

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021

City of Hesperia

9700 Seventh Avenue

Hesperia, CA 92345

www.cityofhesperia.us



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CITY OF HESPERIA CALIFORNIA

Brigit Bennington, Mayor

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Larry Bird, Council Member

Cameron Gregg, Council Member

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(At Date of Issuance)

Nils Bentsen, City Manager

PREPARED BY THE CITY OF HESPERIA MANAGEMENT SERVICES DEPARTMENT

Casey Brooksher, Director of Administrative Services

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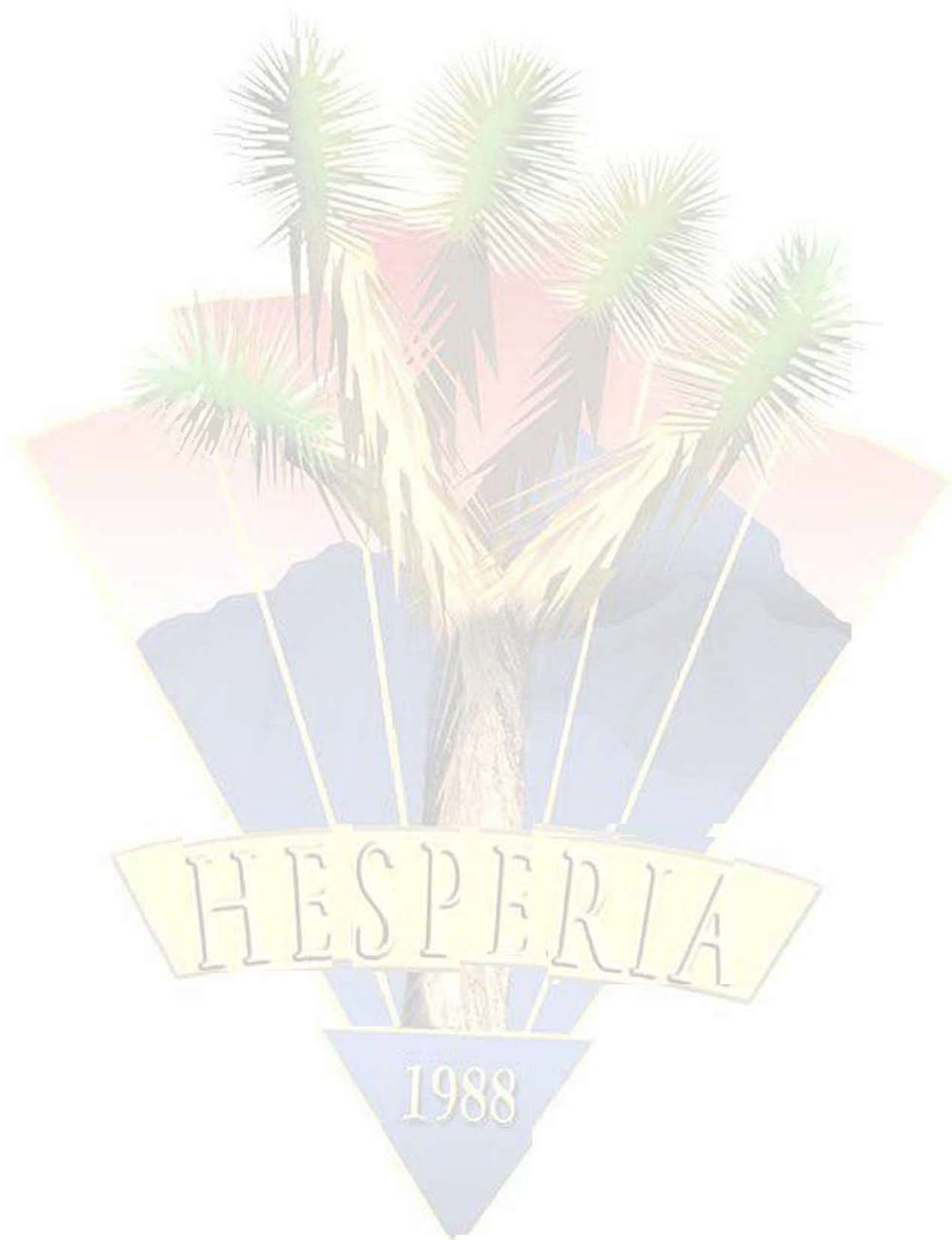
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INTRODUCTORY SECTION





City of Hesperia

CALIFORNIA

March 30, 2022

To the Honorable Mayor, City Council, City Manager and Citizens of the City of Hesperia:

It is a pleasure to present the City of Hesperia's Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2021. This report provides a broad view of the City's financial activities for the 2020-21 Fiscal Year and its financial position as of June 30, 2021. Although addressed to the elected officials and citizens of the City, this report has a number of other users. Foremost among these other users are bondholders of the city's debt, financial institutions, credit rating agencies, educational institutions, and other governmental entities.

This report consists of management's representations concerning the finances of the City of Hesperia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hesperia 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 City of Hesperia's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Hesperia's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The ACFR consists of three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of principal officials and administrative personnel, the City's organizational chart, and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's Fiscal Year Ended June 30, 2020. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, fund financial statements, notes to the basic financial statements, required supplementary information, other supplementary information, including combining and individual fund financial schedules. The statistical section provides relevant financial and non-financial data depicting the City's historical trends and other significant facts.

The City of Hesperia's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hesperia for the Fiscal Year ended June 30, 2021 are free of material misstatement. 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 on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hesperia's

financial statements for the Fiscal Year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Hesperia was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Hesperia's separately issued Single Audit of Federally Assisted Grant Programs report.

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

Profile of the Government

Adorned by the San Bernardino Mountain Range along its southern border, the City of Hesperia is located in the High Desert area of San Bernardino County, approximately 35 miles north of the City of San Bernardino and 90 miles northeast of Los Angeles. The City encompasses nearly 75 square miles and is home to an estimated 96,100 residents.

The City was incorporated on July 1, 1988, under the laws of the State of California and enjoys all the rights and privileges afforded to a general law city. The City is governed by a five-member City Council under the Council-Manager form of government. Policy-making and legislative authority are vested in the governing council, consisting of the mayor and four other members. All Council Members are elected to a four-year term and the City does not have term limits. Regular elections are conducted in November of even numbered years and, with the general municipal election held in November 2018, Hesperia began implementation of a by-district system of elections, whereby each Council Member represents one district or area within the City. Most recently, on November 3, 2020, the City held an election for City Council seats in districts 1, 4, & 5. The Mayor is appointed annually by and among the members of the City Council. The governing council is responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and resolutions of the governing council and for overseeing the day-to-day operations of the government.

The City of Hesperia, including its component districts, employs approximately 166 full-time employees (not including contract police services). Services provided include the construction and maintenance of streets and other infrastructure; community services, including building and safety, code compliance, and animal control; as well as water, wastewater, and recycled water services. In addition to general government activities, the City Council also serves as the Board of Directors for the Hesperia Water District, Hesperia Housing Authority, Hesperia Community Development Commission, Hesperia Public Financing Authority, Hesperia Public Facilities Corporation, the Hesperia Joint Public Finance Authority, and the Hesperia Fire Protection District (limited to overseeing only the long-term liabilities associated with the former employees of the District). Therefore, these activities have been included as an integral part of the City of Hesperia's financial statements where appropriate. Additional information on these entities can be found in Note 1 in the notes to the financial statements.

The City of Hesperia contracts with the San Bernardino County Sheriff's Department for its police services which includes 57 sworn officers and 18 civilian positions. The law enforcement and public safety services provided through the contract include, patrol operations, traffic enforcement, detective services, gang investigation/suppression, problem-oriented policing and community outreach programs.

Beginning November 1, 2018, the Hesperia Fire Protection District (HFPD) was reorganized, and the San Bernardino County Fire Department assumed responsibility for providing fire protection and emergency medical services for the community. The HFPD is now limited to overseeing only the long-term liabilities associated with the former employees of the District, which is supported by property tax revenue.

The annual budget serves as the foundation for the City of Hesperia's financial planning and control. Each year the budget development guidelines, for use in preparing the next year's budget, are reviewed and updated. These guidelines are structured to reflect the City Council's goals and objectives and to provide the framework in which the budget is prepared. Annually, the proposed budget is submitted to the City Council and a public hearing is conducted to obtain citizen comments. Prior to the beginning of the new fiscal year, the City Council adopts the annual operating and capital budgets at public meetings.

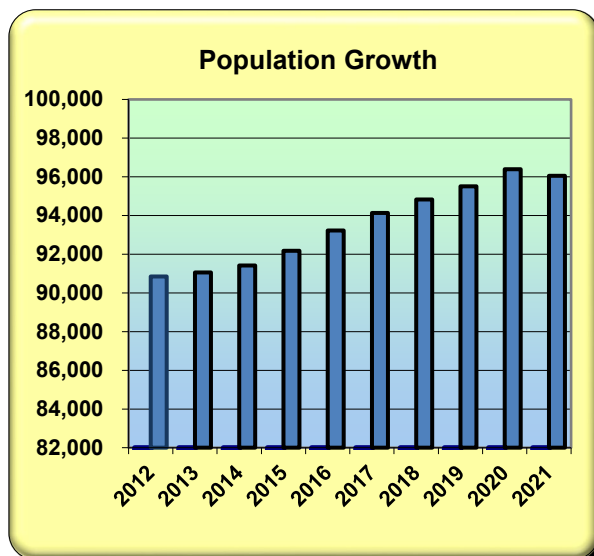
The City's budget policy is that all appropriations lapse at fiscal year-end. Outstanding encumbrance balances at fiscal year-end require re-approval by the City Council. The City Council may amend the budget at any time during the fiscal year. The City Manager may authorize budget transfers between line items and programs within a fund, as long as the total budget for each fund has not exceeded the amount approved by the City Council. The level of budgetary control is set at the fund level to ensure compliance with the budget as approved by the City Council; therefore, any budgetary increases at the fund level require City Council approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Hesperia operates.

Local economy

The City of Hesperia is located in the northern region of the Inland Empire, an area of Southern California with affordable undeveloped land among multiple transportation corridors. Situated at the summit of the Cajon Pass and within the interconnection of Interstate 15 and U.S. Highway 395, Hesperia off 17 miles of prime freeway frontage. Rail access is also available in Hesperia, with approximately one mile of rail road lead track, positioning the City to derive key benefits from development in the future.



