	-15.9%
Deferred Inflows of Resources	<u>3.6</u>	<u>35.7</u>	<u>0.2</u>	<u>1.7</u>	<u>3.8</u>	<u>37.4</u>	884.2%
Net Position:							
Net investment in capital assets	565.4	540.2	26.0	29.2	591.4	569.4	
Restricted	39.4	48.3	-	-	39.4	48.3	
Unrestricted	<u>106.8</u>	<u>177.9</u>	<u>12.9</u>	<u>9.8</u>	<u>119.7</u>	<u>187.7</u>	
Total Net Position	<u>\$711.6</u>	<u>\$766.4</u>	<u>\$38.9</u>	<u>\$39.0</u>	<u>\$750.5</u>	<u>\$805.4</u>	7.3%

Governmental activities. The net position of the City's governmental activities increased by \$54.8 million or 7.7% to \$766.4 million. Of the \$766.4 million in net position, \$540.2 million is invested in capital assets such as land, buildings, equipment, and infrastructure; \$48.3 million is restricted to specifically stipulated spending agreements originated by law, contracts, or other agreements with external parties. The remaining \$177.9 million is unrestricted and available to be designated for specific purposes by the City Council to meet the City's ongoing obligations.

Government-wide Financial Analysis (Continued)



CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Government-wide Financial Analysis (Continued)

City of Tustin
Summary of Changes in Net Position
For the Year Ended June 30, 2022
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2021-2022
	Activities		Activities		Total		
	2021	2022	2021	2022	2021	2022	
Revenues:							
Program revenues:							
Charges for services	\$ 7.1	\$ 12.7	\$ 18.9	\$ 19.6	\$ 26.0	\$ 32.3	
Operating grants and contributions	8.6	12.3	-	0.1	8.6	12.4	
Capital grants and contributions	4.4	12.9	-	1.6	4.4	14.5	
General revenues:							
Taxes	63.4	66.9	-	-	63.4	66.9	
Earnings(loss) on investments	1.7	(3.5)	-	(0.2)	1.7	(3.7)	
Motor vehicle in-lieu fees	0.1	0.1	-	-	0.1	0.1	
Miscellaneous	1.3	0.2	0.1	0.4	1.4	0.6	
Profit participation	5.0	0.3	-	-	5.0	0.3	
Gain on sale of assets	0.1	56.0	-	-	0.1	56.0	
Transfer	-	0.1	-	(0.1)	-	-	
Total Revenues	91.7	158.0	19.0	21.4	110.7	179.4	62.1%
Expenses:							
General government	27.2	19.4	-	-	27.2	19.4	
Public safety	42.3	37.3	-	-	42.3	37.3	
Public works	25.7	34.8	-	-	25.7	34.8	
Community services	7.9	11.7	-	-	7.9	11.7	
Water	-	-	19.3	21.3	19.3	21.3	
Total Expenses	103.1	103.2	19.3	21.3	122.4	124.5	1.7%
Change in net position	(11.4)	54.8	(0.3)	0.1	(11.7)	54.9	
Net Position – Beginning	723.0	711.6	39.2	38.9	762.2	750.5	
Net Position - Ending	\$711.6	\$766.4	\$ 38.9	\$ 39.0	\$750.5	\$805.4	7.3%

Government-wide Financial Analysis (Continued)

In governmental activities, the increase in net position of \$54.8 million is primarily due to the following:

- In September 2021, the City sold 25.44 acres of land to a developer for a gain of \$56 million.
- As discussed previously, net pension liability changed due to higher than expected CalPERS investment earnings from fiscal year 2020-2021, and resulted in an increase of \$30 million to net position.
- The same higher investment earnings also resulted in an increase to the net deferred resources on pension plans and a \$20.4 million reduction to net position.
- Capital asset depreciation expense in the amount of \$14.5 million; offset by a \$6.3 million increase in capital assets.
- Governmental liabilities increased by \$5 million due to ARPA fund unearned revenue, claims and judgments, and compensated absences.

In the prior fiscal year, governmental activities decreased by approximately \$11.4 million compared to an increase of \$54.8 million in 2021-22, which reflects a \$66.2 million difference year-over-year. Other than the gain from the sale of land, the year-over-year difference can also be attributed to the following:

- A combined increase of \$17.8 million in program revenues from charges for services, operating grants and contributions, and capital grants.
- An increase of \$3.6 million in sales tax revenue.
- The increases were offset by reductions in investment earnings and profit participation revenue in 2022.

Business-Type activities net position increased slightly by \$0.1 million. Revenues increased by \$2.4 million, while expenses increased by \$2 million when compared to the prior year.

Financial Analysis of the Government's Funds

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

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information 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 \$291.2 million, an increase of \$56.5 million from the prior year's fund balance. Other than a gain of \$56 million from sale of land, the following factors impacted the net change to fund balance:

Financial Analysis of the Government's Funds (Continued)

- A combined increase of \$5.3 million from sales tax, property tax and transient occupancy tax as a result of economic recovery from the pandemic.
- A combined increase of \$4.6 million in charges for services, licenses and permits revenue, and rental income as service demands increased.
- An increase of \$1.5 million in developer's contribution, net of change in profit participation revenue.
- A decrease of \$5 million in investment earnings due to market volatilities.
- The revenue increases were offset by a corresponding increase in service costs. Total non-capital expenditures increased by \$10.9 million while capital outlays reduced by \$5 million.

Approximately \$103.5 million or 35.5%, of the City's governmental fund balance constitutes nonspendable fund balance. Of the nonspendable amount, \$102.5 million is land held for resale. The remaining fund balance consists of \$46.6 million in restricted funds, \$4.8 million assigned to capital projects, and \$136.2 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 \$136.2 million, while total fund balance was \$264.4 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 covers 153% of the total General Fund expenditures, including transfers out.

Three other Special Revenue Funds are determined to be major governmental funds of the City. The first major governmental fund is the American Rescue Plan Act (ARPA) Special Revenue Fund, which has \$13 million in cash and investments with an offsetting unearned revenue of \$13 million. This fund is restricted for specific purposes relating to COVID-19 mitigation efforts and governmental services. The Housing Authority Special Revenue Fund is the second major governmental fund with \$0.7 million in restricted fund balance at the end of the current fiscal year. This fund is restricted for increasing or improving low-and-moderate income housing. The Housing Authority Fund holds \$5 million in affordable housing loans. The third major governmental fund is the Park Acquisition and Development Special Revenue Fund, which holds fees collected to develop the City's park system.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022			
<i>(in millions of dollars)</i>			
	<u>2021</u>	<u>2022</u>	<u>Total % Change 2021-2022</u>
Revenues:			
Taxes	\$ 58.5	\$ 63.9	
Charges for services	2.0	4.2	
Intergovernmental	5.0	2.1	
Fines and forfeitures	1.0	1.0	
Licenses and permits	1.2	2.2	
Investment income (loss)	1.6	(3.3)	
Other	3.9	14.3	
Profit participation	5.0	0.3	
Gain on sale of land held for resale	<u>0.1</u>	<u>56.0</u>	
Total Revenues	<u>78.3</u>	<u>140.7</u>	79.7%
Expenditures:			
General government	23.8	18.5	
Public safety	37.5	41.4	
Public works	8.5	15.6	
Community services	3.3	6.3	
Capital Outlay	8.8	4.8	
Debt service	<u>0.1</u>	<u>0.1</u>	
Total Expenses	<u>82.0</u>	<u>86.7</u>	5.7%
Excess of Revenues Over			
(Under) Expenditures	(3.7)	54.0	
Other Financing Sources (Uses):			
Net transfers	<u>7.1</u>	<u>7.6</u>	
Net Change in Fund Balance	<u>\$ 3.4</u>	<u>\$ 61.6</u>	1711.8%

CITY OF TUSTIN

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Financial Analysis of the Government's Funds (Continued)

General Fund total revenues increased by \$62.4 million or 79.7% as noted in the previous table. Material transactions impacting revenues in the General Fund were as follows:

- Taxes increased \$5.3 million primarily due to higher sales tax and property tax revenues. Sales tax revenue totaled approximately \$34.4 million, an increase of \$3.6 million or 12% due to an increase in consumer spending. Property tax revenue totaled \$25.5 million, an increase of \$1.0 million or 4%.
- Program and fee revenues such as licenses and permits, charges for services and rental income experienced a total increase of \$4.4 million as service demands grew during the year.
- One-time gain of \$56 million from sale of land.
- One-time development contributions including profit participation revenue increased by \$4.5 million.
- Intergovernmental revenue decreased by \$2.9 million compared to the prior fiscal year. The City received \$3.0 million in CARES Act funding in 2021, which was primarily used for economic assistance and meal gap assistance.
- Investment earnings decreased \$4.9 million during 2022, largely due to market volatility.

General Fund total expenditures increased by \$4.7 million or 5.8%, which is primarily related to increased public service demands as local economy recovered.

General Fund Budgetary Highlights

The General Fund actual revenues were \$61.5 million higher than the amended budgeted revenues, mostly due to one-time development contributions and a gain from sale of land. The amended budgeted expenditures were \$111.7 million, an increase in appropriations of \$8.3 million from the original budgeted expenditures of \$103.5 million. The increase in appropriations was largely associated with increased service levels.

Actual General Fund expenditures were less than the amended budgeted amount of \$111.7 million by \$25.0 million, primarily due to appropriations for capital projects spanning multiple years.

Financial Analysis of the Proprietary Funds

The City has one proprietary fund which is the Water Enterprise Fund. Total revenues for the Water Fund exceeded total expenses by \$0.1 million, resulting in an increase in net position during fiscal year 2022, from \$38.9 million as of June 30, 2020, to \$39.0 million as of June 30, 2022.

Operating revenues increased by \$0.7 million or 3.9%, which is largely attributable to a 5% scheduled rate increase. The City also received a one-time capital grant of \$1.6 million during the fiscal year. Related operating costs increased by \$2.0 million from prior fiscal year, due to an increase in purchased water.

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022 amounts to \$607 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, and bridges.

City of Tustin
Summary of Changes in Capital Assets
For the Year Ended June 30, 2022
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2021-2022
	Activities		Activities		Total		
	2021	2022	2021	2022	2021	2022	
Land	\$ 105.6	\$ 105.3	\$ 1.2	\$ 1.2	\$ 106.8	\$ 106.5	
Right of way	43.8	45.9	-	-	43.8	45.9	
Construction in progress	13.3	12.7	13.9	2.5	27.2	15.2	
Buildings and improvements	120.7	116.6	10.2	9.8	130.9	126.4	
Machinery and equipment	5.1	5.4	-	-	5.1	5.4	
Infrastructure	262.0	256.0	-	-	262.0	256.0	
Leased assets	-	0.5	-	-	-	0.5	
Property, plant and equipment	-	-	35.4	51.1	35.4	51.1	
Total Capital Assets, Net	<u>\$550.5</u>	<u>\$542.4</u>	<u>\$ 60.7</u>	<u>\$ 64.6</u>	<u>\$611.2</u>	<u>\$607.0</u>	-0.7%

Overall, capital asset additions of \$12.3 million in fiscal year 2022 (net of transfers from construction in progress) were offset by depreciation expense of \$16.7 million for a net reduction in capital assets of approximately \$4.2 million. In fiscal year 2022, the following major construction projects were completed:

- Tustin Sports Park Playground Renovations
- Various Roadway and Public Infrastructure Maintenance
- Red Hill Median Improvements
- Simon Ranch Reservoir, Booster Pump Station Pipeline Replacement

The following major construction projects were in progress in fiscal year 2022: South Hangar Rehabilitation, Neighborhood D-South Infrastructure Project, Alley Grove, Tustin Legacy Dog Park, Pine Tree Park Improvements, and various road widening, extension, and traffic signal projects.

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

CITY OF TUSTIN
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Long-term Debt

At the end of the current fiscal year, the City had total outstanding long-term liabilities of \$103.6 million. Of this amount, \$38.1 million are secured solely by specified revenue sources such as water service charges.

City of Tustin
Summary of Changes in Long-Term Liabilities
For the Year Ended June 30, 2022
(in millions of dollars)

	Governmental		Business-Type		Total		Total % Change 2021-2022
	Activities		Activities		Total		
	2021	2022	2021	2022	2021	2022	
Bonds payable	\$ -	\$ -	\$ 39.3	\$ 38.1	\$ 39.3	\$ 38.1	
Claims and judgments	9.3	10.4	-	-	9.3	10.4	
Postemployment benefits obligation	10.9	11.9	1.3	1.4	12.2	13.3	
Compensated absences	4.5	5.0	0.3	0.4	4.8	5.4	
Lease Payable	-	0.6	-	-	-	0.6	
Pension liabilities	<u>64.5</u>	<u>34.2</u>	<u>3.6</u>	<u>1.6</u>	<u>68.1</u>	<u>35.8</u>	
Total Outstanding Debt	<u>\$ 89.2</u>	<u>\$ 62.1</u>	<u>\$ 44.5</u>	<u>\$ 41.5</u>	<u>\$133.7</u>	<u>\$103.6</u>	-22.5%

Overall, long-term debt decreased by \$30.1 million from the prior year balances mostly due to a reduction in the City's net pension liabilities as a result of CalPERS's higher than expected investment returns for the 2020-2021 measurement period. As discussed previously, the reduction of pension liabilities was offset by an increase in deferred inflows of resources related to pension plans. Additionally, there were noted increases in postemployment benefits obligation (OPEB) of \$1.1 million, claims and judgments of \$1.1 million, and compensated absences of \$0.6 million, which was offset with a decrease in bonds payable of \$1.2 million.

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

Next Year's Budget and Rates

On June 21, 2022, the City Council adopted the second-year update of the 2021-2023 Biennial Budget that established an operating and capital spending plan for Fiscal Year 2022-2023. The 2022-2023 Budget was adopted with total appropriations of \$214.3 million. The General fund fiscal year 2022-2023 estimated revenues are \$82.2 million and budgeted appropriations are \$84.6 million. The operating deficit can be covered by planned use reserves and anticipated expenditure savings. The appropriations are \$5.6 million higher than the prior year's amended appropriation as the City anticipates increases in contractually obligated employee costs including pension, overtime at the Police Department, contract with the Orange County Fire Authority, as well as a \$1.1 million contribution to the Liability Fund.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Tustin, 300 Centennial Way, Tustin, California, 92780.

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Government-Wide Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF TUSTIN

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 182,659,501	\$ 9,582,269	\$ 192,241,770
Receivables:			
Accounts	9,417,907	4,656,250	14,074,157
Interest	556,209	27,690	583,899
Leases	7,326,268	-	7,326,268
Loans	6,449,149	-	6,449,149
Allowance for uncollectibles	(1,612,825)	-	(1,612,825)
Prepaid items and deposits	940,938	89,865	1,030,803
Land held for resale	102,457,773	3,763,799	106,221,572
Restricted assets:			
Cash and investments with fiscal agents	18,260,623	947,867	19,208,490
Cash and investments held by trust	8,327,240	-	8,327,240
Capital assets:			
Not being depreciated	163,909,301	3,696,447	167,605,748
Being depreciated, net	378,492,423	60,884,225	439,376,648
TOTAL ASSETS	<u>877,184,507</u>	<u>83,648,412</u>	<u>960,832,919</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	3,256,137	3,256,137
Deferred amounts on OPEB plan	1,248,870	96,867	1,345,737
Deferred amounts on pension plans	16,825,333	765,094	17,590,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>18,074,203</u>	<u>4,118,098</u>	<u>22,192,301</u>
LIABILITIES:			
Accounts payable and accrued liabilities	7,490,339	4,628,725	12,119,064
Interest payable	-	281,577	281,577
Deposits payable	8,375,672	642,777	9,018,449
Unearned revenue	15,255,134	-	15,255,134
Noncurrent liabilities:			
Due within one year	5,125,638	1,558,468	6,684,106
Due in more than one year	10,824,667	36,903,221	47,727,888
Due in more than one year - OPEB liability	11,885,474	1,446,093	13,331,567
Due in more than one year - pension liability	34,195,989	1,631,394	35,827,383
TOTAL LIABILITIES	<u>93,152,913</u>	<u>47,092,255</u>	<u>140,245,168</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on leases	7,148,431	-	7,148,431
Deferred amounts on OPEB plan	1,634,652	161,669	1,796,321
Deferred amounts on pension plans	26,912,232	1,552,539	28,464,771
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>35,695,315</u>	<u>1,714,208</u>	<u>37,409,523</u>
NET POSITION:			
Net investment in capital assets	540,256,185	29,184,048	569,440,233
Restricted for:			
Community services	8,076,384	-	8,076,384
Public safety	602,614	-	602,614
Public works	39,590,369	-	39,590,369
Unrestricted	177,884,930	9,775,999	187,660,929
TOTAL NET POSITION	<u>\$ 766,410,482</u>	<u>\$ 38,960,047</u>	<u>\$ 805,370,529</u>

CITY OF TUSTIN

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 19,435,937	\$ 3,072,210	\$ 37,560	\$ -
Public safety	37,274,550	1,222,841	3,782,774	-
Public works	34,752,971	5,825,437	3,791,516	12,569,259
Community services	11,705,919	2,654,817	4,652,551	283,501
Interest on long-term liabilities	25,311	-	-	-
Total governmental activities	<u>103,194,688</u>	<u>12,775,305</u>	<u>12,264,401</u>	<u>12,852,760</u>
Business-type activity:				
Water	21,303,398	19,633,007	48,914	1,575,140
Total	<u>\$ 124,498,086</u>	<u>\$ 32,408,312</u>	<u>\$ 12,313,315</u>	<u>\$ 14,427,900</u>

General revenues and transfers:

Taxes:

Property

Franchise

Transient occupancy

Business license

Sales tax

Unrestricted motor vehicle in-lieu fees

Earnings (loss) on investments

Gain on sale of land held for resale

Profit participation

Miscellaneous

Transfers

Total general revenues

Change in net position

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (16,326,167)	\$ -	\$ (16,326,167)
(32,268,935)	-	(32,268,935)
(12,566,759)	-	(12,566,759)
(4,115,050)	-	(4,115,050)
(25,311)	-	(25,311)
<u>(65,302,222)</u>	<u>-</u>	<u>(65,302,222)</u>
-	(46,337)	(46,337)
<u>(65,302,222)</u>	<u>(46,337)</u>	<u>(65,348,559)</u>
28,324,241	-	28,324,241
1,850,139	-	1,850,139
1,857,502	-	1,857,502
435,626	-	435,626
34,391,644	-	34,391,644
92,431	-	92,431
(3,500,691)	(173,093)	(3,673,784)
56,048,775	-	56,048,775
337,972	-	337,972
190,141	428,425	618,566
108,532	(108,532)	-
<u>120,136,312</u>	<u>146,800</u>	<u>120,283,112</u>
54,834,090	100,463	54,934,553
<u>711,576,392</u>	<u>38,859,584</u>	<u>750,435,976</u>
<u>\$ 766,410,482</u>	<u>\$ 38,960,047</u>	<u>\$ 805,370,529</u>