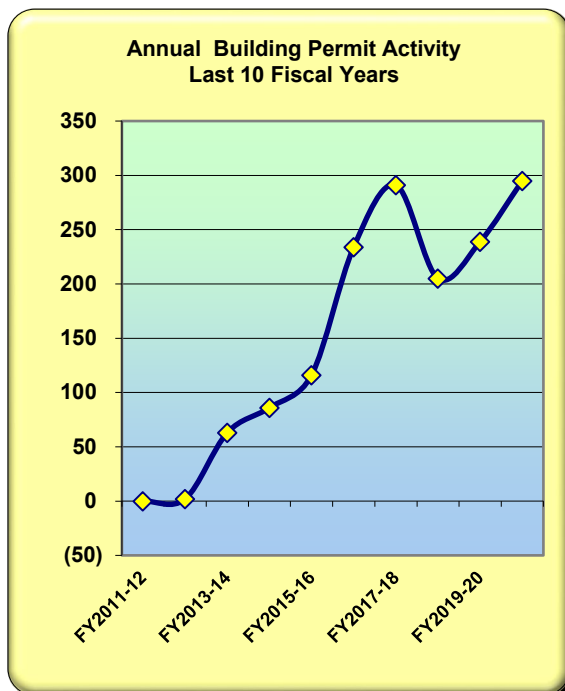
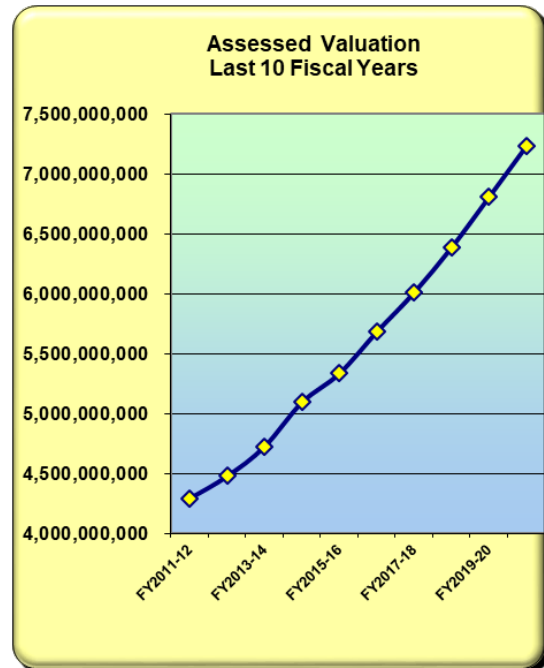
The City of Hesperia is home to approximately 96,100 residents. Current and projected growth in Hesperia provides the City with a large and expanding workforce. Over the last ten years, Hesperia has experienced moderate growth in its population, growing approximately 5.7%. This 10-year growth is slightly higher than that of the county at 4.8%, state 3.6%, but somewhat less than the nation at 6.1%, for the same time period. Hesperia's 5.7% population growth over the last decade is in addition to the substantial growth Hesperia experienced over the previous decade of 33.2%. Over the last few years, however, Hesperia's growth trend has significantly slowed, with the most recent year flat compared to the prior year.

City of Hesperia

Letter of Transmittal (Continued)

Prior to the Covid-19 Pandemic, a large portion of the labor pool commuted daily into the Los Angeles basin due to the lack of available employment in the High Desert. Although the City has persistently pursued efforts to attract new businesses and expand existing businesses, the overall high desert is in need of additional employment opportunities for its residents, and the ongoing pandemic has only exacerbated this issue. According to data released by the California Employment Development Department (EDD), due to the impacts of the pandemic, the City of Hesperia's unemployment rate in October 2021 remained elevated at 8.7%, but decreased from the 9.9% unemployment rate experienced in the prior year. Although Hesperia's unemployment rate has decreased from the prior year, the 8.7% rate is nearly double the 4.5% rate reported in 2019. Hesperia's 8.7% unemployment rate is also higher than the 6.3% rate experienced within overall County of San Bernardino County, the 6.1% rate for the State, and the 4.2% rate for the nation as a whole.

The City of Hesperia has 74 square miles of space to accommodate residential, commercial, and industrial development. The chart to the right reflects the assessed valuation changes experienced since the low of the Great Recession of 2008. In the nine years following the 2012 bottom, assessed valuation has steadily increased. Newly released data from the San Bernardino County's Assessor's Office reflects a 6.2% increase in Hesperia's assessed valuation for 2021. With this most recent announcement, the City's \$7.2 billion assessed valuation well surpasses the pre-recession high last seen in 2008 by 22%, which is certainly welcomed news for the community. Even with the recent increases in assessed valuation, the High Desert region continues to have some of the most affordable housing in California according to the California Association of Realtors.



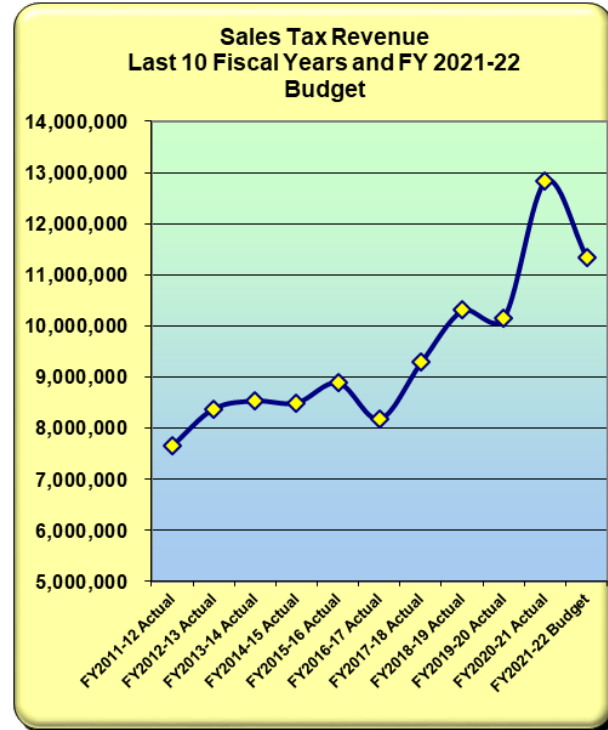
Single family residential (SFR) building permit activity within the City has returned to the normalized levels experienced prior to the pre-housing boom/recession levels of the mid to late 2000's. The chart to the left shows the increase in building permit activity that occurred in the years subsequent to the dramatic plunge resulting from the Great Recession of 2008. Within the last five fiscal years, the City has returned to the levels seen prior to the boom and subsequent recession, with 295 permits issued in FY 2020-21 and 239, 205, 291, and 234 issued in the respective preceding four years.

Commercial development activity, similar to residential development, acts as a barometer of local economic conditions. Commercial development activity over the last year was more robust than the level experienced in the prior fiscal year, with the addition of 1,066,249

square feet of commercial construction in FY 2020-21, compared to the previous year's 245,709 added square footage. During FY 2020-21, the City welcomed the additional square footage provided from such projects as Wendy's fast food restaurant and Quick Quack Car Wash, with the predominant addition resulting from a commercial warehouse and office space on Cedar Street. Through October 2021, 4,261 of additional square footage has been added, which includes the addition of a Raising Cane restaurant. This is a reduction from the 6,477 commercial square footage that was added through October 2020.

As displayed in the chart to the right, Hesperia has seen a significant improvement in sales tax revenue during the last ten fiscal years. When compared to the previous decade, the City has experienced a 63% increase in sales tax revenue from the \$7.9 million high recorded in FY 2006-07 (just prior to the Great Recession of 2008), to \$12.8 million actual in FY 2020-21.

For FY 2020-21, sales tax, as the City's largest revenue source, benefited from growth in the City's allocation from the countywide tax pool as a result of the Wayfair decision (which requires out-of-state sellers to collect and remit sales tax on sales to in-state consumers even if the seller has no physical presence in the consumer's state), along with increased demand for online purchases due to the pandemic, which has changed consumers' buying habits. The FY 2021-22 Budget projects \$11.3 million in sales tax revenue, a reduction of \$1.5 million from the FY 2020-21 Actual of \$12.8 million, due in large part to a sales tax allocation change regarding a large online seller. As a result of this change, sales tax revenue generated from the seller's distribution warehouse will no longer be included in the county sales tax pool for distribution to cities across the county. Other contributing factors for the lowered estimate include the absence of one-time adjustments received in the previous year, and the continued impact from the decline in fuel sales due to a reduction in the commuting workforce, a result of the pandemic, as fuel sales are a significant sales tax producing component for the City.



Fiscal Year 2020-21 Goals, Efforts, and Actions

Leveraging the City's limited resources to derive the greatest benefit for the good of the entire community, is at the heart of the City Council's commitment to its citizens. This management philosophy has made it possible for the City Council to further their goals toward building a strong community and improving the quality of life for Hesperia residents, businesses, and visitors.

During the Fiscal Year Ended June 30, 2021, despite the difficulties brought about by the Covid-19 pandemic, the City not only continued to provide the municipal services expected by its citizens, but also made progress in accomplishing a variety of goals and projects for the benefit of the Hesperia community. Some of the more significant accomplishments were:

- ❖ The Fiscal Year 2021-22 Budget was adopted with the equivalent of 2.4 months of General Fund expenditures held as cash reserves.
- ❖ The Hesperia City Council provided an additional \$2.0 million of funding within Fiscal Year 2020-21 for its annual Street Improvement Project. These funds were used to enhance streets throughout the City and are in addition to the ongoing Street Maintenance Program.

- ❖ For the 19th consecutive year, the City has earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2020.
- ❖ The City administered the Emergency Housing and Business Assistance Program, utilizing CARES Act funding, to assist Hesperia businesses and households during the COVID-19 pandemic.
- ❖ In furtherance of the City Council's Future Development Priority, the implementation of a Pavement Management System was completed in FY 2020-21. This project included a street assessment program to evaluate and rate the City-wide street infrastructure to determine the specific streets in most need of rehabilitation, thereby enabling the City to focus funding on the streets most in need of repair, with the ultimate goal of augmenting reliable City infrastructure in order to foster future growth.
- ❖ To achieve a savings in Water District debt financing costs, the Hesperia Water District approved the early retirement of the Water District 1998A Bonds approximately six years earlier than the stated maturity date, resulting in an estimated savings of \$417,908.
- ❖ To provide an alternate payment options for water/sewer utility customers, an Interactive Voice Response (IVR) system was implemented during FY 2020-21, along with a text-to-pay feature for mobile payments.
- ❖ The Hesperia Animal Shelter reached a milestone this year with managed intake policies, working with rescue groups, private adoptions, along with the Spay, Neuter, and Release program, the Shelter is now considered a "No-Kill Shelter." A "No-Kill Shelter" is an animal shelter that has a placement rate of 90% or higher.
- ❖ High Desert residents are now able to utilize long-anticipated medical services provided by Kaiser Permanente, with the addition of a 54,000 square foot medical campus on 9.9 gross acres that opened in December 2020.
- ❖ Grading commenced along the west side of Interstate 15, which is the new site of Hesperia Commerce Center One. The industrial complex will consist of three buildings totaling 3.5 million square feet, and Building One will house the new Modway Furniture Distribution Center, with Buildings Two and Three available for prospective tenants.
- ❖ Retail development in FY 2020-21:
 - Planet Fitness, AutoZone, Wendy's fast food restaurant, and Quick Quack Car Wash joined Aldi supermarket in the newly-constructed Mojave Plaza, located near the Mojave River and south of Victor Valley College.
 - Fatburger & Buffalo's Express joined the High Desert Gateway shopping center.
 - Jimmy John's Gourmet Sandwiches opened a Hesperia location within High Desert Gateway II, located on Main Street.

Subsequent Goals, Efforts, and Actions

- ❖ The Hesperia City Council provided an additional \$2.2 million of funding within the Fiscal Year 2021-22 Budget for its annual Residential Road Improvement Program. These funds are used to enhance streets throughout the City and are in addition to the ongoing Street Maintenance Program. Over the last twenty-one years, this program has reconstructed over 320 miles of roads and 98 miles of slurry sealed roads, amounting to over \$87.2 million.

- ❖ Consistent with the City Council's Budgeting Policy to ensure funding for law enforcement services at 53% of the General Fund operating budget, the Police Department's budget will increase in FY 2021-22 by approximately \$1.5 million, or 8% from the prior year. Included in Hesperia's ongoing law enforcement contract with San Bernardino County are specialty services such as aviation support, homicide, gang, narcotics, and Crimes Against Children investigative teams.
- ❖ Work continues on the final phase of the three-phase Ranchero Corridor project. Previously completed phases include the much anticipated Ranchero Underpass which was successfully opened in June 2013, as well as the opening of the Ranchero Interchange in February 2015. The first two phases of this corridor project have provided motorists with an additional east-west connector to the freeway. Phase Three, a joint project between the City of Hesperia, San Bernardino County, and San Bernardino County Transportation Authority (SBCTA) will widen Ranchero Road from two and four lanes in areas into a fully improved five lane roadway, including replacement of the bridge over the California aqueduct, as well as a widening of the at-grade crossing of the Union Pacific Railroad tracks. Construction is scheduled to begin during Fiscal Year 2021-22. Once complete, the high-priority project will improve traffic flows along Ranchero Road, as well as Main Street and Bear Valley Road, reducing congestion in Hesperia and throughout the High Desert.
 
- ❖ To promote the City Council's Public Safety Priority, funding has been included in the FY 2021-22 Budget for an update to the City's Emergency Operations Plan.
- ❖ An expansion of the Park and Ride facility on Joshua Street at Highway 395, which was awarded \$782,000 in grant funding, is slated for construction in FY 2021-22.
- ❖ In September 2021, the Hesperia Environmental Assistance Resource Team (HEART) was established to aid existing City and community efforts to beautify Hesperia by cleaning-up illegal dumping. The HEART team is comprised of a full-time crew that works each weekday, picking up discarded items from our neighborhoods. Residents can report illegal dumping via the City of Hesperia mobile app, available for free on iOS and android devices.
- ❖ The City has been awarded a Federal Highway Safety Improvement Program (HSIP) Grant in the amount of \$899,300 to construct a new traffic signal and other improvements at the intersection of Main Street and Sultana Street/Timberlane Avenue. Construction of the project, which is scheduled to occur during FY 2021-22, will enhance the safety of pedestrians walking along and crossing the roadways at the intersection and provide for better movement of vehicular traffic through the intersection.
- ❖ Retail development continues in Hesperia for FY 2021-22:
 - Raising Cane's, one of just three restaurant brands named as *Forbes'* "Best Employers For New Grads" Top 100 list, made its debut on the corner of Main Street and Escondido Avenue on December 28, 2021.
 - Other new culinary options will include Charley's Philly Steaks and Castaneda's Mexican Food.
 - Ace Hardware, located on the corner of Main Street and G Avenue, opened to the public in the fall of 2021.
 - Big Lots will soon occupy a previously vacant building within the Midtown Square shopping center, located on Main Street.

- ❖ On the housing front, the City of Hesperia is pleased to welcome D.R. Horton, Frontier Communities, Pacific Communities, Harris Homes, and Richmond American as a few of the developers building new residential projects in Hesperia.
 - New options in multi-family housing are opening to the community. Frontier Communities recently completed the Las Casitas Apartments, a 160-unit complex located on Live Oak Street. Three apartment complexes are under construction: the Olive Tree Apartments with 186 units on Third Avenue and Olive Street, the Tamarisk Apartments on Tamarisk Avenue just south of Main Street with 56 units, and the Sonoma Apartments with 142 two-story units on Muscatel Street and E Avenue.
 - The City also looks forward to the development of 96 additional units for the 55+ community that will be offered by the Eagle Housing Senior Apartments, Phase II.

Short-Term Outlook

Impacts of Covid 19 Pandemic – Looking back at the FY 2021 Budget, there was a large degree of uncertainty, as the City, along with the world was just beginning to experience the onset of the pandemic. To attempt to slow the spread of the COVID-19 virus, the State of California initiated pandemic-related shutdowns or restrictions to businesses during March 2020. Much of these restrictions remained in place for the City of Hesperia until May 2021. With the adoption of the FY 2020-21 Budget, the City anticipated revenues, particularly those related to sales and gas taxes, to decrease, along with a flattening of development related revenue.

As FY 2020-21 progressed, the City was surprised to see that revenues did not decrease by the levels originally anticipated, Sales tax, as the largest source of General Fund resources, was originally budgeted at \$9.0 million. Due to changes in consumer habits during the pandemic, along with growth in the City's allocation from the countywide tax pool as a result of the Wayfair decision, the FY 2020-21 Actual was \$12.8 million. Prior to the pandemic, fuel sales were the dominant component of the City's sales tax. While fuel sales continue to be the single largest component of sales tax, comprising approximately 23% of the total taxable sales, the County Pool (15% of the total) and sales of consumer goods (18% of the total) have grown. In particular, online sales are placed into a County pool and redistributed to the City based upon a pro-rata share. With the pandemic restrictions, online sales substantially increased, resulting in an overall increase in sales tax revenue for the City.

Much like the increases in sales tax, General Fund development-related revenue outpaced projections. The FY 2020-21 Budget anticipated General Fund development-related revenue of \$1.9 million. The primary barometer for development is the issuance of single family residential (SFR) permits, which the FY 2020-21 Budget anticipated 165 permits. The General Fund ended FY 2020-21 by issuing 295 SFR permits with an approximate revenue of \$3.7 million. In addition to the shortage of housing in California, Hesperia is experiencing an increase in SFR development, which is anticipated to continue into FY 2021-22.

Major Initiatives

Capital Improvement Program – On June 15, 2021, the City's FY 2020-21 Capital Improvement Program (CIP) was adopted. The City continues an aggressive CIP effort utilizing staff and consultant resources to implement infrastructure projects that meet the needs of the City and its residents and businesses. The FY 2021-22 CIP program includes funding in the amount of \$59,730,313 for much needed projects in the following categories:

Streets CIP Projects	\$	51,034,828
Storm Drain Projects		1,541,315
Facilities Projects		1,134,170
Water Projects		3,330,000
Sewer Projects		2,690,000
Total CIP Projects	\$	59,730,313

As with most cities, street improvement projects are of significant importance to the City of Hesperia. Over the past 20 years, the City has dedicated funds to its Annual Street Improvement Program totaling \$87,184,521 and paving over 320 miles of road. These funds are used to enhance streets throughout the City and are in addition to the ongoing Street Maintenance Program. For FY 2021-22, \$2.2 million has been allocated for the effort.

Additional street improvement projects totaling \$48.8 million are also included in the FY 2021-22 Budget to address infrastructure needs such as: \$45.3 million for Ranchero Road corridor projects, including the aqueduct crossing and road widening joint project with San Bernardino County and San Bernardino County Transportation Authority (SBCTA), for which the City will act as lead agency; \$1.2 million in traffic signal projects; and \$2.3 million in other street projects of significant importance to the City.

Storm Drain CIP projects amounting to \$1.5 million are included FY 2021-22 Budget for progress needed on a retention basin and a drainage channel. A Park and Ride facility has also been included for \$1.1 million, as well as Water and Sewer projects amounting to \$4.6 million for the Interstate 15 infrastructure project, as well as approximately \$1.4 million for additional water and sewer improvements.

Other Postemployment benefits (OPEB) – Governmental Accounting Standards Board (GASB) No. 45 and its successor No. 75 require public-sector employers to recognize the cost of postemployment benefits, such as postemployment healthcare, over the active service life of their employees rather than on a pay-as-you-go basis, and identify the methods and assumptions that are required to be used to project benefit payments. The resulting unfunded liability is reported in the Annual Comprehensive financial Report. In order to help address this growing liability, a section 115 trust fund is being evaluated to put in place steady and consistent funding that will generate investment income, thereby reducing future long term cash flow requirements.

Financial Policies

Debt Management – Prudent financial management has placed the City in a better position to handle future unknowns with respect to shifts in the overall economy. For example, policies such as the Council's Debt Management Policy has placed the City in a better position to respond to economic uncertainties by reducing debt service costs on existing debt issues. Under this policy, debt obligations are evaluated annually to determine if opportunities exist to prepay outstanding principal, thereby lowering the overall cost of borrowing. The two most recent examples of reducing debt service costs are described below:

As described in the Fiscal Year 2020-21 Goals, Efforts, and Actions section above, this annual review of debt obligations revealed an opportunity for the early retirement of the Water District 1998A Bonds approximately six years earlier than the stated maturity date, resulting in an estimated savings of \$417,908. As a variable rate debt issue, for as long as the 1998A Bonds were outstanding, they were required to be supported by a letter of credit, the term of which was set for renewal/replacement in November 2021, and would potentially require an additional renewal in 2024, through the June 1, 2026 maturity date of the bonds. Other annual expenses incurred by the Water District for the 1998A Bonds include remarketing agent fees (as the variable rate bonds are remarketed on a weekly basis), bond administration trustee costs, draw fees related to the letter of credit, as well as interest accruing on the bonds. The proposal for early retirement was approved by the Water District Board on September 15, 2020 and, although it requires the upfront use of reserves to accomplish this goal, the overall net projected savings are \$417,908 over a 6-year period, which will free-up funds for use in needed District projects. Consistent with the Water District Board's approval, the bonds were retired in November 2020.