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Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF TUSTIN
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	General	American Rescue Plan Act (ARPA) Fund	Housing Authority Fund	Park Acquisition and Development	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 143,420,406	\$ 13,032,868	\$ 1,300,350	\$ 2,089,023	\$ 22,816,854	\$ 182,659,501
Restricted cash and investments	16,150,586	-	-	-	2,110,037	18,260,623
Restricted cash and investments held by trust	8,327,240	-	-	-	-	8,327,240
Receivables:						
Accounts	8,301,277	-	-	228,279	888,351	9,417,907
Interest	461,046	12,316	22,489	12,873	47,485	556,209
Leases	1,880,086	-	-	5,446,182	-	7,326,268
Loans	479,414	-	5,969,735	-	-	6,449,149
Allowance for uncollectibles	(586,195)	-	(1,026,630)	-	-	(1,612,825)
Prepaid items and deposits	935,207	-	5,731	-	-	940,938
Due from other funds	6,900	-	-	-	-	6,900
Land held for resale	102,457,773	-	-	-	-	102,457,773
TOTAL ASSETS	\$ 281,833,740	\$ 13,045,184	\$ 6,271,675	\$ 7,776,357	\$ 25,862,727	\$ 334,789,683
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 5,521,296	\$ -	\$ 31,601	\$ 246,533	\$ 1,690,909	\$ 7,490,339
Deposits payable	8,375,672	-	-	-	-	8,375,672
Due to other funds	-	-	-	-	6,900	6,900
Unearned revenue	1,496,907	13,045,184	599,257	-	113,786	15,255,134
TOTAL LIABILITIES	15,393,875	13,045,184	630,858	246,533	1,811,595	31,128,045
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue	235,028	-	4,870,071	228,279	26,315	5,359,693
Lease related	1,841,171	-	-	5,307,260	-	7,148,431
TOTAL DEFERRED INFLOW OF RESOURCES	2,076,199	-	4,870,071	5,535,539	26,315	12,508,124
FUND BALANCES						
Nonspendable	103,464,420	-	5,731	-	-	103,470,151
Restricted	24,668,684	-	765,015	1,994,285	19,216,912	46,644,896
Assigned	-	-	-	-	4,807,905	4,807,905
Unassigned	136,230,562	-	-	-	-	136,230,562
TOTAL FUND BALANCES	264,363,666	-	770,746	1,994,285	24,024,817	291,153,514
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 281,833,740	\$ 13,045,184	\$ 6,271,675	\$ 7,776,357	\$ 25,862,727	\$ 334,789,683

CITY OF TUSTIN

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

June 30, 2022

Fund balances of governmental funds		\$ 291,153,514
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.		542,401,724
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position:		
Balance at June 30, 2022 are:		
Claims and judgments payable	\$ (10,428,570)	
Compensated absences payable	(4,957,206)	
Lease payable	<u>(564,529)</u>	
Total long-term liabilities		(15,950,305)
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	16,825,333	
Deferred inflows of resources	(26,912,232)	
Pension liability	<u>(34,195,989)</u>	
		(44,282,888)
OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:		
Deferred outflows of resources	1,248,870	
Deferred inflows of resources	(1,634,652)	
Post employment benefit liability	<u>(11,885,474)</u>	
		(12,271,256)
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>5,359,693</u>
Net position of governmental activities		<u><u>\$ 766,410,482</u></u>

CITY OF TUSTIN

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

For the year ended June 30, 2022

	General	American Rescue Plan Act (ARPA) Fund	Housing Authority Fund	Park Acquisition and Development	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 63,868,163	\$ -	\$ -	\$ -	\$ 209,868	\$ 64,078,031
Licenses and permits	2,179,335	-	-	-	-	2,179,335
Fines and forfeitures	1,011,519	-	-	-	-	1,011,519
Investment income (loss)	(3,301,154)	23,532	(18,839)	75,754	(279,984)	(3,500,691)
Intergovernmental revenue	2,107,144	6,335,600	385,545	5,498	10,340,856	19,174,643
Charges for services	4,209,793	-	-	19,211	64,610	4,293,614
Rental income	2,866,998	-	-	392,123	-	3,259,121
Other revenue	11,711,168	-	26,909	-	500,006	12,238,083
Gain on sale of land held for resale	56,048,775	-	-	-	-	56,048,775
Total revenues	<u>140,701,741</u>	<u>6,359,132</u>	<u>393,615</u>	<u>492,586</u>	<u>10,835,356</u>	<u>158,782,430</u>
EXPENDITURES						
Current:						
General government	18,524,141	-	-	-	101,964	18,626,105
Public safety	41,389,452	-	-	-	125,625	41,515,077
Public works	15,550,797	-	-	-	1,814,287	17,365,084
Community services	6,307,129	2,959,132	479,850	53,040	-	9,799,151
Capital outlay	4,801,758	-	-	782,596	9,370,298	14,954,652
Debt service:						
Principal retirement	107,990	-	23,374	-	-	131,364
Interest expenditures	24,208	-	1,103	-	-	25,311
TOTAL EXPENDITURES	<u>86,705,475</u>	<u>2,959,132</u>	<u>504,327</u>	<u>835,636</u>	<u>11,412,174</u>	<u>102,416,744</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>53,996,266</u>	<u>3,400,000</u>	<u>(110,712)</u>	<u>(343,050)</u>	<u>(576,818)</u>	<u>56,365,686</u>
OTHER FINANCING SOURCES (USES)						
Transfer in	10,028,533	-	-	-	2,466,471	12,495,004
Transfer out	(2,358,888)	(3,400,000)	-	-	(6,627,584)	(12,386,472)
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,669,645</u>	<u>(3,400,000)</u>	<u>-</u>	<u>-</u>	<u>(4,161,113)</u>	<u>108,532</u>
NET CHANGES IN FUND BALANCES	61,665,911	-	(110,712)	(343,050)	(4,737,931)	56,474,218
FUND BALANCES - BEGINNING OF YEAR	202,697,755	-	881,458	2,337,335	28,762,748	234,679,296
FUND BALANCES - END OF YEAR	<u>\$ 264,363,666</u>	<u>\$ -</u>	<u>\$ 770,746</u>	<u>\$ 1,994,285</u>	<u>\$ 24,024,817</u>	<u>\$ 291,153,514</u>

CITY OF TUSTIN

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

For the year ended June 30, 2022

Net changes in fund balances - total governmental funds		\$ 56,474,218
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	\$ 6,273,810	
Disposition of capital assets	(510,210)	
Depreciation expense	<u>(14,513,525)</u>	(8,749,925)
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 payments - lease	131,364	
Claims and judgments payable	(1,125,348)	
Compensated absences payable	<u>(482,694)</u>	(1,476,678)
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.		8,791,275
OPEB expenditures reported in the governmental funds includes the actuarially determined contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		147,174
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>(351,974)</u>
Change in net position of governmental activities		<u><u>\$ 54,834,090</u></u>

CITY OF TUSTIN

STATEMENT OF NET POSITION
 PROPRIETARY FUND

June 30, 2022

	Business-type Activity
	<u>Water</u>
	<u>Enterprise Fund</u>
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 9,582,269
Accounts receivable	4,656,250
Interest receivable	27,690
Prepaid items	89,865
Land held for resale	3,763,799
Restricted cash and investments	947,867
TOTAL CURRENT ASSETS	<u>19,067,740</u>
NONCURRENT ASSETS:	
Capital assets:	
Not being depreciated	3,696,447
Being depreciated, net	60,884,225
TOTAL NONCURRENT ASSETS	<u>64,580,672</u>
TOTAL ASSETS	<u>83,648,412</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on refunding	3,256,137
Deferred amounts on pension plans	765,094
Deferred amounts on OPEB plan	96,867
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,118,098</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	4,628,725
Deposits payable	642,777
Interest payable	281,577
Compensated absences payable	279,547
Bonds payable	1,278,921
TOTAL CURRENT LIABILITIES	<u>7,111,547</u>
LONG-TERM LIABILITIES:	
Compensated absences payable	93,182
Bonds payable	36,810,039
Net pension liability	1,631,394
Net OPEB liability	1,446,093
TOTAL LONG-TERM LIABILITIES	<u>39,980,708</u>
TOTAL LIABILITIES	<u>47,092,255</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts on pension plan	1,552,539
Deferred amounts on OPEB plan	161,669
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,714,208</u>
NET POSITION:	
Net investment in capital assets	29,184,048
Unrestricted	9,775,999
TOTAL NET POSITION	<u>\$ 38,960,047</u>

CITY OF TUSTIN

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

For the year ended June 30, 2022

	Business-type Activity
	<u>Water</u>
	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 19,633,007
TOTAL OPERATING REVENUES	<u>19,633,007</u>
OPERATING EXPENSES:	
Personnel services	3,422,930
Purchased water	10,141,113
Maintenance and operation	4,325,008
Depreciation	2,171,607
TOTAL OPERATING EXPENSES	<u>20,060,658</u>
OPERATING INCOME (LOSS)	<u>(427,651)</u>
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental	48,914
Investment income (loss)	(173,093)
Other income	428,425
Interest expense and other fiscal charges	(1,242,740)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(938,494)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS:	
Capital contributions	1,575,140
Transfer out	(108,532)
CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,466,608</u>
CHANGE IN NET POSITION	100,463
NET POSITION AT BEGINNING OF YEAR	<u>38,859,584</u>
NET POSITION AT END OF YEAR	<u>\$ 38,960,047</u>

CITY OF TUSTIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended June 30, 2022

	Business-type Activity <u>Water</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 18,742,595
Payments to suppliers	(14,515,481)
Payments to employees	<u>(3,927,858)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>299,256</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash paid to other funds	<u>(108,532)</u>
NET CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES:	<u>(108,532)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(6,029,142)
Proceeds from capital grants	1,575,140
Principal paid on bonds	(1,125,000)
Interest paid on long-term debt	<u>(1,168,485)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,747,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>71,914</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>71,914</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,484,849)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>17,014,985</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,530,136</u>
CASH AND CASH EQUIVALENTS:	
Cash and investments - current assets	\$ 9,582,269
Cash and investments - restricted assets	<u>947,867</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 10,530,136</u>

CITY OF TUSTIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 (CONTINUED)

For the year ended June 30, 2022

	Business-type Activity
	<u>Water</u>
	<u>Enterprise Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (427,651)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,171,607
Other nonoperating income (expense)	237,587
Change in assets, liabilities and deferrals:	
(Increase) decrease in accounts receivable	(1,127,999)
(Increase) decrease in prepaid items	35,338
(Increase) decrease in deferred outflows of resources	(237,539)
Increase (decrease) in accounts payable and accrued liabilities	273,251
Increase (decrease) in deposits payable	(357,949)
Increase (decrease) in compensated absences	39,799
Increase (decrease) in net pension liability	(1,910,663)
Increase (decrease) in total OPEB liability	116,205
Increase (decrease) in deferred inflows of resources	1,487,270
	<u>1,487,270</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 299,256</u>
SCHEDULE OF NON-CASH INVESTING ACTIVITIES	
Unrealized loss on investments	\$ (239,752)

CITY OF TUSTIN

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post- Employment Benefit (OPEB) Trust Fund	Custodial Funds
ASSETS:			
Cash and investments	\$ 3,261,364	\$ -	\$ -
Investments:			
Money markets	-	163,540	-
Mutual funds - equity	-	1,303,215	-
Mutual funds - fixed income	-	1,269,377	-
Restricted cash and investments	2	-	12,872,879
Receivables:			
Accounts	-	-	70,781
TOTAL ASSETS	3,261,366	2,736,132	12,943,660
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	5,692,552	-	-
LIABILITIES:			
Interest payable	606,442	-	-
Long-term liabilities:			
Due within one year	2,391,077	-	-
Due in more than one year	48,809,648	-	-
TOTAL LIABILITIES	51,807,167	-	-
NET POSITION:			
Restricted for:			
Postemployment benefits other than pensions	-	2,736,132	-
Individuals, organizations and other governments	(42,853,249)	-	12,943,660
TOTAL NET POSITION	\$ (42,853,249)	\$ 2,736,132	\$ 12,943,660

CITY OF TUSTIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2022

	Successor Agency to the Tustin Community Redevelopment Agency Private Purpose Trust Fund	Other Post-Employment Benefit (OPEB) Trust Fund	Custodial Funds
ADDITIONS:			
Tax revenue	\$ 3,974,498	\$ -	\$ 7,009,179
Investment income (loss)	(13,416)	(335,000)	9,341
Employer contributions	-	500,000	-
TOTAL ADDITIONS	3,961,082	165,000	7,018,520
Deductions:			
Administrative expenses	-	14,404	190,313
Community services	24,562	-	-
Principal	-	-	2,150,000
Interest	1,867,632	-	4,415,969
TOTAL DEDUCTIONS	1,892,194	14,404	6,756,282
CHANGE IN NET POSITION	2,068,888	150,596	262,238
NET POSITION - BEGINNING OF YEAR	(44,922,137)	2,585,536	12,681,422
NET POSITION - END OF YEAR	\$ (42,853,249)	\$ 2,736,132	\$ 12,943,660



Notes to the Financial Statements

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

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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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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 included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds. Fiduciary fund statements, even though excluded from the government-wide financial statements, include financial information for private purpose trust funds, other post-employment benefit trust fund, and custodial funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary private purpose trust fund (fiduciary custodial funds 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Fund Classifications

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

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

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

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

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

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:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds

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

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

Fiduciary Funds

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

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

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

d. New Accounting Pronouncements

Current Year Standards

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards

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 is encouraged.

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 2022, GASB issued Statement No. 100 - *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This statement clarifies the existing definition of *accounting changes* and requires enhancements accounting and financial reporting for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

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

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

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

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.

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)

Prepays

The City uses the consumption method to record prepaid items.

Capital Assets

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

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

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

Buildings	5 - 40 years
Improvements other than buildings	5 - 40 years
Property and plant	5 - 40 years
Machinery and equipment	4 - 10 years
Infrastructure	25 - 75 years

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

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

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*, represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

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

Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value at fiscal year end. Estimated realizable value is determined only upon the execution of a disposition and development agreement. Land held for resale is recorded in the General Fund 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, 2022

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, 2022

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, 2022, 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	\$ 192,241,770	\$ 3,261,364	\$ 195,503,134
Restricted assets:			
Cash and investments	19,208,490	12,872,881	32,081,371
Cash and investments held by trust	8,327,240	2,736,132	11,063,372
Total cash and investments	<u>\$ 219,777,500</u>	<u>\$ 18,870,377</u>	<u>\$ 238,647,877</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (Continued)

Cash and investments as of June 30, 2022, consist of the following:

Cash on hand	\$ 8,284
Deposits with financial institutions	6,986,008
Investments	<u>231,653,585</u>
Total cash and investments	<u>\$ 238,647,877</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	30%	5%
Local Agency Investment Pool (LAIF)	N/A	None	Max permitted by State Treasurer
Orange County Investment Pool (OCIP)	N/A	None	Max permitted by County Treasurer
Bankers acceptances	180 days	30%	5%
Medium-term notes	5 years	30%	5%
Municipal and state securities	5 years	30%	5%
Federal agency bonds or notes	5 years	None	50%
United States (U.S.) Treasury securities	5 years	None	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	10%
Repurchase agreements	1 year	30%	5%
Supranationals	5 years	5%	5%
Shares of beneficial interest by a JPA	5 years	None	50%

N/A - Not Applicable

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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	12 Months or less	12 to 24 Months	25 - 60 Months	Total
U.S. Treasury Notes	\$ 31,117,456	\$ 8,378,594	\$ 9,745,006	\$ 49,241,056
U.S. Government Sponsored				
Agency Securities:				
Federal National Mortgage Association (FNMA)	-	-	1,857,020	1,857,020
Federal Home Loan Bank (FHLB)	-	1,233,875	-	1,233,875
Federal Home Loan Mortgage Corporation (FHLMC)	2,000,698	-	998,705	2,999,403
Local Agency Investment Pool (LAIF)	86,703,131	-	-	86,703,131
California Asset Management Program (CAMP)	14,752,255	-	-	14,752,255
Negotiable Certificates of Deposit	5,122,646	245,204	223,200	5,591,050
Commercial Paper	9,953,421			9,953,421
Medium-term Notes	3,498,657	1,002,411	27,220,404	31,721,472
Municipal Bonds	1,000,753	-	-	1,000,753
Held by Fiscal Agents:				
Money Market Mutual Funds	15,536,777	-	-	15,536,777
Held by Pension Trust:				
Money Market Mutual Funds	497,383	-	-	497,383
Mutual Funds - Equity	3,966,459	-	-	3,966,459
Mutual Funds - Fixed Income	3,863,398	-	-	3,863,398
Held by OPEB Trust:				
Money Market Mutual Funds	163,540	-	-	163,540
Mutual Funds - Equity	1,303,215	-	-	1,303,215
Mutual Funds - Fixed Income	1,269,377	-	-	1,269,377
Total	\$ 180,749,166	\$ 10,860,084	\$ 40,044,335	\$ 231,653,585

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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, 2022	Minimum Required Rating	Minimum Rating				Not Rated
			AAA	AA	A	A-1	
U.S. Treasury Notes	\$ 49,241,056	N/A	\$ -	\$ 49,241,056	\$ -	\$ -	\$ -
U.S. Government Sponsored							
Agency Securities:							
FNMA	1,857,020	N/A	-	1,857,020	-	-	-
FHLB	1,233,875	N/A	-	1,233,875	-	-	-
FHLMC	2,999,403	N/A	-	2,000,698	-	-	998,705
LAIF	86,703,131	N/A	-	-	-	-	86,703,131
CAMP	14,752,255	N/A	14,752,255	-	-	-	-
Negotiable Certificates of Deposit	5,591,050	N/A	-	-	-	2,395,111	3,195,939
Commercial Paper	9,953,421	A-1	-	-	-	9,953,421	-
Medium-term Notes	31,721,472	A	-	5,592,105	26,129,367	-	-
Municipal Bonds	1,000,753	N/A	-	750,713	250,040	-	-
Held by Fiscal Agents:							
Money Market Mutual Funds	15,536,777	AAA	15,536,777	-	-	-	-
Held by Pension Trust:							
Money Market Mutual Funds	497,383	N/A	497,383	-	-	-	-
Mutual Funds - Equity	3,966,459	N/A	-	-	-	-	3,966,459
Mutual Funds - Fixed Income	3,863,398	N/A	-	-	-	-	3,863,398
Held by OPEB Trust:							
Money Market Mutual Funds	163,540	N/A	163,540	-	-	-	-
Mutual Funds - Equity	1,303,215	N/A	-	-	-	-	1,303,215
Mutual Funds - Fixed Income	1,269,377	N/A	-	-	-	-	1,269,377
Total	<u>\$ 231,653,585</u>		<u>\$ 30,949,955</u>	<u>\$ 60,675,467</u>	<u>\$ 26,379,407</u>	<u>\$ 12,348,532</u>	<u>\$ 101,300,224</u>

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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, U.S. Treasury notes, 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, 2022, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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.

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, 2022

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, 2022:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Notes	\$ -	\$ 49,241,056	\$ -	\$ 49,241,056
U.S. Government Sponsored				
Agency Securities:				
FNMA	-	1,857,020	-	1,857,020
FHLB	-	1,233,875	-	1,233,875
FHLMC	-	2,999,403	-	2,999,403
Negotiable Certificates of Deposit	-	5,591,050	-	5,591,050
Commercial Paper	-	9,953,421	-	9,953,421
Medium-term Notes	-	31,721,472	-	31,721,472
Municipal Bonds	-	1,000,753	-	1,000,753
Held by Pension Trust:				
Mutual Funds - Equity	3,966,459	-	-	3,966,459
Mutual Funds - Fixed Income	3,863,398	-	-	3,863,398
Held by OPEB Trust:				
Mutual Funds - Equity	1,303,215	-	-	1,303,215
Mutual Funds - Fixed Income	1,269,377	-	-	1,269,377
Total Leveled Investments	<u>\$ 10,402,449</u>	<u>\$ 103,598,050</u>	<u>\$ -</u>	<u>114,000,499</u>
LAIF*				86,703,131
CAMP*				14,752,255
Money Market Mutual Funds*:				
Held by Fiscal Agents				15,536,777
Held by Pension Trust				497,383
Held by OPEB Trust				163,540
Total Investment Portfolio				<u>\$ 231,653,585</u>

* Not subject to fair value measurement hierarchy.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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, 2022, including accrued interest of \$16,108 was \$366,108.

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, 2022, 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, 2022, including accrued interest of \$47,609, was \$456,242. An allowance of \$456,242 has been recorded to reflect the amount of the note not expected to be collectible.

Boys' and Girls' Club Roof Loan: On January 7, 2019, the City executed a promissory note with the Boys' and Girls' Club of Tustin (the Club) in the amount of \$86,000 to assist in roof replacements of the Club's facility. The loan is payable over 15 years at 2% interest per annum with annual installments of principal and interest in the amount of \$6,693 commencing on January 11, 2021. The total outstanding balance at June 30, 2022, including accrued interest of \$659, was \$71,440.