Another example of the City's annual analysis for opportunities to reduce principal is the 2018 refinance of its Successor Agency Bonds. Due to favorable market conditions, in September 2018 the City, as Successor to the Former Hesperia Community Redevelopment Agency, refinanced the Agency's former 2005 Tax Allocation bonds and 2007 Revenue bonds into Successor Agency 2018 Tax Allocation Refunding Bonds. The underlying fundamentals of these bonds enabled the refinancing to secure a rating of A+ from Standard and Poor's, reflecting the City's large tax base; strong growth in assessed values across the combined project area; and a diverse taxpayer base. The refinancing, which did not extend the term beyond that of the original indebtedness, achieved a \$19.0 million net present value savings translating into an average annual savings of \$2.2 million. The savings achieved with this refinancing resulted in additional pass-through revenue to taxing entities in the area, including an annual \$1.3 million to Hesperia Unified School District, \$300,000 to Victor Valley Community College, and \$60,000 to the City of Hesperia. In addition to the annual debt service savings, directly benefiting the underlying taxing entities, the refinancing also simplified the related administrative burden by converting three debt issues into one.

Additional information about the long-term debt of the City and its component units can be found in the notes to the financial statements.

Budgeting – Under the City Council's Balanced Budget Policy, operational revenue provides funding for operational expenditures. As such, ongoing expenditures are not funded by one-time revenue and the General Fund continues to meet this commitment for the FY 2021-22 Budget.

To ensure adequate funding for law enforcement services, the City Council's Budgeting Policy further stipulates that the annual Police Department budget shall comprise 53% of the General Fund operating expenditure budget (comprised of all expenditures less transfers out, debt service, and capital outlay). Should the Police Department budget exceed 53% of the General Fund operating budget, the City Manager is authorized by the City Council to negotiate with the County of San Bernardino Sheriff's Department to identify cost savings to maintain the City Council approved percentage. In addition, should the annual Police Department budget be less than 53% of the General Fund operating budget, the City Manager will be authorized to add an additional level of services, be that personnel, programs, or equipment.

Reserves – Adequate reserve levels are a necessary component of the City's overall financial management strategy. The City Council's Reserve Policy requires that a minimum of two (2) months of the annual expenditures be held in cash, as recommended by the Government Finance Officers' Association (GFOA).

GFOA guidelines state that the adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances but recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. As such, the FY 2021-22 Budget was adopted with the equivalent of 2.4 months of General Fund expenditures held as cash reserves.

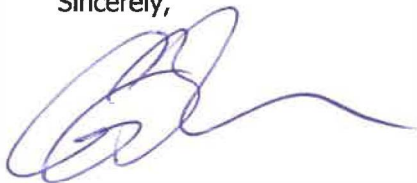
Awards and Acknowledgements

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hesperia for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2020. This was the 19th consecutive year that the City has achieved the prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governmental entity and its management. In order to be awarded a Certificate of Achievement, a government 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.

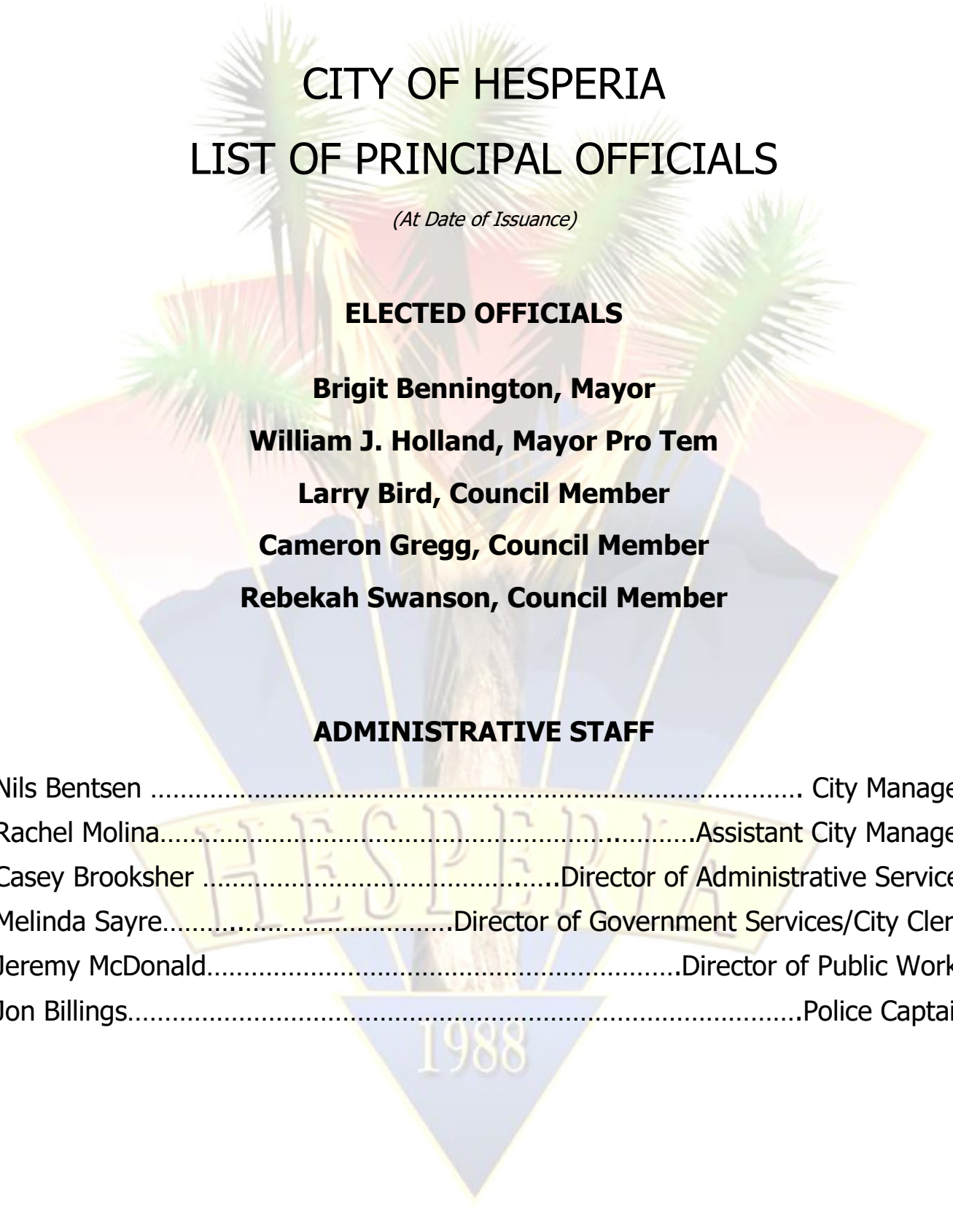
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual comprehensive financial report could not have been accomplished without the dedicated service of the Finance Division staff. Their efforts made it possible to prepare the annual comprehensive financial report, thereby improving the quality of the information being reported to the citizens, the City Council, and other users on a timely basis. Appreciation is also expressed to all City departments for their assistance and support in planning and conducting the financial operations of the City during the fiscal year. Appreciation is also expressed to the Mayor, City Council, and City Manager for their steadfast support for maintaining the highest standards of professionalism in the management of the City's finances and for conducting the financial activities of the City in a responsible and prudent manner.

Sincerely,

A handwritten signature in blue ink, appearing to read 'CB', with a long horizontal flourish extending to the right.

Casey Brooksher
Director of Administrative Services



CITY OF HESPERIA

LIST OF PRINCIPAL OFFICIALS

(At Date of Issuance)