Affordable Housing Loans: The City executed promissory notes with approximately 279 affordable home buyers to facilitate the preservation of the City's affordable housing supply. The entire unpaid principal amount and accrued interest is due 45 years from the date of the initial sale of the unit to a member of the home-buying public. No prepayment of the note in whole, or in part, is allowed any time prior to the maturity date. Additionally, 95% of the loan is forgivable, should the owner comply with the Affordable Housing Covenant as of the maturity date. As of June 30, 2022 the total outstanding principal balance was \$91,932,786. An allowance of \$87,336,147 has been recorded to reflect the amount of the note not expected to be collectible.

Family Promise Loan: On February 18, 2020, the Housing Authority entered into an agreement with Family Promise of Orange County, whereby the City agreed to convey real property for the development of transitional housing units for homeless families. In exchange, Family Promise executed a promissory note to the City in the amount of \$1,000,000 on May 12, 2022. The note is payable after 30 years with 3% interest. For each year that Family Promise complies with all applicable terms, conditions, and covenants of the agreement, 1/30 of both principal and interest shall be forgiven. The total outstanding balance at June 30, 2022, including accrued interest of \$3,534, was \$1,003,534. An allowance of \$1,003,534 has been recorded to reflect the amount of the note not

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 3 - LOANS RECEIVABLE (CONTINUED)

An allowance of \$1,003,534 has been recorded to reflect the amount of the note not expected to be collectible.

NOTE 4 - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2022, is as follows:

Transfers In	Transfers Out	Amount
General Fund	ARPA Fund	\$ 3,400,000
General Fund	Water Fund	108,532
General Fund	Other Governmental Funds	6,520,001
Other Governmental Funds	General Fund	2,358,888
Other Governmental Funds	Other Governmental Funds	107,583
		<u>\$ 12,495,004</u>

The transfers during the fiscal year ended June 30, 2022, were for the following purposes:

ARPA fund transferred to the General Fund \$3,400,000 for revenue replacement intended to cover public safety salaries.

Water Fund transferred to the General Fund \$108,532 for the purchase of a skid and trailer.

Other governmental fund (Special Tax B Special Revenue Fund) transferred \$4,617,930 to the General Fund for eligible Special Tax B area expenditures.

Other governmental fund (Measure M Special Revenue Fund) transferred \$1,855,628 to the General Fund for eligible Measure M expenditures.

Other governmental fund (Supplemental Law Enforcement Special Revenue Fund) transferred \$46,443 to the General Fund for eligible public safety expenditures.

General Fund transferred to other governmental fund (Capital Projects Fund) \$2,358,888 for capital and maintenance expenditures.

Other governmental fund (Measure M Special Revenue Fund) transferred \$62,712 to Other Governmental Funds (Capital Projects Fund) for eligible construction expenditures.

Other governmental fund (Measure M Special Revenue Fund) transferred \$44,871 to Other Governmental Funds (Gas Tax Special Revenue Fund) for eligible construction expenditures.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 5 - LAND HELD FOR RESALE

Land held for resale as of June 30, 2022, consisted of the following:

	General Fund	Water Enterprise Fund	Total
Pacific Center East*	\$ 30,380,902	\$ -	\$ 30,380,902
Tustin Legacy	72,076,871	-	72,076,871
2061 Valhalla Drive	-	1,957,602	1,957,602
11781 Outlook Lane	-	1,806,197	1,806,197
Total Land Held for Resale	<u>\$ 102,457,773</u>	<u>\$ 3,763,799</u>	<u>\$ 106,221,572</u>

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

NOTE 6 - LAND TRANSFER FROM THE UNITED STATES GOVERNMENT

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

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

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

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

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

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

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

In fiscal year 2015-16, the City reclassified 279 acres of the land held for resale related to the land transfer from the United States Government to land to be used for government purposes. The reclassification was for land to be given to another governmental agency and to be used for parks and roads. In addition, the Valencia Parcels (about 5 acres) were reclassified due to a change in the intended use of the property. As a result, land held for resale was reduced by \$64,002,073 in the General Fund and is reported as land in the government-wide statement of net position.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

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

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

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

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

The recorded value of the remaining conveyed parcels as of June 30, 2022, was \$72,076,871. The value of the parcels was recorded at estimated value at the time of conveyance. The remaining property not sold will be park space or conveyed to other governmental agencies.

NOTE 7 – LEASES RECIEVABLE

The City is a lessor in 20 noncancellable leases for use of City land and buildings. The leases are required to make fixed monthly payments ranging from \$500 to \$43,680 per month. The City recognized \$1,629,809 in lease revenue and \$110,729 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2022, the lease receivable is \$7,326,268 and deferred inflows of resources is \$7,148,431. A schedule of future payments is included below:

June 30,	Principal	Interest	Total
2023	\$ 1,582,963	\$ 115,966	\$ 1,698,929
2024	544,844	105,272	650,116
2025	528,314	97,515	625,829
2026	457,486	89,218	546,704
2027	361,293	82,333	443,626
2028 - 2032	2,021,432	299,586	2,321,018
2033 - 2037	1,300,579	122,347	1,422,926
2038 - 2041	529,357	20,198	549,555
Totals	<u>\$ 7,326,268</u>	<u>\$ 932,435</u>	<u>\$ 8,258,703</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2022, is as follows:

	Balance at June 30, 2021 *	Additions	Deletions	Balance at June 30, 2022
Capital assets, not depreciated:				
Land	\$ 105,574,634	\$ -	\$ (320,000)	\$ 105,254,634
Right of way	43,758,156	2,168,525	-	45,926,681
Construction in progress	13,296,941	8,270,964	(8,839,919)	12,727,986
Total capital assets, not depreciated	<u>162,629,731</u>	<u>10,439,489</u>	<u>(9,159,919)</u>	<u>163,909,301</u>
Capital assets, being depreciated:				
Buildings	86,851,180	-	(137,289)	86,713,891
Improvements other than buildings	71,703,698	1,217,162	(33,797)	72,887,063
Machinery and equipment	21,770,933	1,634,178	(4,737,841)	18,667,270
Infrastructure	412,116,946	1,822,900	(305,480)	413,634,366
Leased assets	695,893	-	(46,761)	649,132
Total capital assets, being depreciated	<u>593,138,650</u>	<u>4,674,240</u>	<u>(5,261,168)</u>	<u>592,551,722</u>
Less accumulated depreciation for:				
Buildings	(24,498,723)	(1,729,978)	122,177	(26,106,524)
Improvements other than buildings	(13,314,871)	(3,588,742)	33,797	(16,869,816)
Machinery and equipment	(16,682,241)	(1,391,415)	4,781,154	(13,292,502)
Infrastructure	(150,120,897)	(7,674,187)	133,830	(157,661,254)
Leased assets	-	(129,203)	-	(129,203)
Total accumulated depreciation	<u>(204,616,732)</u>	<u>(14,513,525)</u>	<u>5,070,958</u>	<u>(214,059,299)</u>
Total capital assets, being depreciated, net	<u>388,521,918</u>	<u>(9,839,285)</u>	<u>(190,210)</u>	<u>378,492,423</u>
Total governmental activities capital assets, net	<u>\$ 551,151,649</u>	<u>\$ 600,204</u>	<u>\$ (9,350,129)</u>	<u>\$ 542,401,724</u>

* - Balance at June 30, 2021 has been restated to implement GASB Statement No. 87.

Construction in progress deletion included \$4,216,313 of write offs due to decisions to not move forward with certain construction projects.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

General Government	\$	1,764,086
Public Safety		631,657
Public Works		9,937,878
Community Services		2,179,904
Total	\$	<u>14,513,525</u>

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2022, is as follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets, not depreciated:				
Land	\$ 1,177,216	\$ -	\$ -	\$ 1,177,216
Construction in progress	13,921,725	6,414,084	(17,816,578)	2,519,231
Total capital assets, not depreciated	<u>15,098,941</u>	<u>6,414,084</u>	<u>(17,816,578)</u>	<u>3,696,447</u>
Capital assets, being depreciated:				
Buildings and improvements	16,498,710	-	-	16,498,710
Property, plant and equipment	66,468,205	17,431,636	(435,041)	83,464,800
Total capital assets, being depreciated	<u>82,966,915</u>	<u>17,431,636</u>	<u>(435,041)</u>	<u>99,963,510</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,314,802)	(345,346)	-	(6,660,148)
Property, plant and equipment	(31,027,917)	(1,826,261)	435,041	(32,419,137)
Total accumulated depreciation	<u>(37,342,719)</u>	<u>(2,171,607)</u>	<u>435,041</u>	<u>(39,079,285)</u>
Total capital assets, being depreciated, net	<u>45,624,196</u>	<u>15,260,029</u>	<u>-</u>	<u>60,884,225</u>
Total business-type activity capital assets, net	<u>\$ 60,723,137</u>	<u>\$ 21,674,113</u>	<u>\$ (17,816,578)</u>	<u>\$ 64,580,672</u>

Construction in progress deletions included \$384,943 of write offs due to decisions to not move forward with certain construction projects.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 9 - LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021 *	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Claims and judgments	\$ 9,303,222	\$ 2,132,017	\$ (1,006,669)	\$ 10,428,570	\$ 1,275,135
Lease payable	695,893	-	(131,364)	564,529	132,598
Compensated absences	4,474,512	3,773,471	(3,290,777)	4,957,206	3,717,905
Total governmental activities long-term liabilities	<u>\$ 14,473,627</u>	<u>\$ 5,905,488</u>	<u>\$ (4,428,810)</u>	<u>\$ 15,950,305</u>	<u>\$ 5,125,638</u>
Business-type Activities:					
2012 Refunding					
Water Revenue Bonds	\$ 1,880,000	\$ -	\$ (920,000)	\$ 960,000	\$ 960,000
Bond premium	143,074	-	(81,757)	61,317	61,317
2016 Water Refunding					
Revenue Bonds	21,515,000	-	-	21,515,000	-
Bond premium	1,065,247	-	(52,604)	1,012,643	52,604
2020 Taxable Water					
Refunding Revenue Bonds	14,745,000	-	(205,000)	14,540,000	205,000
Compensated absences	332,930	325,137	(285,338)	372,729	279,547
Total business-type activity long-term liabilities	<u>\$ 39,681,251</u>	<u>\$ 325,137</u>	<u>\$ (1,544,699)</u>	<u>\$ 38,461,689</u>	<u>\$ 1,558,468</u>

* - Balance at June 30, 2021 has been restated to implement GASB Statement No. 87.

Governmental Activities

Lease Payable

The City has entered into nine leases as a lessee for facilities, vehicles and equipment and is required to make principal and interest payments ranging from \$485 to \$3,844 over the lease terms. The lease liability at June 30, 2022, was \$564,529. The future principal and interest lease payments as of June 30, 2022, were as follows:

June 30,	Principal	Interest	Total
2023	\$ 132,598	\$ 24,494	\$ 157,092
2024	173,403	18,044	191,447
2025	117,045	8,430	125,475
2026	106,004	4,539	110,543
2027	35,479	939	36,418
Totals	<u>\$ 564,529</u>	<u>\$ 56,446</u>	<u>\$ 620,975</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 9 - 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, 2022, is \$40,545.

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, 2022, total interest and principal remaining on the bonds is \$998,400. During the fiscal year, the total interest expense incurred was \$75,200, principal payments were \$920,000, and net revenues were \$3,258,708.

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>
2023	\$ 960,000	\$ 38,400	\$ 998,400
Add: Premium	61,317	-	61,317
Totals	<u>\$ 1,021,317</u>	<u>\$ 38,400</u>	<u>\$ 1,059,717</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

2016 Refunding Water Revenue Bonds

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

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

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,273,764. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2041. The remaining balance at June 30, 2022, is \$2,520,798.

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, 2022, total interest and principal remaining on the bonds is \$29,329,693. During the fiscal year, the total interest expense incurred was \$687,300, no principal payment was due, and net revenues were \$3,258,708.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 9 - 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:

June 30,	Principal	Interest	Total
2023	\$ -	\$ 687,300	\$ 687,300
2024	905,000	687,300	1,592,300
2025	925,000	669,200	1,594,200
2026	950,000	645,450	1,595,450
2027	975,000	615,450	1,590,450
2028 - 2032	5,390,000	2,565,563	7,955,563
2033 - 2037	6,455,000	1,494,850	7,949,850
2038 - 2041	5,915,000	449,850	6,364,850
Subtotals	21,515,000	7,814,963	29,329,963
Add: Premium	1,012,643	-	1,012,643
Totals	<u>\$ 22,527,643</u>	<u>\$ 7,814,963</u>	<u>\$ 30,342,606</u>

2020 Taxable Water Refunding Revenue Bonds

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

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

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

The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$773,237. The difference reported in the accompanying statements as a deferred outflow of resources, is being charged to interest expense through 2043. The remaining balance at June 30, 2022, is \$694,793.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 9 - 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, 2022, total interest and principal remaining on the bonds is \$20,567,224. During the fiscal year, the total interest expense incurred was \$403,862, principal payments were \$205,000, and net revenues were \$3,258,708.

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

June 30,	Principal	Interest	Total
2023	\$ 205,000	\$ 400,608	\$ 605,608
2024	440,000	397,240	837,240
2025	445,000	389,721	834,721
2026	450,000	381,760	831,760
2027	465,000	373,169	838,169
2028-2032	2,485,000	1,711,449	4,196,449
2033-2037	2,830,000	1,375,464	4,205,464
2038-2042	4,865,000	924,643	5,789,643
2043	2,355,000	73,170	2,428,170
Totals	<u>\$ 14,540,000</u>	<u>\$ 6,027,224</u>	<u>\$ 20,567,224</u>

NOTE 10 - PENSION PLANS

a. General Information about the Pension Plans

Plan Descriptions

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - 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. PEPPRA 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 information below includes the aggregate total pension plan related items:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Net pension liability	\$ (12,549,188)	\$ (23,278,195)	\$ (35,827,383)
Deferred outflows of resources - pension	5,885,338	11,705,089	17,590,427
Deferred inflows of resources - pension	(11,942,608)	(16,522,163)	(28,464,771)
Pension expense	318,421	1,417,924	1,736,345

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2021, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	2%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of			
eligible compensation	2.00%	2.00%	2.00%
Required employee contribution rates	10.00%	10.00%	6.25%
Required employer contribution rates			
Normal cost rate		9.30%	
Payment of unfunded liability		\$2,250,935	

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2021, are summarized as follows:

	Safety		
	Prior to January 1, 2012	January 1, 2012 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50+	50+	50+
Monthly benefits, as a % of			
eligible compensation	3.00%	2.00%	2.70%
Required employee contribution rates	12.00%	12.00%	13.00%
Required employer contribution rates:			
Normal cost rate	23.71%	18.19%	13.13%
Payment of unfunded liability	\$ 3,060,005	\$ 10,899	\$ 23,734

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

a. General Information about the Pension Plans (Continued)

Employees Covered

At the measurement date ended June 30, 2021, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	286
Inactive employees entitled to but not yet receiving benefits	304
Active employees	<u>213</u>
Total	<u><u>803</u></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.

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

b. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
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 lesser 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, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

b. Net Pension Liability (Continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of 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 System's ACFR, 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 2.00% used for this period

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

NOTE 10 - 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

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

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, 2020 (Measurement Date)	\$ 131,477,633	\$ 104,231,039	\$ 27,246,594
Changes in the Year:			
Service cost	2,693,820	-	2,693,820
Interest on the total pension liability	9,379,056	-	9,379,056
Differences between actual and expected experience	1,568,479	-	1,568,479
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	3,581,172	(3,581,172)
Contribution - employee	-	1,196,644	(1,196,644)
Net investment income	-	23,665,065	(23,665,065)
Administrative expenses	-	(104,120)	104,120
Benefit payments, including refunds of employee contributions	(6,434,816)	(6,434,816)	-
Net plan to plan resource movement	-	-	-
Other miscellaneous expense	-	-	-
Net Changes	<u>7,206,539</u>	<u>21,903,945</u>	<u>(14,697,406)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 138,684,172</u>	<u>\$ 126,134,984</u>	<u>\$ 12,549,188</u>

As of June 30, 2022, the City reported \$23,278,195 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, 2021, 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, 2020 rolled forward to June 30, 2021 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability (Continued)

The City's proportionate share of the net pension liability for the Safety Plan as of measurement dates ended June 30, 2020 and 2021 was as follows:

	<u>Safety</u>
Proportion - June 30, 2020	0.61299%
Proportion - June 30, 2021	0.66329%
Change - Increase (Decrease)	0.05030%

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	\$ 31,116,437	\$ 45,694,227
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 12,549,188	\$ 23,278,195
1% Increase	8.15%	8.15%
Net Pension Liability	\$ (2,765,908)	\$ 4,866,194

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2022, the City recognized pension expense of \$318,421 and \$1,417,924 for the Miscellaneous and Safety Plans, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

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

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,877,030	\$ -
Differences between actual and expected experience	1,008,308	(119,363)
Net differences between projected and actual earnings on plan investments	-	(11,823,245)
Total	<u>\$ 5,885,338</u>	<u>\$ (11,942,608)</u>
	<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,243,210	\$ -
Differences between actual and expected experience	3,977,060	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,423,636	(240,139)
Net differences between employer's contributions and proportionate share of contributions	61,183	(2,427,023)
Net differences between projected and actual earnings on plan investments	-	(13,855,001)
Total	<u>\$ 11,705,089</u>	<u>\$ (16,522,163)</u>

Deferred outflows of resources \$4,877,030 and \$6,243,210 reported in the Miscellaneous and Safety Plans, respectively, are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 10 - PENSION PLANS (CONTINUED)

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

Fiscal Year Ending June 30,	Miscellaneous	Safety
2023	\$ (2,536,689)	\$ (1,942,652)
2024	(2,291,792)	(2,324,098)
2025	(2,848,390)	(2,980,831)
2026	(3,257,429)	(3,812,703)
2027	-	-
Thereafter	-	-

NOTE 11 - POST-EMPLOYMENT HEALTH CARE BENEFITS

a. General Information about the OPEB Plan

Plan Description

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

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

a. General Information about the OPEB Plan (Continued)

Plan Description (Continued)

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

Employees Covered

At June 30, 2021, valuation date, the benefit terms covered the following employees:

Inactive employees or beneficiaries currently receiving benefits	139
Active employees	<u>294</u>
Total	<u><u>433</u></u>

Accounting for the Plan

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

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

a. General Information about the OPEB Plan (Continued)

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, 2022, the City contributed \$500,000 to the PARS OPEB trust, made payments of \$568,286 to insurance providers and retirees, and the estimated implied subsidy was \$271,584, resulting in total contributions of \$1,339,870. The liability for governmental activities is primarily liquidated from the General Fund and the liability for business-type activities is liquidated from the Water Enterprise Fund.