ELECTED OFFICIALS

Brigit Bennington, Mayor

William J. Holland, Mayor Pro Tem

Larry Bird, Council Member

Cameron Gregg, Council Member

Rebekah Swanson, Council Member

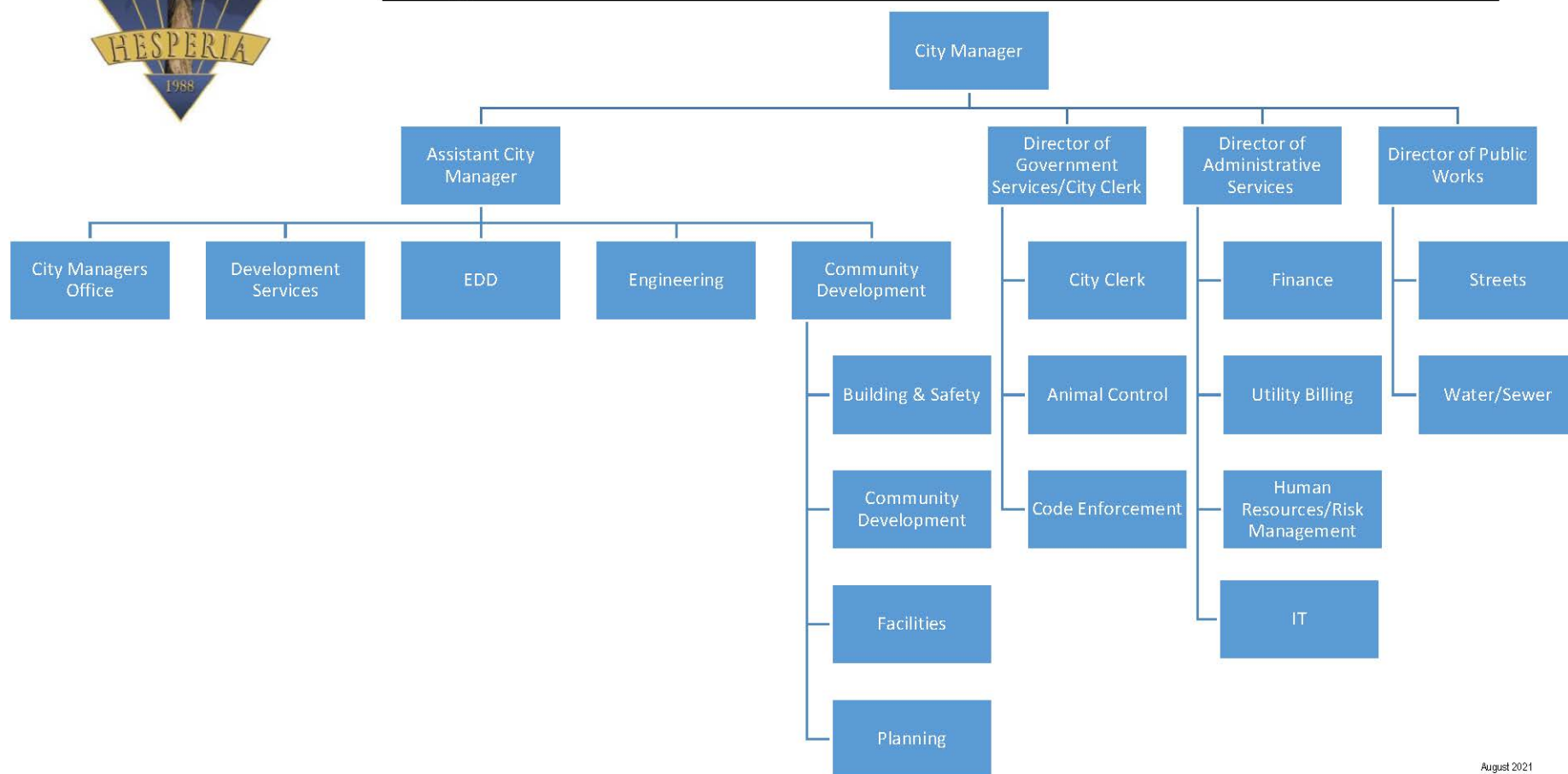
ADMINISTRATIVE STAFF

Nils Bentsen	City Manager
Rachel Molina.....	Assistant City Manager
Casey Brooksher	Director of Administrative Services
Melinda Sayre.....	Director of Government Services/City Clerk
Jeremy McDonald.....	Director of Public Works
Jon Billings.....	Police Captain



City of Hesperia

Organizational Chart



August 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hesperia
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CE●



**The Government Finance Officers Association of
the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Division
City of Hesperia, California



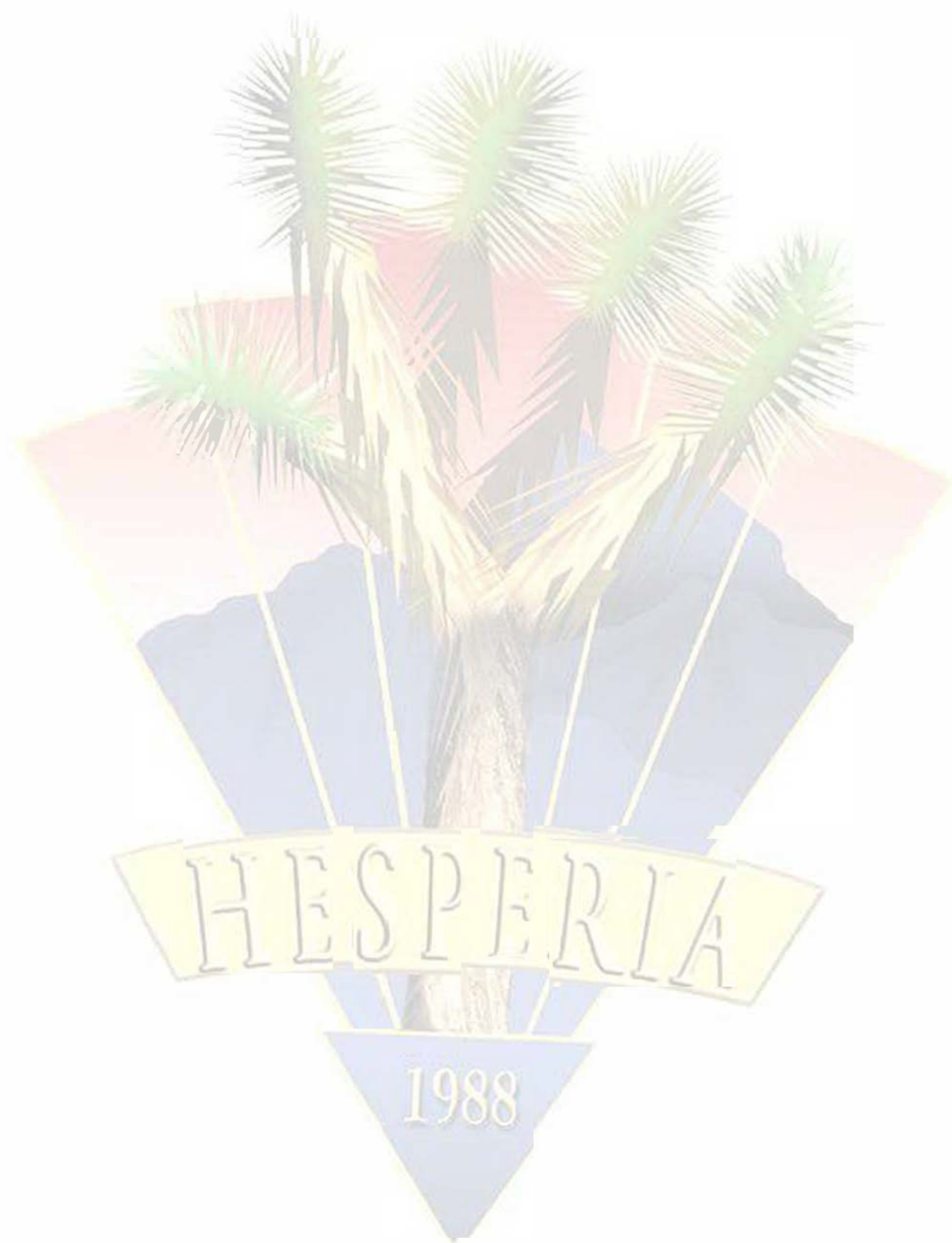
The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morrell

Date: 12/3/2021

FINANCIAL SECTION





CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Members of City Council
City of Hesperia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hesperia, California (City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hesperia, California as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1D to the financial statements, the City implemented the Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in fiscal year 2020-2021, which resulted in a restatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and major Special Revenue Funds, the Schedule of Contributions-CalPERS Pension Plan, Schedule of Proportionate Share of the Net Pension Liability CalPERS Pension Plan, and the Schedule of Changes in Total OPEB Liability and Related Ratios, identified as required supplementary information in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Members of City Council
City of Hesperia, California

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of City of Hesperia, California'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 City of Hesperia, California's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hesperia, California's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
March 30, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Hesperia's financial performance provides an overview of the City's financial activities for the Fiscal Year (FY) Ended June 30, 2021. Please read this in conjunction with the accompanying transmittal letter, the accompanying basic financial statements, and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, the City's (including governmental and business-type activities) assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$287.3 million (*net position*), which is \$14.2 million or 5.2% greater than the \$273.1 million total net position at June 30, 2020. One of the primary factors for this gain are increases of \$12.3 million and \$1.4 million in cash position for both governmental activities and business-type activities. The increase to governmental activities is partially attributed to a total of \$2.4 million received in one-time Coronavirus Funds (CARES Act and Coronavirus Relief Funds) from both the Federal Government and the County of San Bernardino's share of federal assistance.
- Capital assets related to Governmental activity decreased \$4.0 million during FY 2020-21. The decrease is primarily due to a net \$9.4 million increase in accumulated depreciation partially offset by a \$4.1 million increase in infrastructure from the completion of annual street improvement projects.
- Current liabilities increased \$6.7 million to \$55.3 million from \$48.6 million for the period ending June 30, 2021. The increase is due to the following factors:
 - \$2.1 million increase in net pension liability,
 - \$1.6 million increase in net OPEB liabilities,
 - \$1.6 million increase in deposits due to a change in reporting requirements,
 - \$1.5 million increase in funds due to other governments that largely consists of money owed for wastewater collection services
 - \$1.0 million increase in unearned revenue.These increases were partially offset by a \$1.0 million decrease in accounts payable from the timing of payments.
- At June 30, 2021, the City's governmental funds reported combined fund balances of \$84.9 million, an increase of \$8.6 million or 11.3%, from \$76.3 million at June 30, 2020. Approximately 15.1% of the \$84.9 million combined fund balance (or \$12.8 million) is available for spending at the City's discretion (*unassigned fund balance*). The main reason for this increase is a combined \$5.3 million increase in General Fund taxes and charges for services. Another contributing factor is a total \$2.4 million of grant revenue related to Federal Coronavirus Relief Funds.
- As of June 30, 2021, unrestricted fund balance (the total of *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$16.8 million, or approximately 49.7% of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements reflect how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Government-Wide Statements – The Statement of Net Position and the Statement of Activities – report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting method*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Net Position* presents financial information on all of the City's assets, 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 City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the blending of three separate legal entities (component units) with the City—the Community Development Commission, the Hesperia Housing Authority, and the Hesperia Fire Protection District. The business-type activities of the City include water service and sewer service, which are provided by the Hesperia Water District.

The government-wide financial statements can be found on pages 19-22 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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 fund balance sheet and the governmental fund 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 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Development Impact Fees 2018 – City Hall Facilities, which are considered major funds. Data from the other thirty-one (31) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 23-35 of this report.

The City adopts an annual appropriated budget for each fund. A budgetary comparison statement has been provided to demonstrate compliance with the annual budget and can be found on pages 85-86 of this report.

Proprietary Funds – The City maintains proprietary funds to account for the activities of the Hesperia Water District. These proprietary funds report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Hesperia Water District, which is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. Accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 39-82 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 85-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 102-152 of this report.