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

b. Net OPEB Liability (Continued)

Actuarial Assumptions

The net OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
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	6.00% for 2022; 4.00% for 2023; 5.20 percent for 2024 to 2069; and 4.00% for 2070 and later years; Medicare ages: 3.50% for all years
Pre-Retirement Mortality:	
Miscellaneous	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Safety	Preretirement Mortality Rates for Public Agency Police from 2021 CalPERS Experience Study.
Post-Retirement Mortality:	
Miscellaneous	Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Safety	Postretirement Mortality Rates for Public Agency Police from 2021 CalPERS Experience Study

Actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period June 30, 2020 to June 30, 2021.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

b. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PARS OPEB Trust		
Broad U.S Equity	60.00%	4.40%
U.S Fixed	40.00%	1.50%
Total	<u>100.00%</u>	

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, 2022

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

c. Changes in the net OPEB liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021			
(Measurement Date)	\$ 14,776,533	\$ 2,585,536	\$ 12,190,997
Changes in the Year:			
Service cost	531,714	-	531,714
Interest on the total OPEB liability	970,235	-	970,235
Differences between actual and expected experience	(10,715)	-	(10,715)
Changes in assumptions	639,802	-	639,802
Changes in benefit terms	-	-	-
Contribution - employer	-	1,339,870	(1,339,870)
Net investment income	-	(335,000)	335,000
Benefit payments	(839,870)	(839,870)	-
Administrative expenses	-	(14,404)	14,404
Net Changes	<u>1,291,166</u>	<u>150,596</u>	<u>1,140,570</u>
Balance at June 30, 2022			
(Measurement Date)	<u>\$ 16,067,699</u>	<u>\$ 2,736,132</u>	<u>\$ 13,331,567</u>

Change of Assumptions

From measurement date June 30, 2021 to measurement date June 30, 2022, there were the following changes of assumptions: (1) healthcare cost trend changed from 3.50% trending to 4.00% for 2023.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

c. Changes in the net OPEB liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the 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	\$ 15,151,604	\$ 13,331,567	\$ 11,792,251

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 (5.0% decreasing to 3.0%)	Current Healthcare Cost Trend Rates (6.0% decreasing to 4.0%)	1% Increase (7.0% decreasing to 5.0%)
Net OPEB Liability	\$ 11,950,293	\$ 13,331,567	\$ 15,136,950

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,240,589. At June 30, 2022, 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	\$ 498,017	\$ (1,270,303)
Change in assumptions	578,283	(526,018)
Differences between projected and actual earnings on investments	269,437	-
Total	<u>\$ 1,345,737</u>	<u>\$ (1,796,321)</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 11 - 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:

Fiscal Year Ending June 30,	Amount
2023	\$ (74,260)
2024	(73,864)
2025	(79,397)
2026	(22,762)
2027	(129,930)
Thereafter	(70,371)

NOTE 12 - IRS SECTION 457 DEFERRED COMPENSATION PLAN

In accordance with federal law, all part-time employees must be enrolled in Social Security or another “qualified” retirement plan. Since the City does not participate in Social Security, part-time employees are enrolled in the City’s IRS Section 457 deferred compensation plan. Nationwide Retirement Solutions, Inc. acts as the third party administrative services provider for the defined contribution plan. Employees are required to contribute 5.5% of 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 2022 were \$85,875.

NOTE 13 - SELF-INSURANCE PROGRAM/RISK POOL

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for worker’s compensation, automotive, and general liability risks. Excess liability coverage for the City’s self-insurance retention of \$350,000 per occurrence is provided through a risk sharing pool, the California Insurance Pool Authority (CIPA). The CIPA provides excess liability coverage above \$3,000,000 per occurrence and \$20,000,000 annual aggregate. The City’s self-insurance retention limit is \$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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

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

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, 2022. At June 30, 2022, estimated claims payable of \$10,428,570, 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, 2022 and 2021, including a provision for incurred but not reported claims and loss adjustment expenses, were as follows:

<u>June 30,</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
2021	\$ 7,842,971	\$ 3,070,339	\$ (1,610,088)	\$ 9,303,222
2022	9,303,222	2,132,017	(1,006,669)	10,428,570

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS’ BONDS

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

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, 2022
Community Facilities District 04-1, 2013	\$ 9,350,000	\$ 6,705,000
Community Facilities District 06-1, 2015A	49,740,000	43,500,000
Community Facilities District 06-1, 2015B	2,735,000	2,170,000
Community Facilities District 07-1, 2015A	13,155,000	12,835,000
Community Facilities District 2014-01, 2015A	27,665,000	26,485,000
	<u>\$ 102,645,000</u>	<u>\$ 91,695,000</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, 2022, the outstanding amount of the Special Tax Refunding Bonds, Series 2013 was \$6,705,000.

In November 2015, the City issued \$27,665,000 Community Facilities District No. 2014-01 Special Tax Bonds, Series 2015A (CFD 2014-01 2015A Special Tax Bonds). The CFD 2014-01 2015A Special Tax Bonds were issued to finance certain infrastructure improvements and school facilities, fund a reserve account, and pay for costs of issuance and administrative costs. Serial current interest bonds will mature from September 1, 2016 to September 1, 2035 with interest rates ranging from 2.0% to 5.0%. Term current interest bonds will mature on September 1, 2040 and September 1, 2045, with mandatory sinking payments from September 1, 2036 through September 1, 2045 with interest rates of 5.0%. At June 30, 2022, the outstanding amount of the CFD 2014-01 2015A Special Tax Bonds was \$26,485,000.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 14 - SPECIAL ASSESSMENT DISTRICTS' BONDS (CONTINUED)

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, 2022, the outstanding amount of the CFD 07-1 2015A Refunding Bonds was \$12,835,000.

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, 2022, the outstanding amount of the CFD 06-01 2015A Refunding Bonds was \$43,500,000.

In November 2015, the City issued \$2,735,000 Community Facilities District No. 06-1 Special Tax Bonds, Series 2015B (CFD 06-1 Special Tax 2015B Bonds). The CFD 06-1 Special Tax 2015B Bonds were issued to finance public improvements, fund a reserve account and pay for costs of issuance. Serial current bonds will mature from September 1, 2016 to September 1, 2033 with interest rates ranging from 2.0% to 3.75%. Term current interest bonds will mature on September 1, 2035 with an interest rate of 3.75%, and September 1, 2037 with an interest rate of 3.75% with mandatory sinking fund payments due September 1, 2035 through September 1, 2037. At June 30, 2022, the outstanding amount of the CFD 06-1 Special Tax 2015B Bonds was \$2,170,000.

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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.

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

	General Fund	Housing Authority	Parks Development & Acquisition Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 935,207	\$ 5,731	\$ -	\$ -	\$ 940,938
Land held for resale	102,457,773	-	-	-	102,457,773
Loan receivable	71,440	-	-	-	71,440
Restricted for:					
Capital projects (1)	16,182,443	-	1,994,285	15,289,102	33,465,830
Public safety program	121,494	-	-	576,299	697,793
Community services	37,507	-	-	-	37,507
Housing projects	-	765,015	-	2,034,877	2,799,892
Solid waste program	-	-	-	1,316,634	1,316,634
Pension	8,327,240	-	-	-	8,327,240
Assigned to:					
Capital projects (2)	-	-	-	4,807,905	4,807,905
Unassigned	136,230,562	-	-	-	136,230,562
Total fund balances	<u>\$ 264,363,666</u>	<u>\$ 770,746</u>	<u>\$ 1,994,285</u>	<u>\$ 24,024,817</u>	<u>\$ 291,153,514</u>

(1) Restricted for capital projects:

- General Fund \$16,182,443 - legally restricted for backbone infrastructure at the Tustin Legacy development.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 15 - GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

- Park Acquisition and Development Special Revenue Fund \$1,994,285 - comprised of developer fees restricted for improvement of City parks.
- Other Governmental Funds:
 - Gas Tax Special Revenue Fund \$4,983,322 - comprised of state gas taxes restricted for allowable street-related purposes.
 - Air Quality Special Revenue Fund \$117,068 - restricted for projects to reduce pollution.
 - Road Maintenance and Rehabilitation Special Revenue Fund \$5,648,592 - restricted for maintenance and rehabilitation of streets.
 - Measure M Special Revenue Fund \$2,990,836 - state gas taxes restricted for allowable street-related purposes.
 - Construction 95-1 Capital Projects Fund \$332,609 - restricted for uses specified in the bond indenture.
 - Other Capital Projects Fund \$11,410 - retention amounts withheld in restricted escrow accounts to be paid to contractors once projects are completed.
 - CFD Construction Capital Projects Fund \$1,205,265 - comprised of bond proceeds restricted for uses specified in the bond indenture.

(2) Assigned to capital projects:

- Other Capital Projects Fund \$4,807,905 – for specific projects indicated in the adopted budget.

NOTE 16 - 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:			
Solid Waste Fund	\$ 227,264	\$ 356,694	\$ 129,430

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 17 - 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 (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 2021, City of Placentia left the 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.

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

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 17 - JOINT POWERS AUTHORITY (CONTINUED)

Orange County Housing Finance Trust (Continued)

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

NOTE 18 - 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, 2022, is as follows:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>	Due Within <u>One Year</u>
Tax allocation bonds	\$ 48,225,000	\$ -	\$ (2,050,000)	\$ 46,175,000	\$ 2,130,000
Unamortized premium	5,286,802	-	(261,077)	5,025,725	261,077
Total long-term liabilities	<u>\$ 53,511,802</u>	<u>\$ -</u>	<u>\$ (2,311,077)</u>	<u>\$ 51,200,725</u>	<u>\$ 2,391,077</u>

2016 Tax Allocation Refunding Bonds

On September 29, 2016, the Successor Agency to the Tustin Community Redevelopment Agency issued \$55,940,000 Refunding Tax Allocation Bonds, Series 2016 (2016 Bonds) for the purpose of refunding in advance the 2010 Housing Bonds and the MCAS 2010 Redevelopment Bonds and pay for a surety bond insurance policy and costs of issuance of the bonds. The 2016 Bonds proceeds were invested in escrow funds (2010 Housing Escrow Fund and 2010 Redevelopment Escrow Fund) with a trustee which together will pay interest and principal on the 2010 Housing Bonds up to and including September 1, 2021 and to redeem the then outstanding 2010 Housing Bonds in full on September 1, 2021; and pay interest and principal on the MCAS 2010 Redevelopment Bonds up to and including September 1, 2018 and to redeem the then outstanding MCAS 2010 Redevelopment Bonds in full on September 1, 2018. As of June 30, 2022 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.

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 18 - SUCCESSOR AGENCY TO THE TUSTIN COMMUNITY REDEVELOPMENT AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

2016 Tax Allocation Refunding Bonds (Continued)

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, 2022, is \$5,692,552.

At June 30, 2022, the 2016 Tax Allocation Refunding Bonds outstanding balance was \$46,175,000.

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

Year Ending June 30,	Principal	Interest	Total
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	2,395,000	1,493,450	3,888,450
2027	2,515,000	1,370,700	3,885,700
2028 - 2032	11,395,000	5,090,688	16,485,688
2033 - 2037	12,420,000	2,780,175	15,200,175
2038 - 2041	10,800,000	627,150	11,427,150
Totals	<u>\$ 46,175,000</u>	<u>\$ 16,428,138</u>	<u>\$ 62,603,138</u>

CITY OF TUSTIN
Notes to Basic Financial Statements
June 30, 2022

NOTE 19 - SCHOOL FACILITIES IMPLEMENTATION COMMITMENT

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

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

The total obligation under the I/M Agreement with TUSD is the lesser of the actual cost to construct TUSD facilities or \$85,000,000. In January 2019, the City advanced \$14,958,598 to TUSD to provide the remaining funds necessary to fund both: (a) the Legacy Magnet Academy classroom building for grades 6-9 along with associated parking and athletic fields, and (b) the Administration Building portion of the Legacy Magnet Academy 6-12 School Project. These expenses are expected to be offset by a credit the City will receive from TUSD in the amount of \$11,849,685 which credit will be redeemable by the City against any future prepayment by the City of the special tax obligations within CFD 15-2. As of June 30, 2022, the City's total contributions to TUSD under the I/M agreement was \$62,218,443. The balance remaining under the IM is \$22,781,557.

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Legal Claims

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

Capital Projects

Various capital projects were in progress at June 30, 2022 with an estimated cost to complete of approximately \$65,420,661 across all fund types.



Required Supplemental Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSTIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Plan's proportion of the net pension liability	0.66329%	0.64745%	0.61609%	0.62908%	0.60938%
Plan's proportionate share of the net pension liability	\$ 23,278,195	\$ 40,839,584	\$ 38,459,938	\$ 36,911,786	\$ 36,411,988
Plan's covered payroll	\$ 11,498,163	\$ 10,848,695	\$ 9,896,349	\$ 9,967,145	\$ 10,443,467
Plan's proportionate share of the net pension liability as a percentage of covered payroll	202.45%	376.45%	388.63%	370.33%	348.66%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	86.02%	73.12%	73.37%	75.26%	73.31%
Plan's proportionate share of aggregate employer contributions	\$ 7,653,147	\$ 6,191,362	\$ 5,000,688	\$ 4,600,007	\$ 3,520,089

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, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight 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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.60679%	0.58972%	0.68843%
Plan's proportionate share of the net pension liability	\$ 31,427,228	\$ 24,298,906	\$ 25,822,675
Plan's covered payroll	\$ 10,013,168	\$ 9,495,434	\$ 9,640,345
Plan's proportionate share of the net pension liability as a percentage of covered payroll	313.86%	255.90%	267.86%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	79.82%
Plan's proportionate share of aggregate employer contributions	\$ 3,193,318	\$ 3,182,851	\$ 2,544,912

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	5,243,210	\$ 4,592,442	\$ 4,132,787	\$ 3,641,308	\$ 3,204,833
Contributions in relation to the actuarially determined contributions	<u>(6,243,210)</u>	<u>(4,592,442)</u>	<u>(5,782,787)</u>	<u>(5,291,308)</u>	<u>(3,204,833)</u>
Contribution deficiency (excess)	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ (1,650,000)</u>	<u>\$ (1,650,000)</u>	<u>\$ -</u>
Covered payroll	\$ 16,288,959	\$ 11,498,163	\$ 10,848,695	\$ 9,896,349	\$ 9,967,145
Contributions as a percentage of covered payroll	38.33%	39.94%	53.30%	53.47%	32.15%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
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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	2.500%	2.500%	2.625%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (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 eight years are shown.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 3,002,977	\$ 2,708,192	\$ 3,045,919
Contributions in relation to the actuarially determined contributions	<u>(3,002,977)</u>	<u>(2,708,192)</u>	<u>(7,049,591)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,003,672)</u>
Covered payroll	\$ 10,443,467	\$ 10,013,668	\$ 9,495,434
Contributions as a percentage of covered payroll	28.75%	27.04%	74.24%

Notes to Schedule:

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

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

CITY OF TUSTIN

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

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability:					
Service cost	\$ 2,693,820	\$ 2,581,396	\$ 2,456,587	\$ 2,402,594	\$ 2,211,312
Interest on total pension liability	9,379,056	8,860,960	8,458,273	8,052,611	7,614,130
Differences between expected and actual experience	1,568,479	(417,769)	(222,610)	(426,547)	(737,480)
Changes in assumptions	-	-	-	1,050,413	6,589,964
Benefit payments, including refunds of employee contributions	(6,434,816)	(5,207,052)	(4,648,016)	(4,523,921)	(4,300,829)
Net Change in Total Pension Liability	7,206,539	5,817,535	6,044,234	6,555,150	11,377,097
Total Pension Liability - Beginning of Year	131,477,633	125,660,098	119,615,864	113,060,714	101,683,617
Total Pension Liability - End of Year (a)	<u>\$ 138,684,172</u>	<u>\$ 131,477,633</u>	<u>\$ 125,660,098</u>	<u>\$ 119,615,864</u>	<u>\$ 113,060,714</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 3,581,172	\$ 4,837,028	\$ 4,373,702	\$ 2,249,216	\$ 1,881,701
Contributions - employee	1,196,644	1,190,426	1,097,180	1,043,932	1,037,304
Net investment income	23,665,065	5,011,357	6,030,153	7,268,642	8,829,526
Benefit payments	(6,434,816)	(5,207,052)	(4,648,016)	(4,523,921)	(4,300,829)
Net plan to plan resource movement	-	-	-	(213)	-
Other miscellaneous expense	-	-	213	(254,792)	-
Administrative expense	(104,120)	(138,915)	(65,475)	(134,170)	(116,299)
Net Change in Plan Fiduciary Net Position	21,903,945	5,692,844	6,787,757	5,648,694	7,331,403
Plan Fiduciary Net Position - Beginning of Year	104,231,039	98,538,195	91,750,438	86,101,744	78,770,341
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 126,134,984</u>	<u>\$ 104,231,039</u>	<u>\$ 98,538,195</u>	<u>\$ 91,750,438</u>	<u>\$ 86,101,744</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 12,549,188</u>	<u>\$ 27,246,594</u>	<u>\$ 27,121,903</u>	<u>\$ 27,865,426</u>	<u>\$ 26,958,970</u>
Plan fiduciary net position as a percentage of the total pension liability	90.95%	79.28%	78.42%	76.70%	76.16%
Covered payroll	\$ 17,513,680	\$ 16,946,205	\$ 16,542,504	\$ 15,403,283	\$ 14,684,868
Net pension liability as percentage of covered payroll	71.65%	160.78%	163.95%	180.91%	183.58%

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, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only eight 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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total Pension Liability:			
Service cost	\$ 1,840,275	\$ 1,779,008	\$ 1,747,494
Interest on total pension liability	7,306,376	6,982,672	6,613,765
Differences between expected and actual experience	(531,595)	452,122	-
Changes in assumptions	-	(1,770,351)	-
Benefit payments, including refunds of employee contributions	<u>(4,102,189)</u>	<u>(3,956,389)</u>	<u>(3,974,724)</u>
Net Change in Total Pension Liability	4,512,867	3,487,062	4,386,535
Total Pension Liability - Beginning of Year	<u>97,170,750</u>	<u>93,683,688</u>	<u>89,297,153</u>
Total Pension Liability - End of Year (a)	<u>\$ 101,683,617</u>	<u>\$ 97,170,750</u>	<u>\$ 93,683,688</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 1,850,072	\$ 1,503,081	\$ 1,379,562
Contributions - employee	998,937	905,331	962,617
Net investment income	372,172	1,753,374	11,900,167
Benefit payments	(4,102,189)	(3,956,389)	(3,974,724)
Net plan to plan resource movement	-	(114)	-
Other miscellaneous expense	-	-	-
Administrative expense	<u>(48,573)</u>	<u>(89,714)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(929,581)	115,569	10,267,622
Plan Fiduciary Net Position - Beginning of Year	<u>79,699,922</u>	<u>79,584,353</u>	<u>69,316,731</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 78,770,341</u>	<u>\$ 79,699,922</u>	<u>\$ 79,584,353</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 22,913,276</u>	<u>\$ 17,470,828</u>	<u>\$ 14,099,335</u>
Plan fiduciary net position as a percentage of the total pension liability	77.47%	82.02%	84.95%
Covered payroll	\$ 13,828,003	\$ 12,847,036	\$ 12,270,014
Net pension liability as percentage of covered payroll	165.70%	135.99%	114.91%

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 3,877,030	\$ 3,581,172	\$ 3,187,028	\$ 2,723,702	\$ 2,249,217
Contributions in relation to the actuarially determined contributions	<u>(4,877,030)</u>	<u>(3,581,172)</u>	<u>(4,837,028)</u>	<u>(4,373,702)</u>	<u>(2,249,217)</u>
Contribution deficiency (excess)	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ (1,650,000)</u>	<u>\$ (1,650,000)</u>	<u>\$ -</u>
Covered payroll	\$ 22,987,615	\$ 17,513,680	\$ 16,946,205	\$ 16,542,504	\$ 15,403,283
Contributions as a percentage of covered payroll	21.22%	20.45%	28.54%	26.44%	14.60%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
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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	2.500%	2.500%	2.625%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (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 eight years are shown.

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS
MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 1,881,701	\$ 1,850,100	\$ 1,503,081
Contributions in relation to the actuarially determined contributions	<u>(1,881,701)</u>	<u>(1,850,100)</u>	<u>(1,503,081)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,684,868	\$ 13,828,003	\$ 12,847,036
Contributions as a percentage of covered payroll	12.81%	13.38%	11.70%

Notes to Schedule:

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

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

CITY OF TUSTIN

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended Measurement date	June 30, 2022 June 30, 2022	June 30, 2021 June 30, 2021	June 30, 2020 June 30, 2020	June 30, 2019 June 30, 2019	June 30, 2018 June 30, 2018
Total OPEB Liability:					
Service cost	\$ 531,714	\$ 482,722	\$ 437,360	\$ 735,504	\$ 714,949
Interest on total OPEB liability	970,235	894,576	824,887	890,622	862,866
Differences between expected and actual experience	(10,715)	627,373	(1,778,679)	-	-
Changes of assumptions	639,802	-	(416,384)	(398,848)	-
Benefit payments	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Net Change in Total OPEB Liability	1,291,166	1,155,019	(1,723,969)	449,593	891,643
Total OPEB Liability - Beginning of Year	14,776,533	13,621,514	15,345,483	14,895,890	14,004,247
Total OPEB Liability - End of Year (a)	16,067,699	14,776,533	13,621,514	15,345,483	14,895,890
Plan Fiduciary Net Position:					
Contributions - employer	1,339,870	849,652	1,291,153	1,277,685	1,686,172
Net investment income	(335,000)	431,637	97,677	77,171	3,283
Benefit payments	(839,870)	(849,652)	(791,153)	(777,685)	(686,172)
Administrative expense	(14,404)	(13,016)	(11,216)	-	-
Net Change in Plan Fiduciary Net Position	150,596	418,621	586,461	577,171	1,003,283
Plan Fiduciary Net Position - Beginning of Year	2,585,536	2,166,915	1,580,454	1,003,283	-
Plan Fiduciary Net Position - End of Year (b)	2,736,132	2,585,536	2,166,915	1,580,454	1,003,283
Net OPEB Liability - Ending (a)-(b)	\$ 13,331,567	\$ 12,190,997	\$ 11,454,599	\$ 13,765,029	\$ 13,892,607
Plan fiduciary net position as a percentage of the total OPEB liability	17.03%	17.50%	15.91%	10.30%	6.74%
Covered - employee payroll	\$ 39,276,574	\$ 31,930,486	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Net OPEB liability as percentage of covered - employee payroll	33.94%	38.18%	32.80%	58.43%	57.51%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

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

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

There were no changes in assumptions.

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

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

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

CITY OF TUSTIN

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 1,597,315	\$ 1,354,712	\$ 1,318,454	\$ 1,780,746	\$ 1,729,589
Contributions in relation to the actuarially determined contributions	<u>(1,339,870)</u>	<u>(849,652)</u>	<u>(1,291,153)</u>	<u>(1,277,685)</u>	<u>(1,686,172)</u>
Contribution deficiency (excess)	<u>\$ 257,445</u>	<u>\$ 505,060</u>	<u>\$ 27,301</u>	<u>\$ 503,061</u>	<u>\$ 43,417</u>
Covered - employee payroll	\$ 39,276,574	\$ 31,930,486	\$ 34,926,881	\$ 23,559,635	\$ 24,156,049
Contributions as a percentage of covered-employee payroll	3.41%	2.66%	3.70%	5.42%	6.98%

Notes to Schedule:

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

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

(1) Level percentage of payroll, closed

(2) 7.00%, trending down to 3.84%

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

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

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

CITY OF TUSTIN

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

Last Ten Fiscal Years*

Retiree Health Plan

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

(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 five 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 56,646,894	\$ 61,904,700	\$ 63,868,163	\$ 1,963,463
Licenses and permits	1,361,102	1,894,290	2,179,335	285,045
Fines and forfeitures	916,000	944,450	1,011,519	67,069
Investment income (loss)	983,000	563,000	(3,301,154)	(3,864,154)
Intergovernmental revenue	3,348,645	3,614,362	2,107,144	(1,507,218)
Charges for services	7,581,883	7,660,666	4,209,793	(3,450,873)
Rental income	1,881,841	1,897,970	2,866,998	969,028
Other revenue	686,881	686,881	11,711,168	11,024,287
Gain on sale of land held for resale	-	-	56,048,775	56,048,775
TOTAL REVENUES	73,406,246	79,166,319	140,701,741	61,535,422
EXPENDITURES:				
Current:				
General government	21,428,734	21,865,717	18,524,141	3,341,576
Public safety	41,753,066	43,520,346	41,389,452	2,130,894
Public works	15,451,939	15,727,018	15,550,797	176,221
Community services	6,814,926	7,902,542	6,307,129	1,595,413
Capital outlay	17,931,414	22,649,773	4,801,758	17,848,015
Debt service:				
Principal retirement	81,200	81,200	107,990	(26,790)
Interest expense	3,500	3,500	24,208	(20,708)
TOTAL EXPENDITURES	103,464,779	111,750,096	86,705,475	25,044,621
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,058,533)	(32,583,777)	53,996,266	86,580,043
OTHER FINANCING SOURCES (USES):				
Transfer in	10,940,363	14,445,046	10,028,533	(4,416,513)
Transfer out	(6,167,544)	(8,227,044)	(2,358,888)	5,868,156
TOTAL OTHER FINANCING SOURCES (USES)	4,772,819	6,218,002	7,669,645	1,451,643
NET CHANGE IN FUND BALANCE	(25,285,714)	(26,365,775)	61,665,911	88,031,686
FUND BALANCE - BEGINNING OF YEAR	202,697,755	202,697,755	202,697,755	-
FUND BALANCE - END OF YEAR	\$ 177,412,041	\$ 176,331,980	\$ 264,363,666	\$ 88,031,686

See accompanying notes to the required supplementary information

CITY OF TUSTIN

BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (18,839)	\$ (18,839)
Intergovernmental revenue	-	-	385,545	385,545
Other revenue	386,400	386,400	26,909	(359,491)
TOTAL REVENUES	386,400	386,400	393,615	7,215
EXPENDITURES:				
Current:				
Community services	1,478,544	1,486,250	479,850	1,006,400
Principal	-	-	23,374	(23,374)
Interest	-	-	1,103	(1,103)
TOTAL EXPENDITURES	1,478,544	1,486,250	504,327	981,923
NET CHANGE IN FUND BALANCE	(1,092,144)	(1,099,850)	(110,712)	989,138
FUND BALANCE - BEGINNING OF YEAR	881,458	881,458	881,458	-
FUND BALANCE - END OF YEAR	\$ (210,686)	\$ (218,392)	\$ 770,746	\$ 989,138

See accompanying notes to the required supplementary information

CITY OF TUSTIN

BUDGETARY COMPARISON SCHEDULE
 ARPA SPECIAL REVENUE FUND

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ 23,532	\$ 23,532
Intergovernmental revenue	-	19,380,784	6,335,600	(13,045,184)
TOTAL REVENUES	-	19,380,784	6,359,132	(13,021,652)
EXPENDITURES:				
Current:				
Community Services	-	7,380,784	2,959,132	4,421,652
TOTAL EXPENDITURES	-	7,380,784	2,959,132	4,421,652
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	12,000,000	3,400,000	(8,600,000)
OTHER FINANCING SOURCES (USES):				
Transfer out	-	(3,400,000)	(3,400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,400,000)	(3,400,000)	-
NET CHANGE IN FUND BALANCE	-	8,600,000	-	(8,600,000)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 8,600,000	\$ -	\$ (8,600,000)

See accompanying notes to the required supplementary information

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 20,000	\$ 20,000	\$ 75,754	\$ 55,754
Intergovernmental revenue	-	-	5,498	5,498
Charges for services	12,000	12,000	19,211	7,211
Rental income	325,000	325,000	392,123	67,123
TOTAL REVENUES	357,000	357,000	492,586	135,586
EXPENDITURES:				
Current:				
Community services	-	-	53,040	(53,040)
Capital outlay	1,518,412	2,339,308	782,596	1,556,712
TOTAL EXPENDITURES	1,518,412	2,339,308	835,636	1,503,672
EXCESS OF REVENUES OVER EXPENDITURES	(1,161,412)	(1,982,308)	(343,050)	1,639,258
NET CHANGE IN FUND BALANCE	(1,161,412)	(1,982,308)	(343,050)	1,639,258
FUND BALANCE - BEGINNING OF YEAR	2,337,335	2,337,335	2,337,335	-
FUND BALANCE - END OF YEAR	\$ 1,175,923	\$ 355,027	\$ 1,994,285	\$ 1,639,258

See accompanying notes to the required supplementary information

CITY OF TUSTIN

Notes to Required Supplementary Information

June 30, 2022

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 two Special Revenue Funds noted below and 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. Unspent capital projects appropriations are an automatic supplemental appropriation for the next year. All other operating appropriations lapse unless they are re-appropriated through the formal budget process.
- (4) Annual budgets are adopted for the General and Special Revenue Funds, except for the Asset Forfeiture Special Revenue Fund and the 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 Schedules

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

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SUPPLEMENTARY INFORMATION

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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.

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

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

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

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 public services and administrative expenses.

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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CITY OF TUSTIN

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue Funds					
	Gas Tax	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	Special Tax B	Road Maintenance and Rehabilitation
ASSETS						
Cash and investments	\$ 5,036,428	\$ 249,242	\$ 116,817	\$ 278,086	\$ 1,750	\$ 5,358,337
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Accounts	150,524	-	26,315	-	47,660	279,790
Interest	11,018	543	251	768	-	11,696
TOTAL ASSETS	\$ 5,197,970	\$ 249,785	\$ 143,383	\$ 278,854	\$ 49,410	\$ 5,649,823
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 214,648	\$ -	\$ -	\$ -	\$ 1,750	\$ 1,231
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
TOTAL LIABILITIES	214,648	-	-	-	1,750	1,231
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	-	26,315	-	-	-
FUND BALANCES:						
Restricted	4,983,322	249,785	117,068	278,854	47,660	5,648,592
Assigned	-	-	-	-	-	-
TOTAL FUND BALANCES	4,983,322	249,785	117,068	278,854	47,660	5,648,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,197,970	\$ 249,785	\$ 143,383	\$ 278,854	\$ 49,410	\$ 5,649,823

Special Revenue Funds (Continued)			Capital Projects Funds				Total
Voluntary Workforce Housing Incentive	Solid Waste	Measure M	Construction 95-1	Other Capital Projects	MCAS 2010	CFD Construction	Other Governmental Funds
\$ 2,030,449	\$ 1,492,806	\$ 2,961,774	\$ 332,609	\$ 4,958,556	\$ -	\$ -	\$ 22,816,854
-	-	77,686	-	11,410	-	2,020,941	2,110,037
-	17,655	366,407	-	-	-	-	888,351
4,428	2,267	6,601	-	9,913	-	-	47,485
<u>\$ 2,034,877</u>	<u>\$ 1,512,728</u>	<u>\$ 3,412,468</u>	<u>\$ 332,609</u>	<u>\$ 4,979,879</u>	<u>\$ -</u>	<u>\$ 2,020,941</u>	<u>\$ 25,862,727</u>
\$ -	\$ 82,308	\$ 421,632	\$ -	\$ 160,564	\$ -	\$ 808,776	\$ 1,690,909
-	-	-	-	-	-	6,900	6,900
-	113,786	-	-	-	-	-	113,786
-	196,094	421,632	-	160,564	-	815,676	1,811,595
-	-	-	-	-	-	-	26,315
2,034,877	1,316,634	2,990,836	332,609	11,410	-	1,205,265	19,216,912
-	-	-	-	4,807,905	-	-	4,807,905
2,034,877	1,316,634	2,990,836	332,609	4,819,315	-	1,205,265	24,024,817
<u>\$ 2,034,877</u>	<u>\$ 1,512,728</u>	<u>\$ 3,412,468</u>	<u>\$ 332,609</u>	<u>\$ 4,979,879</u>	<u>\$ -</u>	<u>\$ 2,020,941</u>	<u>\$ 25,862,727</u>

CITY OF TUSTIN

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

For the year ended June 30, 2022

	Special Revenue Funds					
	Gas Tax	Asset Forfeiture	Air Quality	Supplemental Law Enforcement	Special Tax B	Road Maintenance and Rehabilitation
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income (loss)	(67,279)	(3,335)	(2,253)	(4,727)	-	(72,558)
Intergovernmental revenue	1,695,077	8,865	77,084	197,414	4,603,670	1,613,614
Charges for services	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
TOTAL REVENUES	1,627,798	5,530	74,831	192,687	4,603,670	1,541,056
EXPENDITURES:						
Current:						
General government	-	-	23	-	7,000	-
Public safety	-	-	-	125,625	-	-
Public works	1,357,181	-	-	-	-	23,439
Capital outlay	223,132	-	97,027	-	-	160
TOTAL EXPENDITURES	1,580,313	-	97,050	125,625	7,000	23,599
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,485	5,530	(22,219)	67,062	4,596,670	1,517,457
OTHER FINANCING SOURCES (USES):						
Transfers in	44,871	-	-	-	-	-
Transfers out	-	-	-	(46,443)	(4,617,930)	-
TOTAL OTHER FINANCING (USES)	44,871	-	-	(46,443)	(4,617,930)	-
NET CHANGE IN FUND BALANCES	92,356	5,530	(22,219)	20,619	(21,260)	1,517,457
FUND BALANCES - BEGINNING OF YEAR	4,890,966	244,255	139,287	258,235	68,920	4,131,135
FUND BALANCES - END OF YEAR	\$ 4,983,322	\$ 249,785	\$ 117,068	\$ 278,854	\$ 47,660	\$ 5,648,592

Special Revenue Funds (Continued)			Capital Projects Funds				Total
Voluntary Workforce Housing Incentive	Solid Waste	Measure M	Construction 95-1	Other Capital Projects	MCAS 2010	CFD Construction	Other Governmental Funds
\$ -	\$ 209,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,868
(27,116)	(12,562)	(28,073)	-	(64,478)	1	2,396	(279,984)
-	45,975	2,099,157	-	-	-	-	10,340,856
-	64,610	-	-	-	-	-	64,610
-	456,841	-	-	1,763	-	41,402	500,006
(27,116)	764,732	2,071,084	-	(62,715)	1	43,798	10,835,356
-	94,941	-	-	-	-	-	101,964
-	-	-	-	-	-	-	125,625
-	261,753	1,061	-	750	715	169,388	1,814,287
-	-	3,170,852	-	2,465,628	-	3,413,499	9,370,298
-	356,694	3,171,913	-	2,466,378	715	3,582,887	11,412,174
(27,116)	408,038	(1,100,829)	-	(2,529,093)	(714)	(3,539,089)	(576,818)
-	-	-	-	2,421,600	-	-	2,466,471
-	-	(1,963,211)	-	-	-	-	(6,627,584)
-	-	(1,963,211)	-	2,421,600	-	-	(4,161,113)
(27,116)	408,038	(3,064,040)	-	(107,493)	(714)	(3,539,089)	(4,737,931)
2,061,993	908,596	6,054,876	332,609	4,926,808	714	4,744,354	28,762,748
\$ 2,034,877	\$ 1,316,634	\$ 2,990,836	\$ 332,609	\$ 4,819,315	\$ -	\$ 1,205,265	\$ 24,024,817

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (67,279)	\$ (67,279)
Intergovernmental revenue	2,032,800	2,032,800	1,695,077	(337,723)
TOTAL REVENUES	2,032,800	2,032,800	1,627,798	(405,002)
EXPENDITURES:				
Current:				
Public works	1,432,802	1,439,374	1,357,181	82,193
Capital outlay	550,000	685,454	223,132	462,322
TOTAL EXPENDITURES	1,982,802	2,124,828	1,580,313	544,515
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,998	(92,028)	47,485	139,513
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	44,871	44,871
NET CHANGE IN FUND BALANCE	49,998	(92,028)	92,356	184,384
FUND BALANCE - BEGINNING OF YEAR	4,890,966	4,890,966	4,890,966	-
FUND BALANCE - END OF YEAR	\$ 4,940,964	\$ 4,798,938	\$ 4,983,322	\$ 184,384

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 500	\$ 500	\$ (2,253)	\$ (2,753)
Intergovernmental revenue	95,900	95,900	77,084	(18,816)
TOTAL REVENUES	96,400	96,400	74,831	(21,569)
EXPENDITURES:				
Current:				
General government	-	-	23	(23)
Capital outlay	-	199,875	97,027	102,848
TOTAL EXPENDITURES	-	199,875	97,050	102,825
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	96,400	(103,475)	(22,219)	81,256
NET CHANGE IN FUND BALANCE	96,400	(103,475)	(22,219)	81,256
FUND BALANCE - BEGINNING OF YEAR	139,287	139,287	139,287	-
FUND BALANCE - END OF YEAR	\$ 235,687	\$ 35,812	\$ 117,068	\$ 81,256

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (4,727)	\$ (4,727)
Intergovernmental revenue	176,000	176,000	197,414	21,414
TOTAL REVENUES	176,000	176,000	192,687	16,687
EXPENDITURES:				
Current:				
Public safety	142,300	145,726	125,625	20,101
TOTAL EXPENDITURES	142,300	145,726	125,625	20,101
EXCESS OF REVENUES OVER EXPENDITURES	33,700	30,274	67,062	36,788
OTHER FINANCING SOURCES (USES):				
Transfer out	-	-	(46,443)	(46,443)
NET CHANGE IN FUND BALANCE	33,700	30,274	20,619	(9,655)
FUND BALANCE - BEGINNING OF YEAR	258,235	258,235	258,235	-
FUND BALANCE - END OF YEAR	\$ 291,935	\$ 288,509	\$ 278,854	\$ (9,655)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 4,607,819	\$ 4,607,819	\$ 4,603,670	\$ (4,149)
TOTAL REVENUES	4,607,819	4,607,819	4,603,670	(4,149)
EXPENDITURES:				
Current:				
General government	-	7,000	7,000	-
TOTAL EXPENDITURES	-	7,000	7,000	-
EXCESS OF REVENUES OVER EXPENDITURES	4,607,819	4,600,819	4,596,670	(4,149)
OTHER FINANCING SOURCES (USES):				
Transfer out	(4,607,819)	(4,617,929)	(4,617,930)	(1)
NET CHANGE IN FUND BALANCE	-	(17,110)	(21,260)	(4,150)
FUND BALANCE - BEGINNING OF YEAR	68,920	68,920	68,920	-
FUND BALANCE - END OF YEAR	\$ 68,920	\$ 51,810	\$ 47,660	\$ (4,150)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ -	\$ -	\$ (72,558)	\$ (72,558)
Intergovernmental revenue	1,590,300	1,590,300	1,613,614	23,314
TOTAL REVENUES	1,590,300	1,590,300	1,541,056	(49,244)
EXPENDITURES:				
Current:				
Public works	22,400	22,854	23,439	(585)
Capital outlay	1,231,854	2,041,670	160	2,041,510
TOTAL EXPENDITURES	1,254,254	2,064,524	23,599	2,040,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	336,046	(474,224)	1,517,457	1,991,681
NET CHANGE IN FUND BALANCE	336,046	(474,224)	1,517,457	1,991,681
FUND BALANCE - BEGINNING OF YEAR	4,131,135	4,131,135	4,131,135	-
FUND BALANCE - END OF YEAR	\$ 4,467,181	\$ 3,656,911	\$ 5,648,592	\$ 1,991,681

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 210,000	\$ 210,000	\$ 209,868	\$ (132)
Investment income (loss)	-	-	(12,562)	(12,562)
Intergovernmental revenue	-	-	45,975	45,975
Charges for services	10,000	10,000	64,610	54,610
Other revenue	-	-	456,841	456,841
TOTAL REVENUES	<u>220,000</u>	<u>220,000</u>	<u>764,732</u>	<u>544,732</u>
EXPENDITURES:				
Current:				
General government	5,500	5,500	94,941	(89,441)
Public works	218,500	221,764	261,753	(39,989)
TOTAL EXPENDITURES	<u>224,000</u>	<u>227,264</u>	<u>356,694</u>	<u>(129,430)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,000)</u>	<u>(7,264)</u>	<u>408,038</u>	<u>415,302</u>
NET CHANGE IN FUND BALANCE	(4,000)	(7,264)	408,038	415,302
FUND BALANCE - BEGINNING OF YEAR	<u>908,596</u>	<u>908,596</u>	<u>908,596</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 904,596</u>	<u>\$ 901,332</u>	<u>\$ 1,316,634</u>	<u>\$ 415,302</u>

CITY OF TUSTIN

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income (loss)	\$ 50,000	\$ 50,000	\$ (28,073)	\$ (78,073)
Intergovernmental revenue	1,646,900	1,646,900	2,099,157	452,257
TOTAL REVENUES	1,696,900	1,696,900	2,071,084	374,184
EXPENDITURES:				
Current:				
Public works	-	-	1,061	(1,061)
Capital outlay	2,263,740	4,113,843	3,170,852	942,991
TOTAL EXPENDITURES	2,263,740	4,113,843	3,171,913	941,930
EXCESS OF REVENUES OVER EXPENDITURES	(566,840)	(2,416,943)	(1,100,829)	1,316,114
OTHER FINANCING SOURCES (USES):				
Transfer out	(40,000)	(1,746,510)	(1,963,211)	(216,701)
NET CHANGE IN FUND BALANCE	(606,840)	(4,163,453)	(3,064,040)	1,099,413
FUND BALANCE - BEGINNING OF YEAR	6,054,876	6,054,876	6,054,876	-
FUND BALANCE - END OF YEAR	\$ 5,448,036	\$ 1,891,423	\$ 2,990,836	\$ 1,099,413