THE CITY AS A WHOLE

Our analysis focuses on the Condensed Statement of Net Position (Table 1) and Changes in Net Position (Table 2) of the City's governmental activities and business-type activities.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 81,051,486	\$ 93,357,410	\$ 26,950,440	\$ 28,317,226	\$ 108,001,926	\$ 121,674,636
Capital assets	174,704,401	170,676,786	99,289,801	98,087,118	273,994,202	268,763,904
Total Assets	255,755,887	264,034,196	126,240,241	126,404,344	381,996,128	390,438,540
Total deferred outflows of resources	6,368,277	6,725,570	2,097,299	2,075,616	8,465,576	8,801,186
Current and other liabilities	31,247,873	37,004,232	17,329,789	18,281,073	48,577,662	55,285,305
Long-term debt outstanding	52,116,232	46,842,127	12,324,719	6,624,361	64,440,951	53,466,488
Total Liabilities	83,364,105	83,846,359	29,654,508	24,905,434	113,018,613	108,751,793
Total deferred inflows of resources	3,276,622	2,333,370	1,069,905	837,857	4,346,527	3,171,227
Net Position:						
Net investment in capital assets	141,327,961	138,332,337	88,150,623	92,064,054	229,478,584	230,396,391
Restricted	64,049,344	68,351,276	394,734	385,528	64,444,078	68,736,804
Unrestricted	(29,893,868)	(22,103,576)	9,067,770	10,287,087	(20,826,098)	(11,816,489)
Total Net Position	\$ 175,483,437	\$ 184,580,037	\$ 97,613,127	\$ 102,736,669	\$ 273,096,564	\$ 287,316,706

The current year saw a net position increase from \$273.1 million to \$287.3 million. This increase of \$14.2 million comes, in part, from a \$16.9 million increase in net position from additional cash received through ongoing operations, grant activities, and tax revenue. Current and other liabilities increased by \$6.7 million. Capital assets decreased by \$5.2 million and debt decreased by \$11 million due largely to the \$5.5 million payment for the early retirement of the Hesperia Water District's 1998 Lease Revenue Refunding Bonds along with the scheduled annual debt service and loan payments.

Current and other assets:

- Governmental current and other assets increased by \$12.3 million, or 15.2% from June 30, 2020. This increase was primarily due to the net of a \$14.1 million increase in cash. This cash increase is largely attributed to \$11.7 million increase from ongoing operations and the increased collection of tax-based and development-related revenues. The increase is also partially due to a total \$2.4 million in one-time Coronavirus Funds (CARES Act and Coronavirus Relief Funds) from both the Federal Government and the County of San Bernardino's share of federal assistance. Other contributing factors include a \$1.0 million increase in restricted assets-cash held for bond reserves and a \$2.8 million decrease in land held for resale from city-owned properties being adjusted to fair market value.
- Business-type current and other assets experienced an increase of \$1.4 million, or 5.1% during the fiscal year. The main contributing factors for the increase is a \$2.8 million increase in cash and a \$1.2 million increase in accounts receivable, which is offset by a decrease of \$2.6 million in funds due from other government agencies attributed to grant related funds received in FY 2019-20.

Capital assets:

- Governmental capital assets decreased by 2.3% or \$4.0 million. This decrease is primarily due to \$9.4 million in net accumulated depreciation. The decrease in capital assets was offset by a \$4.1 million increase to infrastructure from completed capital projects, a \$0.5 million increase in land, a \$0.4 million increase in machinery and equipment, \$0.2 million net increase to construction in progress from completed and cancelled projects, and a \$0.2 million net increase from the replacement of aging vehicles.
- Business-type capital assets experienced a decrease of \$1.2 million, net of depreciation. The main factors contributing to the decrease include a \$3.7 million increase in accumulated depreciation and a \$0.1 million increase in land. The capital asset increases include a \$2.2 million increase in construction in progress for ongoing projects, a \$0.4 million net increase from the replacement of vehicles, a \$0.1 million increase in machinery and equipment, and a \$0.1 million increase in infrastructure-sewer facilities.

Current and other liabilities:

- Governmental current and other liabilities increased by \$5.8 million or 18.4% when compared to June 30, 2020. The change is due to an increase of \$1.6 million in deposits due to a change in deposit reporting requirements under GASB 84 for fiduciary activity, a \$1.5 million increase in net pension liability, a \$1.1 million increase in net OPEB obligations, \$1.0 million increase in unearned revenue, and a \$0.5 million increase in funds due to other governments.
- Business-type current and other liabilities increased by \$1.0 million or 5.5% from the June 30, 2020 total of \$17.3 million. This increase largely consists of a \$1.0 million increase in money owed for wastewater collection services, a \$0.6 million increase in net pension liabilities, and a \$0.5 million increase in net OPEB obligations. These increases were offset, in part, by a \$1.1 million decrease in accounts payable as part of ongoing operations.

Long-term debt outstanding:

- Governmental long-term debt decreased by \$5.2 million from June 30, 2020. This is mainly attributable to the \$1.9 million debt service payment on the loan with the San Bernardino County Transportation Authority (SBCTA) for the Ranchero Road/I-15 Interchange Project. Additionally, a scheduled \$1.0 million debt payment was made on the outstanding lease revenue bonds and decrease in claims payable of \$2.3 million
- Business-type long-term debt outstanding activity during the fiscal year resulted in a net decrease of \$5.7 million from June 30, 2020. This decrease is primarily due to the \$5.5 million payment for the early retirement of the Variable Rate Lease Revenue Refunding Bonds Series 1998A Bonds.

Net investment in capital assets:

- Governmental net investment in capital assets decreased by \$3.0 million or 2.1% during the fiscal year, which is primarily due to the reduction of capital assets.
- Business-type net investment in capital assets increased by \$3.9 million or 4.4%, from the year ended June 30, 2020, due in large part to the \$5.4 million reduction in long-term debt.

Restricted:

- Governmental restricted net position increased by \$4.3 million from the year ending June 30, 2020. This increase is primarily due to a \$3.3 million increase in debt service-related fund balance and a \$2.0 million increase in transportation-related fund balance.

Additionally, \$20.8 million in public safety-restricted fund balance associated with Hesperia Housing Authority and Community Development Commission activities were re-classified as economic development-related fund balance.

- Business-type restricted net position remained relatively unchanged from FY 2019-20.

Unrestricted net position:

- Governmental unrestricted net position increased by \$7.8 million during the fiscal year due in large part to the growth in cash position net increases in current and non-current liabilities.
- Business-type unrestricted net position increased by \$1.2 million.

As reflected in Table 2, the City's net position increased by \$14.2 million from the \$273.1 million of the prior fiscal year. The June 30, 2021 total Program Revenues increase by \$5.2 million. This change in total Program Revenues consists of an increase of \$3.6 million in Governmental Activities program and a \$1.6 million growth of business-type charges for services. Program revenue comprised 60.3% of total revenues and funded 67.7% of total expenses. During the fiscal year, expenses increased by \$4.3 million, or 5.5% from June 30, 2020. General government related expenses increased by \$1.5 million which is largely from funding ongoing operations. Public safety expenses increased \$0.6 million mainly due to an increase in the service contract with the San Bernardino County Sheriff's Department for law enforcement and public safety services. Water expenses increased by \$1.7 million primarily due to increases in water acquisition and production costs. Wastewater expenses also experienced a net increase of \$0.9 million compared to June 30, 2020 due to project-related spending and wastewater treatment costs.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
Program revenues:						
Charges for services	\$ 12,646,906	\$ 13,520,687	\$ 24,946,043	\$ 29,119,555	\$ 37,592,949	\$ 42,640,242
Operating contributions and grants	9,958,227	12,261,720	2,896,118	199,978	12,854,345	12,461,698
Capital contributions and grants	44,515	472,554	-	103,090	44,515	575,644
Total program revenues	22,649,648	26,254,961	27,842,161	29,422,623	50,491,809	55,677,584
General revenues:						
Taxes:						
Property taxes	10,642,798	11,267,340	512,114	482,839	11,154,912	11,750,179
Other Taxes	290,022	702,916	-	-	290,022	702,916
Sales and use tax	10,969,697	13,378,248	-	-	10,969,697	13,378,248
Transient occupancy tax	1,389,038	1,798,649	-	-	1,389,038	1,798,649
Franchise tax	3,565,576	3,654,647	-	-	3,565,576	3,654,647
Document transfer tax	283,585	387,446	-	-	283,585	387,446
Motor vehicle in-lieu	76,266	70,698	-	-	76,266	70,698
Unrestricted investment earnings	2,975,216	2,297,044	227,763	82,021	3,202,979	2,379,065
System improvement and replacement	-	-	1,806,811	2,183,081	1,806,811	2,183,081
Gain on disposal of capital assets	-	18,301	-	-	-	18,301
Other	456,808	80,180	215,543	220,158	672,351	300,338
Total general revenues	30,649,006	33,655,469	2,762,231	2,968,099	33,411,237	36,623,568
Total revenues	53,298,654	59,910,430	30,604,392	32,390,722	83,903,046	92,301,152
Expenses						
General government	9,330,386	7,058,422	-	-	9,330,386	7,058,422
Public safety	18,719,485	19,350,202	-	-	18,719,485	19,350,202
Development services	23,152,577	23,030,654	-	-	23,152,577	23,030,654
Interest on long-term debt	1,676,057	1,374,552	-	-	1,676,057	1,374,552
Water	-	-	20,486,895	22,071,529	20,486,895	22,071,529
Wastewater	-	-	4,569,157	5,195,651	4,569,157	5,195,651
Total expenses	52,878,505	50,813,830	25,056,052	27,267,180	77,934,557	78,081,010
Net position at July 1	175,063,288	175,483,437	92,064,787	97,613,127	267,128,075	273,096,564
Net position at June 30	\$ 175,483,437	\$ 184,580,037	\$ 97,613,127	\$ 102,736,669	\$ 273,096,564	\$ 287,316,706

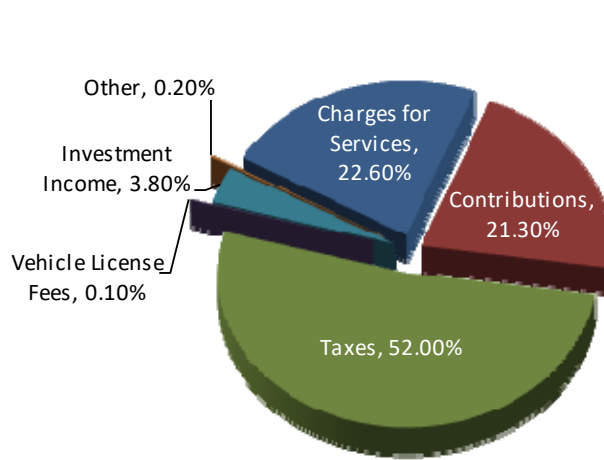
GOVERNMENTAL ACTIVITIES

As stated, Fiscal Year 2020-21 program revenues increased \$3.6 million due to a \$2.3 million rise in operating contributions and grant revenues combined with increases of \$0.9 million in charges for services and \$0.4 million in capital contributions and grants. The cost of all governmental activities were \$54.6 million; however, as shown in Table 2, the amount that the taxpayers ultimately financed for these activities was \$28.3 million (\$54.6 million of total expenses less \$26.3 million of total program revenues). The \$26.3 million of program revenues included about \$13.5 million of costs paid by those who directly benefited from the programs and \$12.3 million by other governments and organizations that partially funded certain programs with operating grants and contributions.