CITY OF TUSTIN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2022

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Community Facilities District 2018-1	Total
ASSETS						
Restricted cash and investments	\$ 1,138,697	\$ 6,354,996	\$ 1,864,560	\$ 3,514,626	\$ -	\$ 12,872,879
Accounts receivable	5,522	45,301	-	19,958	-	70,781
TOTAL ASSETS	\$ 1,144,219	\$ 6,400,297	\$ 1,864,560	\$ 3,534,584	\$ -	\$ 12,943,660
NET POSITION						
Restricted for:						
Bondholders	\$ 1,144,219	\$ 6,400,297	\$ 1,864,560	\$ 3,534,584	\$ -	\$ 12,943,660

CITY OF TUSTIN
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS

For the year ended June 30, 2022

	Community Facilities District 04-01	Community Facilities District 06-01	Community Facilities District 07-01	Community Facilities District 2014-1	Community Facilities District 2018-1	Total
ADDITIONS						
Tax revenue	\$ 719,849	\$ 3,636,248	\$ 1,064,179	\$ 1,588,903	\$ -	\$ 7,009,179
Investment Income	163	5,141	1,489	2,548	-	9,341
TOTAL ADDITIONS	720,012	3,641,389	1,065,668	1,591,451	-	7,018,520
DEDUCTIONS						
Administrative expenses	33,560	82,931	40,961	29,021	3,840	190,313
Principal	380,000	1,205,000	320,000	245,000	-	2,150,000
Interest	300,806	2,232,644	606,044	1,276,475	-	4,415,969
TOTAL DEDUCTIONS	714,366	3,520,575	967,005	1,550,496	3,840	6,756,282
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	5,646	120,814	98,663	40,955	(3,840)	262,238
NET POSITION AT BEGINNING OF YEAR	1,138,573	6,279,483	1,765,897	3,493,629	3,840	12,681,422
NET POSITION AT END OF YEAR	\$ 1,144,219	\$ 6,400,297	\$ 1,864,560	\$ 3,534,584	\$ -	\$ 12,943,660



Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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STATISTICAL SECTION

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CITY OF TUSTIN
Description of Statistical Contents
June 30, 2022

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	125
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	135
<u>Debt Capacity</u> – These schedules present information to help the read assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	141
<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.	147
<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.	149

Sources:

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

CITY OF TUSTIN

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 431,761,288	\$ 461,673,323	\$ 456,649,085	\$ 483,229,135
Restricted	54,367,385	36,693,458	72,929,522	95,241,025
Unrestricted	177,532,888	93,877,440	140,727,040	107,224,779
Total governmental activities net position	<u>\$ 663,661,561</u>	<u>\$ 592,244,221</u>	<u>\$ 670,305,647</u>	<u>\$ 685,694,939</u>
Business-type activities:				
Net investment in capital assets	\$ 24,171,745	\$ 23,657,878	\$ 24,270,718	\$ 25,443,651
Restricted	-	-	-	-
Unrestricted	7,094,771	8,326,340	11,845,734	12,227,557
Total business-type activities net position	<u>\$ 31,266,516</u>	<u>\$ 31,984,218</u>	<u>\$ 36,116,452</u>	<u>\$ 37,671,208</u>
Primary government:				
Net investment in capital assets	\$ 455,933,033	\$ 485,331,201	\$ 480,919,803	\$ 508,672,786
Restricted	54,367,385	36,693,458	72,929,522	95,241,025
Unrestricted	184,627,659	102,203,780	152,572,774	119,452,336
Total primary government net position	<u>\$ 694,928,077</u>	<u>\$ 624,228,439</u>	<u>\$ 706,422,099</u>	<u>\$ 723,366,147</u>

* Fiscal year 2020 net position was restated.

Fiscal Year					
2017	2018	2019	2020*	2021	2022
\$ 490,574,647	\$ 499,190,473	\$ 520,166,300	\$ 549,473,651	\$ 565,395,034	\$ 540,256,185
102,027,853	87,395,188	67,892,989	59,304,350	39,407,529	48,269,367
144,442,931	151,119,177	108,567,573	114,195,576	106,773,829	177,884,930
<u>\$ 737,045,431</u>	<u>\$ 737,704,838</u>	<u>\$ 696,626,862</u>	<u>\$ 722,973,577</u>	<u>\$ 711,576,392</u>	<u>\$ 766,410,482</u>
\$ 23,252,432	\$ 22,753,763	\$ 20,650,435	\$ 24,145,887	\$ 25,941,133	\$ 29,184,048
-	-	-	-	-	-
15,129,697	16,505,744	19,489,664	15,070,837	12,918,451	9,775,999
<u>\$ 38,382,129</u>	<u>\$ 39,259,507</u>	<u>\$ 40,140,099</u>	<u>\$ 39,216,724</u>	<u>\$ 38,859,584</u>	<u>\$ 38,960,047</u>
\$ 513,827,079	\$ 521,944,236	\$ 540,816,735	\$ 573,619,538	\$ 591,336,167	\$ 569,440,233
102,027,853	87,395,188	67,892,989	59,304,350	39,407,529	48,269,367
159,572,628	167,624,921	128,057,237	129,266,413	119,692,280	187,660,929
<u>\$ 775,427,560</u>	<u>\$ 776,964,345</u>	<u>\$ 736,766,961</u>	<u>\$ 762,190,301</u>	<u>\$ 750,435,976</u>	<u>\$ 805,370,529</u>

CITY OF TUSTIN

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses:				
Governmental activities:				
General government	\$ 18,705,913	\$ 14,825,780	\$ 17,121,057	\$ 20,023,280
Public safety	30,702,298	28,440,799	29,886,284	27,779,830
Public works	15,087,234	49,538,371	34,435,214	47,326,664
Community services	3,201,865	3,498,460	3,699,059	7,869,124
Interest on long-term debt	967,115	-	-	-
Total governmental activities expenses	<u>68,664,425</u>	<u>96,303,410</u>	<u>85,141,614</u>	<u>102,998,898</u>
Business-type activities:				
Water	<u>13,574,149</u>	<u>16,100,137</u>	<u>15,982,078</u>	<u>15,586,463</u>
Total business-type activities expenses	<u>13,574,149</u>	<u>16,100,137</u>	<u>15,982,078</u>	<u>15,586,463</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	763,101	249,237	252,074	2,072,540
Public safety	917,947	920,112	1,071,099	1,195,350
Public works	1,248,595	1,710,813	1,564,314	3,538,906
Community services	926,432	967,134	892,102	953,149
Operating grants and contributions	4,513,158	3,325,304	3,546,823	2,722,978
Capital grants and contributions	<u>20,998,311</u>	<u>12,222,106</u>	<u>20,244,479</u>	<u>48,711,583</u>
Total governmental activities program revenues	<u>29,367,544</u>	<u>19,394,706</u>	<u>27,570,891</u>	<u>59,194,506</u>
Business-type activities:				
Charges for services:				
Water	16,688,773	18,682,821	19,375,359	16,511,795
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>16,688,773</u>	<u>18,682,821</u>	<u>19,375,359</u>	<u>16,511,795</u>
Net revenues (expenses):				
Governmental activities	\$ (39,296,881)	\$ (76,908,704)	\$ (57,570,723)	\$ (43,804,392)
Business-type activities	<u>3,114,624</u>	<u>2,582,684</u>	<u>3,393,281</u>	<u>925,332</u>
Total net revenues (expenses)	<u>\$ (36,182,257)</u>	<u>\$ (74,326,020)</u>	<u>\$ (54,177,442)</u>	<u>\$ (42,879,060)</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 24,504,764	\$ 23,949,544	\$ 27,097,686	\$ 29,282,004	\$ 27,172,397	\$ 19,435,937
34,611,078	33,713,796	36,215,060	39,064,730	42,307,312	37,274,550
24,822,480	37,599,662	45,849,976	40,430,009	25,720,382	34,752,971
19,524,660	10,795,733	20,304,550	5,682,249	7,898,475	11,705,919
5,802	12,043	9,297	6,444	3,476	25,311
<u>103,468,784</u>	<u>106,070,778</u>	<u>129,476,569</u>	<u>114,465,436</u>	<u>103,102,042</u>	<u>103,194,688</u>
<u>16,654,429</u>	<u>17,680,886</u>	<u>17,763,633</u>	<u>17,767,158</u>	<u>19,283,136</u>	<u>21,303,398</u>
<u>16,654,429</u>	<u>17,680,886</u>	<u>17,763,633</u>	<u>17,767,158</u>	<u>19,283,136</u>	<u>21,303,398</u>
1,979,211	1,630,903	1,920,214	2,157,735	2,011,470	3,072,210
1,255,299	1,283,672	1,285,584	1,205,519	1,298,587	1,222,841
1,861,045	2,167,726	3,300,906	3,123,961	2,586,033	5,825,437
1,101,294	1,434,988	2,426,578	1,892,126	1,232,539	2,654,817
2,742,140	3,863,547	4,952,271	4,911,642	8,618,631	12,264,401
26,535,693	7,641,510	3,942,834	4,565,393	4,422,891	12,852,760
<u>35,474,682</u>	<u>18,022,346</u>	<u>17,828,387</u>	<u>17,856,376</u>	<u>20,170,151</u>	<u>37,892,466</u>
17,100,836	18,229,013	17,329,090	17,364,694	18,891,433	19,633,007
-	-	-	-	-	48,914
-	-	-	-	-	1,575,140
<u>17,100,836</u>	<u>18,229,013</u>	<u>17,329,090</u>	<u>17,364,694</u>	<u>18,891,433</u>	<u>21,257,061</u>
\$ (67,994,102)	\$ (88,048,432)	\$ (111,648,182)	\$ (96,609,060)	\$ (82,931,891)	\$ (65,302,222)
446,407	548,127	(434,543)	(402,464)	(391,703)	(46,337)
<u>\$ (67,547,695)</u>	<u>\$ (87,500,305)</u>	<u>\$ (112,082,725)</u>	<u>\$ (97,011,524)</u>	<u>\$ (83,323,594)</u>	<u>\$ (65,348,559)</u>

CITY OF TUSTIN

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 14,526,101	\$ 13,661,771	\$ 14,552,535	\$ 16,451,763
Transient occupancy taxes	137,064	616,897	1,090,675	1,554,754
Business license taxes	377,498	393,241	419,148	406,891
Other taxes	1,655,388	1,663,215	1,763,878	1,839,963
Sales tax	21,575,405	22,288,032	22,269,896	24,513,610
Motor vehicle in lieu, unrestricted	5,951,653	6,150,893	6,380,698	6,778,329
Investment income (loss)	243,921	628,180	1,052,276	2,430,087
Other general revenues	7,231,648	4,040,996	7,829,149	2,671,845
Gain on sale of land held for resale	43,335,089	-	48,136,121	-
Profit participation	-	-	-	-
Transfers	-	-	-	-
Contribution from successor agency	-	-	32,137,773	-
Extraordinary and special items	-	1,412,257	-	2,546,442
Total governmental activities	<u>95,033,767</u>	<u>50,855,482</u>	<u>135,632,149</u>	<u>59,193,684</u>
Business-type activities:				
Investment income (loss)	39,700	144,381	249,863	480,050
Miscellaneous	271,858	408,749	489,090	149,374
Transfers	-	-	-	-
Total business-type activities	<u>311,558</u>	<u>553,130</u>	<u>738,953</u>	<u>629,424</u>
Total primary government	<u>\$ 95,345,325</u>	<u>\$ 51,408,612</u>	<u>\$ 136,371,102</u>	<u>\$ 59,823,108</u>
Changes in net position:				
Governmental activities	\$ 55,736,886	\$ (26,053,222)	\$ 78,061,426	\$ 15,389,292
Business-type activities	3,426,182	3,135,814	4,132,234	1,554,756
Total primary government	<u>\$ 59,163,068</u>	<u>\$ (22,917,408)</u>	<u>\$ 82,193,660</u>	<u>\$ 16,944,048</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 24,437,717	\$ 25,636,673	\$ 26,275,789	\$ 27,358,525	\$ 29,142,850	\$ 28,324,241
1,609,318	1,575,830	1,825,957	1,593,532	1,218,924	1,857,502
420,684	431,457	466,828	438,632	416,266	435,626
1,931,185	1,781,175	1,762,642	1,792,263	1,862,200	1,850,139
25,133,146	24,925,934	26,634,458	25,487,518	30,753,042	34,391,644
37,056	43,359	39,526	64,400	58,955	92,431
611,964	1,109,193	7,167,093	4,445,124	1,676,386	(3,500,691)
4,594,651	4,838,383	6,002,632	4,556,040	1,308,076	190,141
24,241,261	33,636,759	395,281	1,014,511	85,240	56,048,775
31,327,612	-	-	-	5,012,767	337,972
-	-	-	-	-	108,532
-	-	-	-	-	-
5,000,000	-	-	-	-	-
<u>119,344,594</u>	<u>93,978,763</u>	<u>70,570,206</u>	<u>66,750,545</u>	<u>71,534,706</u>	<u>120,136,312</u>
108,669	150,371	1,084,525	869,426	5,629	(173,093)
155,845	178,880	230,610	23,193	28,934	428,425
-	-	-	-	-	(108,532)
<u>264,514</u>	<u>329,251</u>	<u>1,315,135</u>	<u>892,619</u>	<u>34,563</u>	<u>146,800</u>
<u>\$ 119,609,108</u>	<u>\$ 94,308,014</u>	<u>\$ 71,885,341</u>	<u>\$ 67,643,164</u>	<u>\$ 71,569,269</u>	<u>\$ 120,283,112</u>
\$ 51,350,492	\$ 5,930,331	\$ (41,077,976)	\$ (29,858,515)	\$ (11,397,185)	\$ 54,834,090
710,921	877,378	880,592	490,155	(357,140)	100,463
<u>\$ 52,061,413</u>	<u>\$ 6,807,709</u>	<u>\$ (40,197,384)</u>	<u>\$ (29,368,360)</u>	<u>\$ (11,754,325)</u>	<u>\$ 54,934,553</u>

CITY OF TUSTIN

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund:				
Nonspendable	\$ 128,988,209	\$ 129,049,954	\$ 122,458,642	\$ 88,579,214 ⁴
Restricted	19,615,343	1,352,309	16,650,332	18,657,461
Unassigned	44,368,566 ¹	18,781,826	84,278,138 ²	79,667,061
Total general fund	<u>\$ 192,972,118</u>	<u>\$ 149,184,089</u>	<u>\$ 223,387,112</u>	<u>\$ 186,903,736</u>
All other governmental funds:				
Nonspendable	\$ 1,287,607	\$ -	\$ -	\$ 1,922
Restricted	33,885,757	29,820,853	24,048,818	54,438,343
Assigned	16,880,590	5,493,536	37,350,531 ³	26,871,816
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 52,053,954</u>	<u>\$ 35,314,389</u>	<u>\$ 61,399,349</u>	<u>\$ 81,312,081</u>

Fiscal Year					
2017	2018	2019	2020*	2021	2022
\$ 84,344,748	\$ 82,868,217	\$ 82,902,130	\$ 107,921,521	\$ 108,201,957	\$ 103,464,420
34,901,943	41,269,878	31,250,893	16,438,469	15,684,164	24,668,684
102,517,562	116,332,458	88,768,803	74,972,202	78,811,634	136,230,562 ⁵
<u>\$ 221,764,253</u>	<u>\$ 240,470,553</u>	<u>\$ 202,921,826</u>	<u>\$ 199,332,192</u>	<u>\$ 202,697,755</u>	<u>\$ 264,363,666</u>
\$ 1,922	\$ -	\$ 1,922	\$ -	\$ 3,305	\$ 5,731
51,069,708	46,322,996	37,215,903	37,107,137	27,060,075	21,976,212
20,408,936	17,719,394	5,762,048	1,432,974	4,918,161	4,807,905
-	-	-	(628,792)	-	-
<u>\$ 71,480,566</u>	<u>\$ 64,042,390</u>	<u>\$ 42,979,873</u>	<u>\$ 37,911,319</u>	<u>\$ 31,981,541</u>	<u>\$ 26,789,848</u>

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ Increase of \$56 million due to the gain on sale of land in the former Marine Corp Air Station referred to as the Legacy.

* Fiscal year 2020 fund balance was restated.

CITY OF TUSTIN

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Taxes	\$ 22,703,619	\$ 22,808,488	\$ 21,426,308	\$ 23,525,899
Licenses and permits	577,044	1,284,232	885,043	1,334,311
Fines and forfeitures	678,428	631,340	752,597	982,123
Investment income (loss)	173,890	621,786	1,041,661	2,422,072
Intergovernmental revenues	43,126,447	29,741,754	37,302,283	42,838,003
Charges for services	2,685,080	1,787,268	1,870,401	2,357,268
Rental income	550,003	751,724	1,113,340	1,308,852
Developer contributions	-	-	16,934,704	26,357,490
Profit participation	-	-	-	-
Gain on sale of land held for resale	43,340,797	-	48,136,121	-
Contribution from Successor Agency	-	-	32,137,773	-
Other revenues	9,773,813	6,110,735	6,302,392	4,714,101
Total revenues	123,609,121	63,737,327	167,902,623	105,840,119
Expenditures:				
Current:				
General government	17,357,805	14,205,424	17,568,297	20,372,454
Public safety	27,944,039	28,170,314	33,062,929	27,897,182
Public works	5,980,807	5,797,705	6,417,257	7,182,380
Community services	2,752,523	3,081,299	3,170,747	7,308,498
Capital outlay	28,487,231	74,422,436	23,800,093	22,498,621
Debt service:				
Principal retirement	-	-	5,000,000	4,101,171
Interest and fiscal charges	967,115	-	-	-
Total expenditures	83,489,520	125,677,178	89,019,323	89,360,306
Excess (deficiency) of revenues over (under) expenditures	40,119,601	(61,939,851)	78,883,300	16,479,813
Other financing sources (uses):				
Transfers in	6,122,454	2,084,612	5,266,102	5,453,988
Transfers out	(6,122,454)	(2,084,612)	(5,266,102)	(5,453,988)
Capital lease issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Extraordinary gain (loss)	-	1,412,257	-	976,042
Special item	-	-	21,404,683	(34,026,499)
Net change in fund balances	\$ 40,119,601	\$ (60,527,594)	\$ 100,287,983	\$ (16,570,644)
Debt service as a percentage of noncapital expenditures	9.00%	1.73%	8.86%	6.03%

¹ Sales tax revenues were classified as intergovernmental revenues prior to June 30, 2021.

Effective June 30, 2021, sales tax revenues have been classified as taxes in the financial statements.