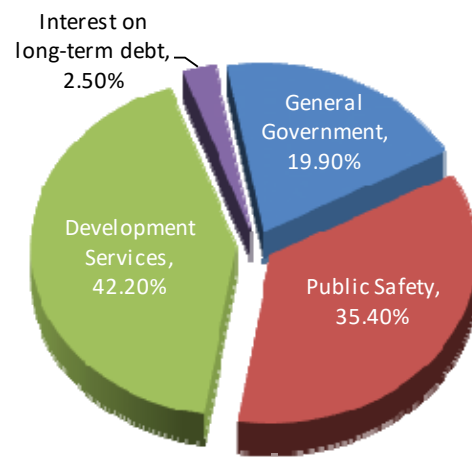
The City covered the outstanding “public benefit” portion of governmental activities using the \$33.4 million of general revenues with \$5.3 million remaining for reserves. The general revenues included taxes (some of which could only be used for certain programs) and other revenues, such as vehicle license fees.

Fiscal Year 2020 Government Activities (SEE TABLE 2)

Sources of Revenue



Functional Expenses



The City's programs for governmental activities include General Government, Public Safety (Fire and Police), Development Services, and Interest on Long-Term Debt. The programs for the business type activities include the water and wastewater utilities.

BUSINESS-TYPE ACTIVITIES

The June 30, 2021 net position of \$102.7 million increased by \$5.1 million or 5.2% from the prior fiscal year's net position of \$97.6 million. The cost of all Water District activities this year increased by \$2.2 million or 8.8% from \$25.1 million during FY 2019-20. The following details the contributing factors for the raise of expenses: \$0.9 million increase in water acquisition costs, \$0.7 million increase in sewer capital projects, \$0.4 million increase in utilities costs related to water production, and \$0.4 million increase in wastewater treatment fees.

Total revenues increased \$1.8 million from \$30.6 million to \$32.4 million between FY 2019-20 and FY 2020-21. The most significant factor for the change is a \$4.2 million increase in operating revenue from water and sewer services, which is due to the fourth year of a five-year rate increase schedule. On January 1, 2018, the Hesperia Water District Board approved a rate study that recommended a nine percent (9%) revenue increase for water services and a six percent (6%) revenue increase for sewer services. This increase was partially offset by a \$2.7 million decrease in operating grants due to the completion of the reclaimed water pipeline distribution system.

As shown in the Changes in Net Position (Table 2), the amount paid by users of the systems was \$29.4 million, which is an increase of \$1.6 million or 5.7% from the June 30, 2020 total of \$27.8 million. This is directly attributable to the rise in water sales in all areas including residential, business, construction, and water rate surcharges net of the decrease in grant-related revenue that was received in FY 2019-20. Non-operating revenues of about \$3.0 million made up the remainder of the \$32.4 million total revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the City's governmental funds reported combined fund balances, found on pages 23-26, of \$84.9 million, which is \$0.8 million or 1% more than the June 30, 2020 balance of \$84.1 million.

- At year-end, the fund balance for the General Fund increased \$4.6 million or 28.9% from \$15.9 million in FY 2019-20 to \$20.5 million in FY 2020-21. Revenues exceeded expenditures by \$11.5 million. Additionally, the General Fund transferred out a net amount of \$6.9 million to other funds, which includes \$1.8 million for debt service related to the 2013 Civic Plaza Bonds, \$1.6 million for debt service for the 2012 Water Rights Acquisition, and \$1.2 million for PERS obligations related to the former Hesperia Fire Protection District. General Fund revenues of \$45.2 million increased by \$7.8 million mostly due to sales and use tax (\$2.7 million), Coronavirus Relief funds (\$2.4 million), and an increase in various development-related fees (\$1.6 million).

Compared to the prior year, General Fund expenditures increased by \$1.7 million. The primary contributing factors for the increase is due to a \$0.7 million increase in law enforcement costs, a \$0.6 million increase in legal services. These increases in expenditures were partially offset by a \$0.1 million decrease in development-related costs.

- The Development Impact Fees 2018-City Hall Facilities fund balance decreased \$3.9 million from \$0.2 million at June 30, 2020 to negative \$3.7 million at June 30, 2021. This decrease is primarily due to the transfer of the negative \$3.3 million fund balance from the Development Impact Fees-Public Service fund to assume ongoing operations and obligations.

CAPITAL ASSETS

For governmental activities, the capital assets of the City are those assets that are used in the performance of the City's functions including infrastructure assets. For more detailed information about the City's assets, see Note 4 Capital Assets. At June 30, 2021, capital assets, net of depreciation, of the governmental activities totaled \$170.7 million, which reflects a decrease of \$4.0 million, from the prior year. As previously described, the decrease is primarily due to \$9.4 million net accumulated depreciation, which was partially offset by \$4.1 million increase to infrastructure from the completion of capital projects, and a \$0.5 million increase in land.

For business-type activities, capital assets are those assets that are used in the performance of the Hesperia Water District's functions including infrastructure assets. At June 30, 2021, capital assets, net of depreciation, totaled \$98.1 million, which is a decrease of \$1.2 million. This decrease of \$1.2 million is primarily due a net decrease of \$3.7 million for the current year depreciation and a \$0.1 million decrease in land. The overall decrease was offset by a \$2.2 million net increase to construction in progress for ongoing projects.

The City has elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting for the streets. Using the Basic Approach, the City depreciates the value of the streets over a twenty (20) year period. As repaving of street segments is done (overlays must be at least one inch thick), the value of that work will be added and any remaining book value of that segment will be reduced from the streets infrastructure class.

Nonproprietary (governmental activities) infrastructure includes: paved streets, sidewalks, traffic signals, storm drains, and flood control channels. The Hesperia Water District (business-type activities) continues to maintain the water and sewer infrastructure which includes water storage tanks, water pumping equipment, water transmission lines, and sewer lines.

Table 3
Capital Assets at Year-end

	Balance at June 30, 2020 Net of Accumulated Depreciation	Increases	Decreases	Current Year Depreciation	Balance at June 30, 2021 Net of Accumulated Depreciation
Governmental Activities:					
Land	\$ 5,852,689	\$ 455,730	\$ -	\$ -	\$ 6,308,419
Water rights	36,413,793	-	-	-	36,413,793
Construction in progress	7,873,017	4,397,665	(4,190,272)	-	8,080,410
Land improvements	4,412,618	-	-	(146,983)	4,265,635
Vehicles	491,113	279,681	(94,038)	(5,091)	671,665
Buildings and improvements	65,842,068	56,204	-	(982,498)	64,915,774
Machinery and equipment	1,125,542	394,939	-	(206,302)	1,314,179
Infrastructure	52,693,561	4,091,423	-	(8,078,073)	48,706,911
Sub-total Government Activities	<u>174,704,401</u>	<u>9,675,642</u>	<u>(4,284,310)</u>	<u>(9,418,947)</u>	<u>170,676,786</u>
Business-type Activities:					
Land	3,356,808	-	(90,500)	-	3,266,308
Water rights	15,611,810	-	-	-	15,611,810
Construction in progress	2,262,434	2,304,791	(135,000)	-	4,432,225
Land improvements	1	-	-	-	1
Vehicles	330,803	395,513	(210,752)	114,125	629,689
Buildings and improvements	234,922	-	-	(15,928)	218,994
Machinery and equipment	1,018,948	161,565	(19,837)	(175,716)	984,960
Infrastructure:					
Water facilities	74,111,082	-	-	(3,483,520)	70,627,562
Sewer facilities	2,362,993	135,000	-	(182,424)	2,315,569
Sub-total Business-type Activities	<u>99,289,801</u>	<u>2,996,869</u>	<u>(456,089)</u>	<u>(3,743,463)</u>	<u>98,087,118</u>
Total Capital Assets	<u>\$ 273,994,202</u>	<u>\$ 12,672,511</u>	<u>\$ (4,740,399)</u>	<u>\$ (13,162,410)</u>	<u>\$ 268,763,904</u>

DEBT ADMINISTRATION

Debt issued by the City of Hesperia and component governmental units is not the responsibility of the Hesperia Water District (business-type activities); in like manner the debt issued by the Hesperia Water District is not the responsibility of the City of Hesperia and its component governmental units. Outstanding debt is presented within Table 4 on the following page.

Debt, considered a liability of government activities, decreased in FY 2020-21 by a net of \$6.9 million. This decrease is primarily due to the \$5.5 million payment for the early retirement of the Hesperia Water District's 1998 Lease Revenue Refunding Bonds. The use of the Hesperia Water District's funds to redeem the outstanding 1998A Bonds resulted in the bonds being retired six years earlier than the stated maturity date.

Governmental Activities debt decreased by \$1.5 million. While claims payable increased by \$1.4 million, this was offset by reductions of \$1.9 million payment towards the 2018 San Bernardino County Transportation Authority (SBCTA) Loan and \$1.0 million debt payment made towards the 2012 lease revenue bonds.

As stated, Business-type activities debt experienced a decrease of a net amount of \$5.4 million in FY 2020-21 primarily due to the \$5.5 million payment for the early retirement of the 1998 Lease Revenue Refunding Bonds.

Table 4
Outstanding Debt, at Year-end

	Principal Balance at June 30, 2020	Additions	Deductions	Principal Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 33,520,000	\$ -	\$ (1,040,000)	\$ 32,480,000	\$ 1,095,000
Less deferred amounts:					
Bond premiums	83,970	-	(3,746)	80,224	-
Bond discounts	(227,530)	-	11,755	(215,775)	-
Loans	15,009,923	-	(1,876,240)	13,133,683	1,876,240
Compensated absences	784,344	542,496	(525,550)	801,290	785,264
Claims payable	2,945,525	1,417,975	(5,205)	4,358,295	1,423,180
Sub-total Government Activities	52,116,232	1,960,471	(3,438,986)	50,637,717	5,179,684
Business-type Activities:					
Loans	6,060,574	-	(179,243)	5,881,331	175,823
Revenue bonds	5,535,000	-	(5,535,000)	-	-
Less: deferred amounts:			38,657		
Bond discounts	(38,657)	-	(194,473)	-	-
Compensated absences	290,489	203,032		299,048	293,067
Claims payable	477,313	286,779	-	764,092	286,778
Sub-total Business-type Activities	12,324,719	489,811	(5,870,059)	6,944,471	755,668
Total Outstanding Debt	\$ 64,440,951	\$ 2,450,282	\$ (9,309,045)	\$ 57,582,188	\$ 5,935,352

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Due to the uncertainty as to the extent of the impact of COVID-19 pandemic and the related expectations of an economic downturn, the FY 2020-21 Budget was adopted with assumptions that revenues would remain relatively flat. However, tax-related and development-related revenues performed better than expected. For the FY 2021-22 Budget, the estimated revenues budgeted of \$131.5 million are a 53.2% or \$45.7 million increase over the FY 2020-21 Budget of \$85.9 million. The increase can be primarily attributed to an anticipated \$35.5 million in Streets Related revenues through grant funding and combined revenues collected through DIF (Development Impact Fee) fees. General Fund revenues are expected to increase \$4.8 million through growth in tax-related revenues and development-related fees. Revenue increases for Other City funds of \$3.1 million and Water District funds of \$2.4 million related to water and sewer operations are also expected.