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	24,825,401	\$ 25,770,970	\$ 26,385,383	\$ 27,187,012	\$ 58,744,483 ¹	\$ 64,078,031
	853,990	905,086	1,212,696	1,280,180	1,227,707	2,179,335
	953,665	996,912	909,355	841,747	929,637	1,011,519
	608,888	1,120,276	7,172,443	4,455,060	1,676,386	(3,500,691)
	35,382,444	42,121,841	39,613,110	38,156,567	16,875,101 ¹	19,174,643
	1,999,860	2,177,345	2,761,688	2,688,921	2,017,100	4,293,614
	1,542,281	1,674,068	2,055,135	2,133,706	1,905,553	3,259,121
	16,804,964	1,341,143	-	-	-	-
	23,495,709	7,179,553	212,651	-	5,012,767	-
	24,241,261	33,636,759	395,281	1,014,511	85,240	56,048,775
	-	-	-	-	-	-
	5,849,937	8,848,778	7,590,956	4,918,426	5,678,057	12,238,083
	<u>136,558,400</u>	<u>125,772,731</u>	<u>88,308,698</u>	<u>82,676,130</u>	<u>94,152,031</u>	<u>158,782,430</u>
	24,052,915	21,259,806	25,539,637	27,145,126	25,336,809	18,626,105
	30,733,524	32,335,404	33,200,885	36,427,058	37,592,859	41,515,077
	7,591,876	7,795,849	9,105,493	8,231,789	8,784,309	17,365,084
	18,727,257	9,747,562	19,603,654	4,955,971	4,711,435	9,799,151
	26,657,177	40,082,440	59,389,068	42,277,454	20,209,628	14,954,652
	4,129,203	3,271,503	71,908	74,763	77,730	131,364
	5,802	12,043	9,297	6,444	3,476	25,311
	<u>111,897,754</u>	<u>114,504,607</u>	<u>146,919,942</u>	<u>119,118,605</u>	<u>96,716,246</u>	<u>102,416,744</u>
	24,660,646	11,268,124	(58,611,244)	(36,442,475)	(2,564,215)	56,365,686
	4,242,209	8,908,605	7,281,771	4,745,170	11,814,494	12,495,004
	(4,242,209)	(8,908,605)	(7,281,771)	(4,745,170)	(11,814,494)	(12,386,472)
	368,356	-	-	-	-	-
	<u>368,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,532</u>
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>25,029,002</u>	<u>\$ 11,268,124</u>	<u>\$ (58,611,244)</u>	<u>\$ (36,442,475)</u>	<u>\$ (2,564,215)</u>	<u>\$ 56,474,218</u>
	5.28%	3.46%	0.06%	0.09%	0.10%	0.16%

CITY OF TUSTIN

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

Last Ten Fiscal Years

Fiscal Year Ended June 30	City		Taxable Assessed Value
	Secured	Unsecured	
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
2021	9,958,441	326,678	10,285,119
2022	10,296,800	312,672	10,609,472

Notes:

Exemptions are netted directly against individual categories.

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

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

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

Successor Agency ¹			Taxable Assessed Value	Total Direct Tax Rate ²
Secured	Unsecured			
\$ 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	138,599	3,811,347	0.116%	
3,671,553	167,199	3,996,268	0.116%	
3,900,575	186,969	4,087,544	0.116%	
4,077,588	125,960	4,203,548	0.116%	

CITY OF TUSTIN

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year			
	2013	2014	2015	2016
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	0.0672	0.0891	0.0696	0.0775
Metropolitan Water District Bonds	0.0035	0.0035	0.0035	0.0035
Rancho Santiago Community College District Bonds	0.0324	0.0333	0.0508	0.0504
Orange Unified School District Bonds	-	-	-	-
Irvine Ranch Water District Bonds	0.2155	0.2155	0.0960	0.0960
Santa Ana Unified School District Bonds	0.0775	0.0736	0.0687	0.0660
Irvine Unified School District Bonds	-	-	-	-
Total Overlapping Rates	0.3961	0.4150	0.2886	0.2934
Total Direct and Overlapping Rates	\$ 1.3961	\$ 1.4150	\$ 1.2886	\$ 1.2934

Source: Hdl, Coren & Cone

		Fiscal Year					
		2017	2018	2019	2020	2021	2022
\$	0.1272	\$	0.1272	\$	0.1272	\$	0.1272
	0.4397		0.4397		0.4397		0.4397
	0.0886		0.0886		0.0886		0.0886
	0.0617		0.0617		0.0617		0.0617
	0.0198		0.0198		0.0198		0.0198
	0.0167		0.0167		0.0167		0.0167
	0.0161		0.0161		0.0161		0.0161
	0.2302		0.2302		0.2302		0.2302
	<u>1.0000</u>		<u>1.0000</u>		<u>1.0000</u>		<u>1.0000</u>
	0.0700		0.0687		0.0669		0.0652
	0.0035		0.0035		0.0035		0.0035
	0.0495		0.0509		0.0454		0.0429
	-		-		0.0269		0.0166
	0.1270		0.1270		0.1270		0.1270
	0.0638		0.0633		0.0556		0.0686
	-		0.0271		0.0280		0.0231
	<u>0.3138</u>		<u>0.3405</u>		<u>0.3532</u>		<u>0.3469</u>
\$	<u>1.3138</u>	\$	<u>1.3405</u>	\$	<u>1.3532</u>	\$	<u>1.3469</u>

CITY OF TUSTIN

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2022		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Vestar Kimco Tustin LP	\$ 188,175,161	1.27%	\$ 158,439,243	1.67%
Raintree Tustin LLC	152,552,125	1.03%		
Legacy Villas LLC	133,321,306	0.90%		
Flight Phase I Owner LLC	119,646,679	0.81%		
Tustin Market Place	89,050,545	0.60%		
Costco Wholesale Corporation	77,032,127	0.52%	46,801,088	0.49%
Schools First Federal Credit Union	76,741,785	0.52%		
Tustin Parc LP	65,955,463	0.45%		
Rancho Santa Fe Apartments LLC	59,361,136	0.40%		
Borchard Redhill SKB-Tustin LLC	58,830,040	0.40%	46,563,000	0.49%
Irvine Company LLC			271,717,606	2.86%
Avalon II California Value I			95,784,066	1.01%
PK II Larwin Square SC LP			49,776,225	0.52%
Ricoh Development			47,679,705	0.50%
Rancho Alisal LLC			36,610,468	0.39%
CP II Park Place LLC			34,761,082	0.37%
Tustin Heights SC LP			33,737,223	0.36%
	<u>\$ 1,020,666,367</u>	<u>6.90%</u>	<u>\$ 821,869,706</u>	<u>8.66%</u>

Source: HdL, Coren & Cone

CITY OF TUSTIN

PROPERTY TAX LEVIES AND COLLECTIONS

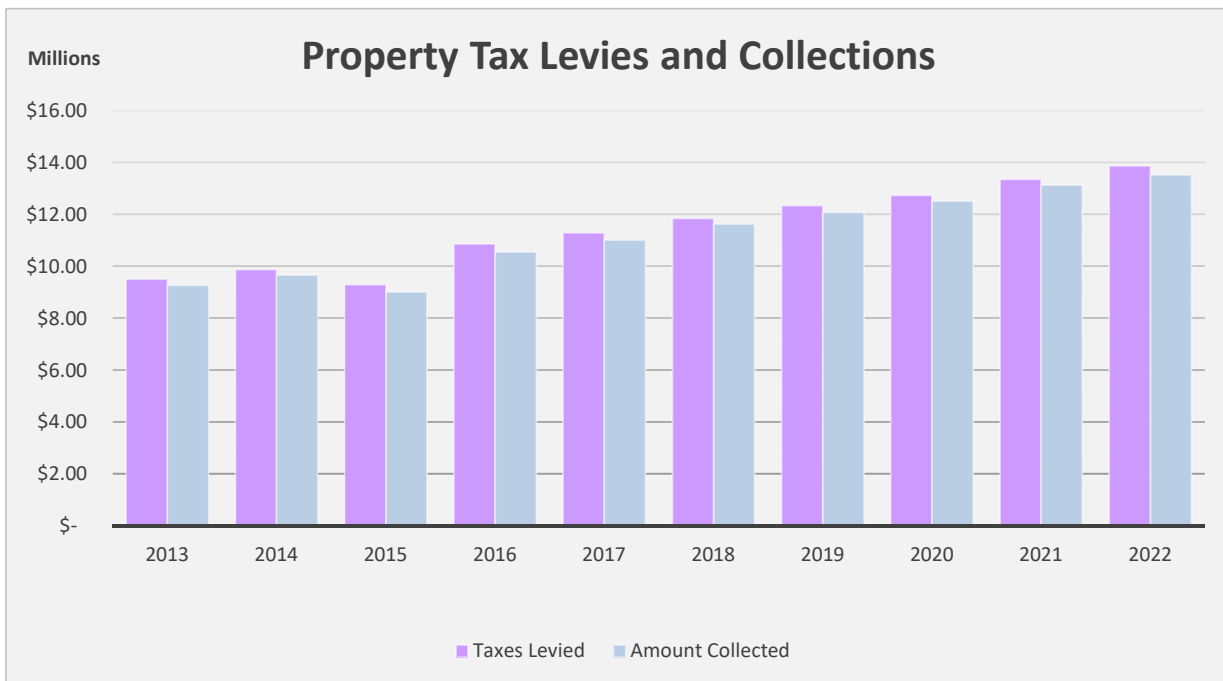
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2021	13,346,141	13,122,458	98.32%	180,669	13,303,126	99.68%
2022	13,867,033	13,518,415	97.49%	279,787	13,798,202	99.50%

Notes:

The amounts presented for fiscal years 2009 through 2012 include City property taxes and former Redevelopment Agency property taxes. Effective February 1, 2012, the former Redevelopment Agency was dissolved. See Notes 18 for more information.

Source: County of Orange Auditor Controller's Office



CITY OF TUSTIN

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities
	Notes Payable ¹	Lease Payable ²	Lease Payable ³	
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
2021	-	46,761	-	46,761
2022	-	-	564,529	564,529

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

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

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

³ In fiscal year 2021-2022, the City implemented GASB 87 Lease Payable as a lessee for facilities, vehicles and equipment. See Note 9 for more information.

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

Water Revenue Bonds ⁴	Water Revenue Bonds ⁵	Business-type Activity				Total Business-type Activity	Total Primary Government	Percentage of Personal Income	Debt Per Capita
		Water Revenue Bonds ⁶	Water Revenue Bonds ⁷	Water Revenue Bonds ⁸	Water Revenue Bonds ⁸				
\$ 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	14,910,000	40,532,683	40,657,175	1.37%	506	
-	2,023,074	-	22,580,247	14,745,000	39,348,321	39,395,082	1.27%	492	
-	1,021,317	-	22,527,643	14,540,000	38,088,960	38,653,489	1.18%	486	

⁴ In May 2011 the City issued \$20,760,000 Water Revenue Bonds, 2011 Series A to finance water capital improvement projects.

⁵ In March 2012 the City issued \$8.91 million of Refunding Water Bonds to defease the outstanding 2003 Water Revenue Bonds.

⁶ In October 2013 the City issued \$14,045,000 Water Revenue Bonds to finance water capital improvement projects.

⁷ In September 2016 the City issued \$21.515 million of Refunding Water Bonds to defease the outstanding 2011 Water Revenue Bonds.

⁸ In February 2020 the City issued \$14.91 million of Refunding Water Bonds to defease the outstanding 2013 Water Revenue Bonds.

CITY OF TUSTIN

OVERLAPPING DEBT SCHEDULE

June 30, 2022

2021-22 Assessed Valuation:	\$ 14,813,295,178
Redevelopment Incremental Valuation	<u>(4,026,852,862)</u>
Adjusted Assessed Value	<u>\$ 10,786,442,316</u>

	Total Debt 6/30/22	% Applicable ¹	City's Share of Debt at 6/30/22
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 20,175,000	0.436%	\$ 87,963
Rancho Santiago Community College District	196,772,727	0.151	297,127
Rancho Santiago Community College District School Facilities Improvement District No.1	154,720,000	0.26	402,272
Irvine Unified School District School Facilities Improvement District No. 1	158,925,000	2.720	4,322,760
Orange Unified School District	277,865,000	0.029	80,581
Santa Ana Unified School District	338,925,119	0.321	1,087,950
Tustin Unified School District School Facilities Improvement District No. 2002-1	44,035,000	46.764	20,584,601
Tustin Unified School District School Facilities Improvement District No. 2008-1	79,340,000	45.207	35,867,234
Tustin Unified School District School Facilities Improvement District No. 2012-1	35,595,000	45.654	16,250,541
Tustin Unified School District Community Facilities District No. 88-1	12,265,000	100	12,265,000
Tustin Unified School District Community Facilities District No. 06-1	13,390,000	100	13,390,000
City of Tustin Community Facilities Districts	91,695,000	100	91,695,000
Irvine Ranch Water District Improvement Districts	444,496,616	4.964 - 88.258	53,746,844
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>250,077,873</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Orange County General Fund Obligations	\$ 376,780,000	2.173%	\$ 8,187,429
Orange County Pension Obligations Bonds	521,784,000	2.173	11,338,366
Orange County Board of Education General Fund Obligations	11,620,000	2.173	252,503
Orange Unified School District Certificates of Participation	17,195,278	0.029	4,987
Orange Unified School District Benefit Obligations	60,835,000	0.029	17,642
Santa Ana Unified School District General Fund Obligations	50,389,370	0.321	161,750
City of Tustin Lease Payable	564,529	100	564,529
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>20,527,206</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>	\$ 111,455,000	0.001-100.0%	<u>46,175,653</u> ²
TOTAL OVERLAPPING DEBT			316,216,203 ³
TOTAL DIRECT DEBT			<u>564,529</u>
COMBINED TOTAL DEBT			<u>\$ 316,780,732</u>

¹ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

² Effective February 1, 2012, the former Redevelopment Agency was dissolved. The Successor Agency took over assets and liability of the former Redevelopment agency. See Note 18 for more information

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

Ratios to 2021-2022 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	1.69%
Total Direct Debt	0.00%
Combined Total Debt	2.13%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,026,852,862):

Total Overlapping Tax Increment Debt	1.15%
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Source: California Municipal Statistics, Inc.

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CITY OF TUSTIN

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Assessed valuation	\$ 7,270,451,000	\$ 7,418,821,000	\$ 7,790,632,000	\$ 8,218,228,000
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,817,612,750	1,854,705,250	1,947,658,000	2,054,557,000
Debt limit percentage	15%	15%	15%	15%
Debt limit	272,641,913	278,205,788	292,148,700	308,183,550
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	<u>\$ 272,641,913</u>	<u>\$ 278,205,788</u>	<u>\$ 292,148,700</u>	<u>\$ 308,183,550</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					
2017	2018	2019	2020	2021	2022
\$ 8,566,757,000	\$ 8,995,570,000	\$ 9,405,874,000	\$ 9,819,597,000	\$ 10,285,119,000	\$ 10,609,472,000
25%	25%	25%	25%	25%	25%
2,141,689,250	2,248,892,500	2,351,468,500	2,454,899,250	2,571,279,750	2,652,368,000
15%	15%	15%	15%	15%	15%
321,253,388	337,333,875	352,720,275	368,234,888	385,691,962.50	397,855,200
-	-	-	-	-	-
<u>\$ 321,253,388</u>	<u>\$ 337,333,875</u>	<u>\$ 352,720,275</u>	<u>\$ 368,234,888</u>	<u>\$ 385,691,963</u>	<u>\$ 397,855,200</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	
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	14,284,473	4,359,752	880,000	1,503,095	1.83
2020	18,257,313	14,022,416	4,234,897	860,000	1,474,120	1.81
2021	19,083,377	15,889,077	3,194,300	1,050,000	1,251,630	1.39
2022	21,740,382	18,481,674	3,258,708	1,125,000	1,166,362	1.42

Notes:

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

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

Source: Proprietary Fund (ACFR) & Debt Service Schedules

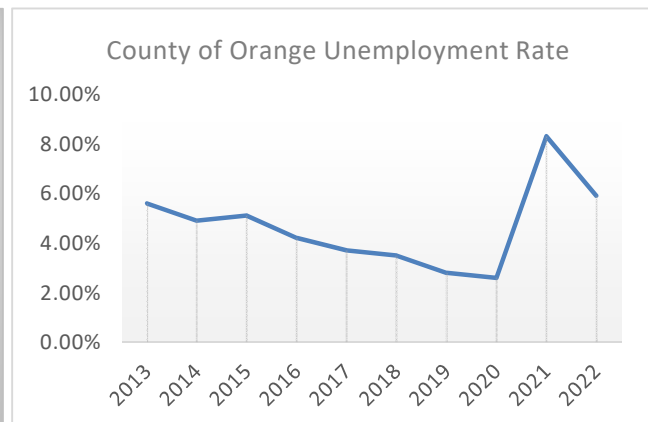
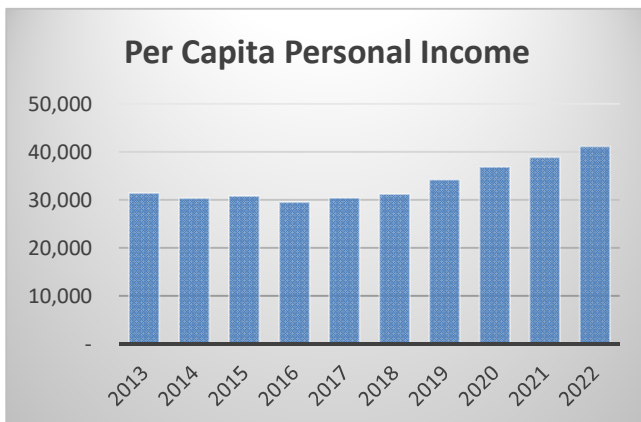
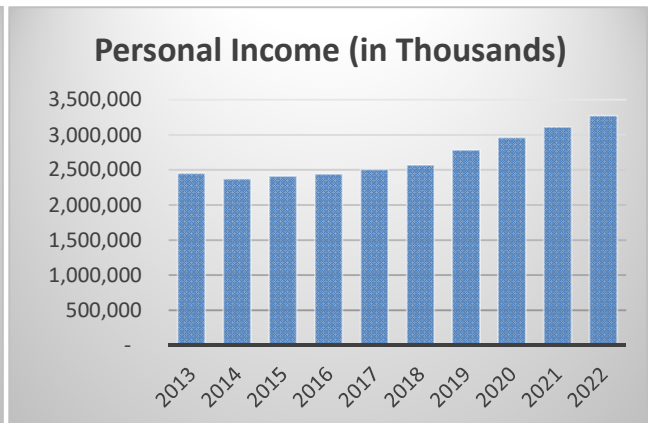
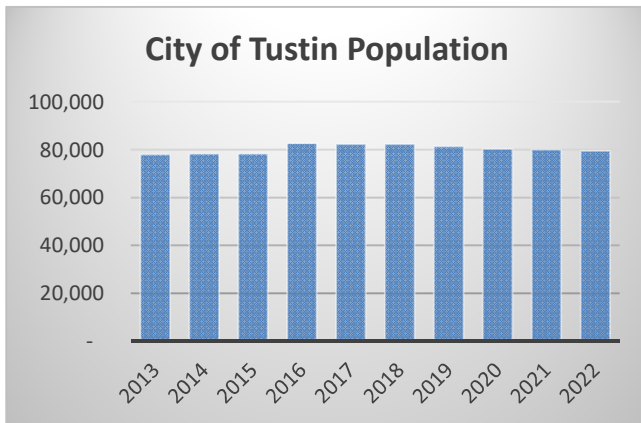
CITY OF TUSTIN

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	City of Tustin Population	Personal Income (in Thousands)	Per Capita Personal Income	County of Orange Unemployment Rate
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%
2021	80,009	3,112,332	38,899	8.30%
2022	79,535	3,271,521	41,133	5.90%

Source: HdL Coren & Cone, LLC



CITY OF TUSTIN

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2022		2013	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Tustin Unified School District	2,805	6.63%	1,100	2.63%
Schools First Federal Credit Union	1,076	2.54%		
Costco Wholesale Corporation*	658	1.56%	450	1.08%
Foothill Regional Medical Center*	575	1.36%		
New American Funding	449	1.06%		
City of Tustin	424	1.00%	300	0.72%
Youngs Market Company LLC*	350	0.83%		
Avid Bioservices, Inc.*	282	0.67%		
Kaiser Foundation Hospitals*	200	0.47%		
Logomark Inc*	196	0.46%	200	0.48%
Ricoh Electronics Inc	-	0.00%	500	1.20%
Toshiba America Medical Systems	-	0.00%	300	0.72%
Rockwell Collins	-	0.00%	600	1.44%
Safmarine	-	0.00%	400	0.96%
GE Power Electronics (formerly Cherokee International)	-	0.00%	330	0.79%
Tustin Hospital Medical Center	-	0.00%	300	0.72%
Micro Vention Inc.	-	0.00%	300	0.72%
Balboa Water Group	-	0.00%	253	0.61%
Kleen Impressions	-	0.00%	250	0.60%
Warner Systems	-	0.00%	250	0.60%
Alliance One	-	0.00%	215	0.51%
Home Depot	-	0.00%	203	0.49%
Health South Tustin Rehab Hospital	-	0.00%	200	0.48%
Straub Distributing Co	-	0.00%	200	0.48%
SMC Corp	-	0.00%	200	0.48%
KTBN Channel 40 Trinity Broadcasting	-	0.00%	200	0.48%

*Employment numbers from 2021 year.

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	26	35	33	38	35	39	42	42	45	42
Community Development	15	15	16	19	19	19	20	20	23	24
Public Works	40	47	48	45	48	47	49	50	53	60
Police	131	140	141	141	137	142	140	143	150	147
Parks and Recreation	13	13	14	14	17	17	17	16	17	19
RDA/Successor Agency	3	-	-	-	-	-	-	-	-	-
Water	17	17	18	19	18	18	19	17	21	16
Total	245	267	270	276	274	282	287	288	309	308

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

Source: City of Tustin Human Resources Department

CITY OF TUSTIN

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	129.1	129.1	130.1	130.7	131.3	131.3	132.6	132.6	132.6
Street Lights	3,544	3,640	3,640	3,680	3,700	3,700	3,740	3,797	3,789	3,789
Traffic Signals	118	121	121	125	126	128	128	128	131	131
Storm Drain (miles)	49.2	51.2	51.4	51.8	52.9	53.9	53.9	53.9	54.8	54.8
Street Trees	16,097	16,073	15,815	15,706	15,542	15,574	15,042	14,606	14,546	14,546
Parks and Recreation										
Parks	13	13	13	14	14	14	14	16	16	16
Parks (acres)	98.5	98.5	98.5	116.0	116.0	116.0	116.0	173.5	173.5	173.5
Community Centers	3	3	3	3	3	3	3	3	4	4
Senior Centers	1	1	1	1	1	1	1	1	1	1
Water										
Metered Services	14,172	14,181	14,148	14,099	14,109	14,104	14,241	14,328	14,325	14,392
Average daily consumptic	13,601	13,975	13,975	9,975	10,601	11,770	11,098	11,098	12,494	11,755
Reservoirs	6	6	6	6	6	6	6	6	6	7
Wells	13	13	13	13	14	14	14	14	14	14
Water Main (miles)	178	178	178	178	178	178	178	178	178	178
Fire Hydrants	2,201	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911

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

Source: City of Tustin Finance Department

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CITY OF TUSTIN

WATER CONSUMPTION BY CUSTOMER TYPE

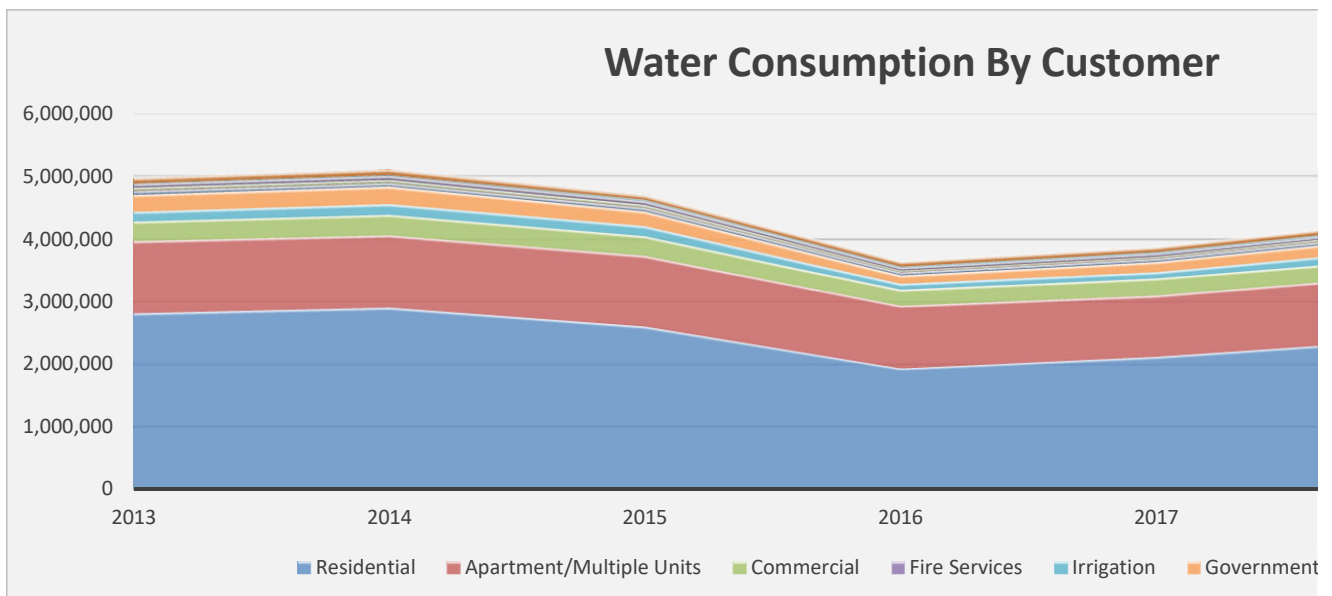
Last Ten Fiscal Years

Type of Customer	Fiscal Year			
	2013	2014	2015	2016
Residential	2,815,322	2,905,069	2,603,538	1,934,761
Apartment/Multiple Units	1,158,480	1,163,159	1,139,321	1,003,808
Commercial	308,376	321,125	310,585	259,459
Fire Services	818	577	837	646
Irrigation	151,965	167,346	155,766	96,082
Government	268,581	276,292	229,262	134,446
Restaurants	53,461	52,520	51,658	45,069
Hospitals	12,442	7,634	10,018	11,166
Non-Profit	44,476	45,920	41,601	22,989
Industrial	57,462	60,438	59,292	40,407
Hotel/Motels	10,417	12,866	21,379	23,387
All Others	82,716	87,785	71,324	68,830
	<u>4,964,516</u>	<u>5,100,731</u>	<u>4,694,581</u>	<u>3,641,050</u>

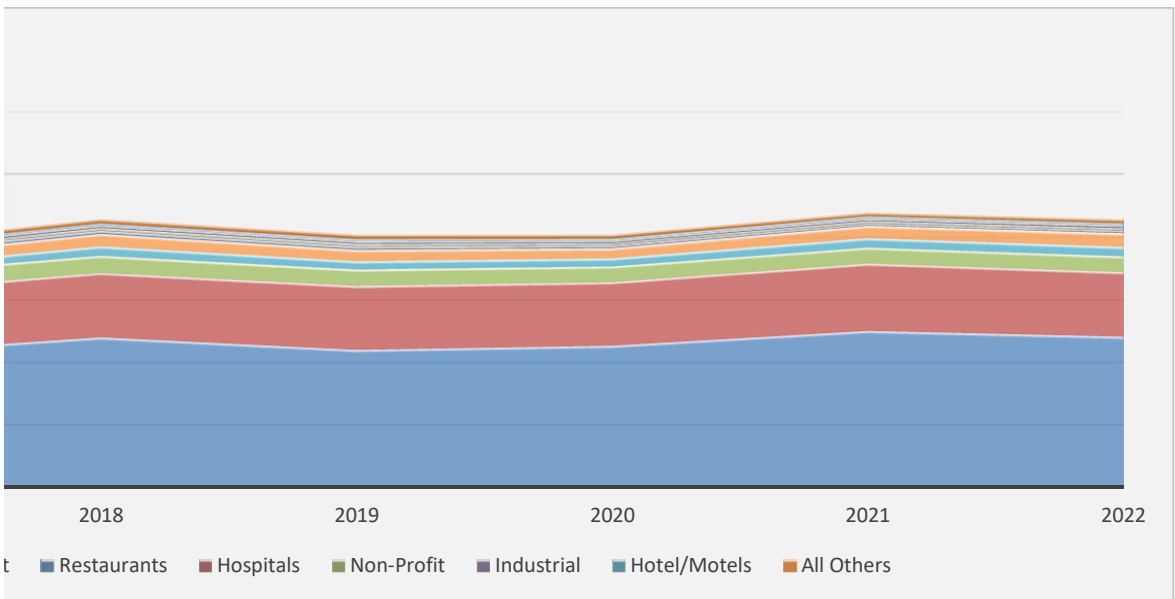
Measured in hundred cubic feet.

*2021 data was restated.

Source: City of Tustin Finance Department



Fiscal Year					
2017	2018	2019	2020	2021*	2022
2,119,716	2,398,744	2,199,236	2,264,772	2,498,332	2,407,301
987,688	1,039,878	1,029,284	1,026,696	1,093,537	1,045,809
271,649	274,943	267,541	255,245	247,832	252,125
504	589	564	475	595	767
105,750	146,941	131,579	127,429	151,390	147,165
162,843	195,695	177,321	158,344	195,034	214,756
44,947	45,086	45,905	37,786	30,574	36,088
11,276	10,536	13,102	10,158	10,256	9,687
26,751	34,539	32,021	28,491	28,792	30,534
45,071	45,062	44,693	37,520	43,009	45,838
25,185	28,908	32,594	32,754	33,598	31,621
70,721	75,208	76,873	70,777	66,722	68,762
<u>3,872,101</u>	<u>4,296,129</u>	<u>4,050,713</u>	<u>4,050,447</u>	<u>4,399,671</u>	<u>4,290,453</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
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
2021	41.75	2.93	2.93	2.93	2.93	2.93	2.93	2.93
2022	43.84	11.44	3.08	3.08	3.08	3.08	3.08	3.08

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

Notes:

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

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

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

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

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

³ No longer in effect.

Source: City of Tustin Finance Department

CITY OF TUSTIN

WATER CUSTOMERS

Current Fiscal Year and Nine Years Ago

Water Customer	2022		2013	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Tustin Unified School District	\$ 639,956	3.26%	\$ 658,670	3.95%
Tustin Village Community Association	209,435	1.07%		
Tustin Acres Community Association	200,291	1.02%	35,290	0.21%
City of Tustin	163,968	0.84%	150,073	0.90%
Raintree Tustin LLC	135,389	0.69%		
Tustin Parc	68,918	0.35%		
Sycamore Gardens HOA	57,966	0.30%	23,548	0.14%
Briarwood Investment Co. Ltd.	55,844	0.28%	21,833	0.13%
CMC Association Management	52,844	0.27%	25,006	0.15%
Schroeder Property Management	52,833	0.27%	37,473	0.22%
15701 TV Way Partnership	51,707	0.26%	23,703	0.14%
Vio Tustin Investment LP	50,864	0.26%		
Westchester Park LP	50,380	0.26%		
Cadigan Communitis - Monterey Pines	48,647	0.25%		
Pointe Newport Appartments	46,968	0.24%		
Waterstone Gardens Investments LP	44,819	0.23%		
Contesta Immobilien Gmbh & Co	43,960	0.22%		
Tustin Plaza Center, LP	43,778	0.22%	32,934	0.20%
Saddleback Mobilodge	43,032	0.22%		
Tree Haven Owners Assoc.	42,072	0.21%		
Arnel Management (Walnut East)	40,977	0.21%		
Curtis Grieder	40,830	0.21%		
Tustin Village Com.Assn	39,459	0.20%	18,901	0.11%
Regency West	38,978	0.20%		
New Villa Valencia MHP	38,750	0.20%		
CalTrans - District 12			129,767	0.78%
AT& T Services, Inc.			73,129	0.44%
Ricoh Electronics			72,988	0.44%
HSA LP			37,964	0.23%
Tustin Place HOA			32,028	0.19%
SKB-Tustin LLC			29,315	0.18%
Trinity United Presbyterian			27,114	0.16%
Valencia Gardens Owner LLC			26,899	0.16%
Red Hill Association			26,727	0.16%
GRE Tustin Financial			26,478	0.16%
Tustin Care Center			25,206	0.15%
Key Inn			24,533	0.15%
Company of Mary			24,488	0.15%
Tustin Hospital Medical Center			24,222	0.15%
Sierra Corporate Management			24,180	0.14%
Avalon 2 Calif 1 LP			24,149	0.14%
Westchester Park LP			23,297	0.14%
Total Water Sales	<u>\$ 2,302,665</u>	<u>11.74%</u>	<u>\$ 1,679,915</u>	<u>10.07%</u>
Total Water Revenues	<u>\$ 19,633,007</u>			

CITY OF TUSTIN

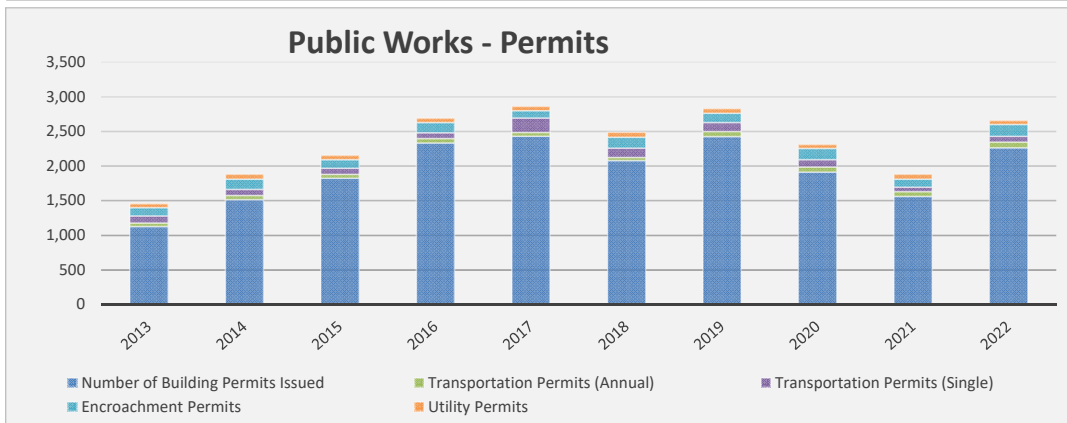
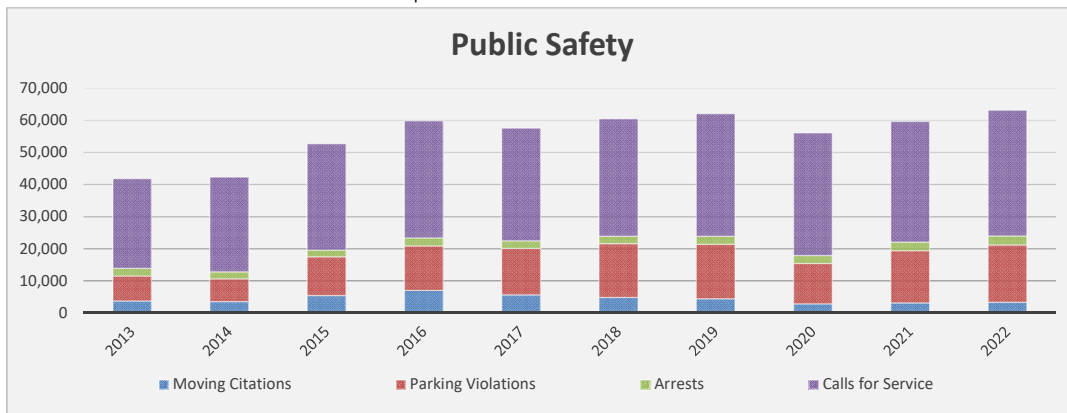
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

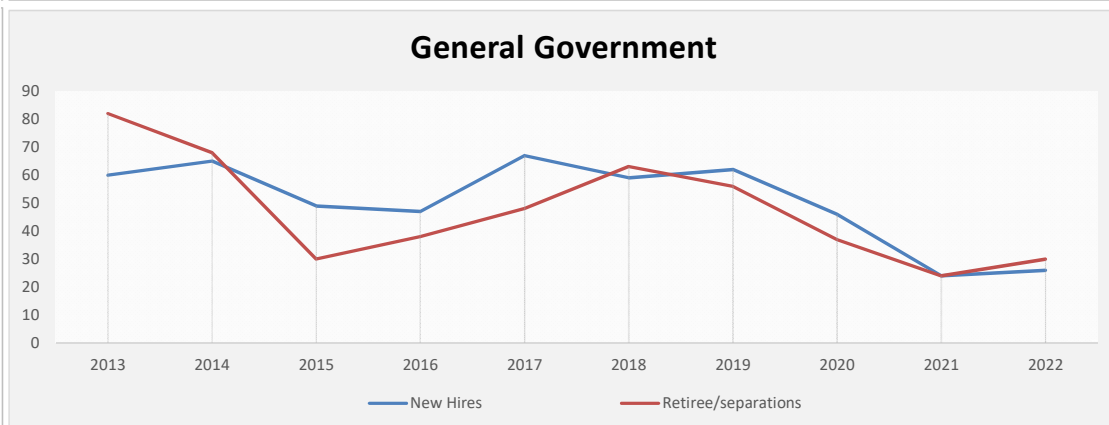
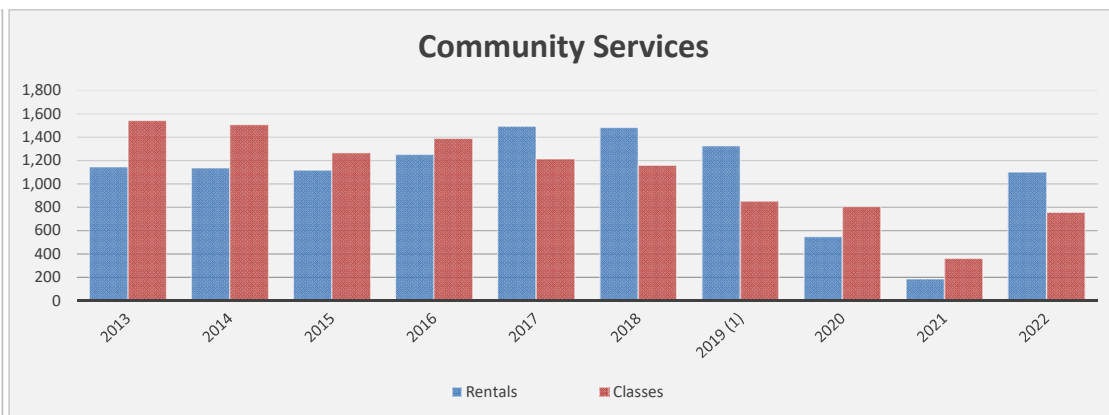
	Fiscal Year			
	2013	2014	2015	2016
Public Safety				
Moving Citations	3,748	3,499	5,444	6,982
Parking Violations	7,754	7,136	11,994	13,855
Arrests	2,420	2,139	2,155	2,494
Calls for Service	27,954	29,527	33,114	36,618
Public Works				
Number of Building Permits Issued	1,130	1,517	1,828	2,334
Number of Building Inspections Completed	5,934	5,655	6,344	11,947
Transportation Permits				
Annual	50	59	55	66
Single	99	89	88	82
Encroachment Permits	123	148	124	147
Utility Permits	55	66	60	59
Curb Miles Swept	20,003	21,118	20,773	22,087
Community Services				
Rentals	1,147	1,138	1,117	1,253
Classes	1,544	1,508	1,265	1,389
General Government				
New Hires	60	65	49	47
Retiree/separations	82	68	30	38

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

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



Fiscal Year					
2017	2018	2019	2020	2021	2022
5,590	4,762	4,355	2,811	3,079	3,312
14,514	16,836	17,017	12,609	16,256	17,898
2,343	2,302	2,463	2,448	2,774	2,810
35,172	36,571	38,326	38,288	37,616	39,168
2,430	2,078	2,425	1,915	1,560	2,265
11,768	9,816	11,348	15,884	9,907	10,073
56	46	77	74	73	81
208	137	127	104	64	84
107	155	136	161	117	147
62	71	65	57	65	55
20,589	20,270	22,162	20,766	20,766	20,766
1,494	1,483	1,326	550 *	187 *	1,102
1,213	1,160	854	805	362 *	758
67	48	62	46	24	26
47	63	56	37	24	30



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