The following is a discussion of budgeted expenditures for FY 2021-22:

General Fund: Budgeted revenues are expected to increase \$4.8 million due, in part, to a \$3.3 million increase in tax-related revenues such as sales and use tax, transient occupancy tax, and commercial cannabis tax. Other factors for the revenue increase in the General Fund include vehicle license fees and increases in development-related revenues. Expenditures for the General Fund are expected to increase \$3.3 million, or 10.1%. The increase in expenditures is mainly attributed to a \$1.5 million increase to the police service contract, and a \$1.2 million increase in the Development Services department to fund the operations of new programs such as the Residential Truck Parking Permit and the Rental Housing Inspection Programs.

Water District: The Hesperia Water District is comprised of Water and Sewer functions. District's total revenue for the water and sewer funds is expected to increase \$2.4 million. The anticipating increase is largely attributed to water sales and water availability charges based upon the fourth of five annual water rate increases and an anticipated increase in consumption.

The District's expenses are expected to increase by \$1.6 million from the FY 2020-21 Budget of \$28.6 million. The primary reason for the expenditure increase is due to increased costs related to the acquisition of water. Water replacement costs are anticipated to increase \$0.4 million, while electricity costs, used to pump and produce water, is expected to increase by \$0.4 million. Additionally, Sewer operating costs are anticipated to increase 11% or \$0.5 million due to wastewater treatment costs.

Transportation: \$48.9 million is budgeted toward transportation projects for FY 2021-22, which includes:

- A total of \$45.3 million budgeted toward Rancho Road related projects, which is comprised of \$30.7 million for improvements from Seventh Avenue to Mariposa Road, \$13.8 million for the Rancho Road Aqueduct Crossing, \$0.3 million for the Rancho Road Undercrossing, and \$4.5 million for several new traffic signals.
- \$1.3 million is allotted for the ongoing FY 2019-20 Community Development Block Grant (CDBG) Street Improvement Program, which includes new paved roadways over three existing dirt roads (Phase 1), and the construction of a concrete box to divert the flow of storm water along another roadway (Phase 2).
- \$2.3 million is budgeted toward four (4) other street projects for Fiscal Year 2021-22 including street improvements, a new traffic signal, and traffic signalization along Main Street.

Facilities: \$1.1 million is budgeted toward a facilities project for expansions to a Park & Ride facility.

Storm Drainage: \$1.5 million is allotted toward storm drainage projects for FY 2021-22, which includes \$1.1 million allocated for the H-01 Retention Basin and \$0.4 million for the A-04 Drainage program.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact the City's Finance Division, at the City of Hesperia, 9700 Seventh Avenue, Hesperia, California 92345.

BASIC FINANCIAL STATEMENTS



CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 54,953,481	\$ 20,542,370	\$ 75,495,851
Receivables:			
Accounts	2,403,897	5,648,242	8,052,139
Accrued Interest	35,780	14,552	50,332
Due from Other Governmental Agencies	5,414,024	112,205	5,526,229
Land Held for Resale	25,367,144	-	25,367,144
Inventories	17,553	1,131,789	1,149,342
Deposits	-	3,314	3,314
Internal Balances	1,018	(1,018)	-
Restricted Assets:			
Cash Held for Bond Reserves	3,561,605	-	3,561,605
Total Current Assets	<u>91,754,502</u>	<u>27,451,454</u>	<u>119,205,956</u>
Noncurrent Assets:			
Other Noncurrent Assets:			
Notes Receivable	36,859,122	-	36,859,122
Allowance for Notes Receivable	(36,859,122)	-	(36,859,122)
Deposits for Self-Insurance	1,602,908	865,772	2,468,680
Total Other Noncurrent Assets	<u>1,602,908</u>	<u>865,772</u>	<u>2,468,680</u>
Capital Assets, Nondepreciable:			
Land	6,308,419	3,266,308	9,574,727
Water Rights	36,413,793	15,611,810	52,025,603
Construction in Progress	8,080,410	4,432,225	12,512,635
Capital Assets, Depreciable:			
Land Improvements	6,135,439	534,168	6,669,607
Buildings and Improvements	48,629,724	4,509,810	53,139,534
Equipment and Vehicles	8,864,663	7,920,270	16,784,933
Infrastructure	205,335,033	-	205,335,033
Water and Sewer Facilities	-	148,111,548	148,111,548
Less: Accumulated Depreciation	(149,090,695)	(86,299,021)	(235,389,716)
Total Capital Assets	<u>170,676,786</u>	<u>98,087,118</u>	<u>268,763,904</u>
Total Noncurrent Assets	<u>172,279,694</u>	<u>98,952,890</u>	<u>271,232,584</u>
Total Assets	<u>264,034,196</u>	<u>126,404,344</u>	<u>390,438,540</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	1,135,639	449,547	1,585,186
Deferred Pension Outflows	5,589,931	1,626,069	7,216,000
Total Deferred Outflows of Resources	<u>6,725,570</u>	<u>2,075,616</u>	<u>8,801,186</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 2,289,609	\$ 5,877,673	\$ 8,167,282
Accrued Interest Payable	351,283	24,653	375,936
Deposits	1,653,653	560,867	2,214,520
Due to Other Governments	536,014	2,980,156	3,516,170
Compensated Absences	785,264	293,067	1,078,331
Claims Payable	205,000	115,000	320,000
Long-Term Debt-Due Within One Year	2,971,240	175,823	3,147,063
Total Current Liabilities	<u>8,792,063</u>	<u>10,027,239</u>	<u>18,819,302</u>
Noncurrent Liabilities:			
Unearned Revenue	959,049	506,729	1,465,778
Compensated Absences	16,026	5,981	22,007
Claims Payable	357,705	328,982	686,687
Loan Payable	11,257,443	5,705,508	16,962,951
Long-Term Debt-Due in More than One Year	31,249,449	-	31,249,449
Net Pension Liability	26,692,606	6,392,987	33,085,593
Total OPEB Liabilities	<u>4,522,018</u>	<u>1,938,008</u>	<u>6,460,026</u>
Total Noncurrent Liabilities	<u>75,054,296</u>	<u>14,878,195</u>	<u>89,932,491</u>
Total Liabilities	<u>83,846,359</u>	<u>24,905,434</u>	<u>108,751,793</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	1,298,594	498,363	1,796,957
Deferred Pension Inflows	<u>1,034,776</u>	<u>339,494</u>	<u>1,374,270</u>
Total Deferred Inflows of Resources	<u>2,333,370</u>	<u>837,857</u>	<u>3,171,227</u>
NET POSITION			
Net Investment in Capital Assets	138,332,337	92,064,054	230,396,391
Restricted for:			
Debt Service	6,027,820	385,528	6,413,348
Transportation	30,958,417	-	30,958,417
Air Quality	23,891	-	23,891
Public Safety	5,257,039	-	5,257,039
Economic Development	25,859,358	-	25,859,358
Other Purposes	224,751	-	224,751
Unrestricted	<u>(22,103,576)</u>	<u>10,287,087</u>	<u>(11,816,489)</u>
Total Net Position	<u>\$ 184,580,037</u>	<u>\$ 102,736,669</u>	<u>\$ 287,316,706</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 7,058,422	\$ 9,708,286	\$ 2,562,905	\$ -
Public Safety	19,350,202	727,213	805,565	-
Development Services	23,030,654	3,085,188	8,893,250	472,554
Interest on Long-Term Debt	1,374,552	-	-	-
Total Governmental Activities	50,813,830	13,520,687	12,261,720	472,554
BUSINESS-TYPE ACTIVITIES				
Water	22,071,529	23,749,559	199,978	103,090
Sewer	5,195,651	5,369,996	-	-
Total Business-Type Activities	27,267,180	29,119,555	199,978	103,090
Total	\$ 78,081,010	\$ 42,640,242	\$ 12,461,698	\$ 575,644

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021

Functions/Programs	Net (Expense)/Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ 5,212,769	\$ -	\$ 5,212,769
Public Safety	(17,817,424)	-	(17,817,424)
Development Services	(10,579,662)	-	(10,579,662)
Interest on Long-Term Debt	(1,374,552)	-	(1,374,552)
Total Governmental Activities	(24,558,869)	-	(24,558,869)
BUSINESS-TYPE ACTIVITIES			
Water	-	1,981,098	1,981,098
Sewer	-	174,345	174,345
Total Business-Type Activities	-	2,155,443	2,155,443
Total	(24,558,869)	2,155,443	(22,403,426)
GENERAL REVENUES			
Taxes:			
Property Taxes	11,267,340	482,839	11,750,179
Sales and Use Tax	13,378,248	-	13,378,248
Transient Occupancy Tax	1,798,649	-	1,798,649
Franchise Tax	3,654,647	-	3,654,647
Document Transfer Tax	387,446	-	387,446
Other Taxes	702,916	-	702,916
Motor Vehicle in Lieu	70,698	-	70,698
Unrestricted Investment Earnings	2,297,044	82,021	2,379,065
Unrestricted System Improvement and Replacement	-	2,183,081	2,183,081
Other	80,180	220,158	300,338
Gain on Disposal of Capital Assets	18,301	-	18,301
Total General Revenues	33,655,469	2,968,099	36,623,568
CHANGE IN NET POSITION	9,096,600	5,123,542	14,220,142
Net Position - Beginning of Year	175,483,437	97,613,127	273,096,564
NET POSITION - END OF YEAR	\$ 184,580,037	\$ 102,736,669	\$ 287,316,706

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Development Impact Fees 2018 - City Hall Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 15,281,489	\$ 28,478	\$ 39,643,514	\$ 54,953,481
Restricted Investments	-	-	3,561,605	3,561,605
Accounts Receivable	2,384,914	-	18,983	2,403,897
Accrued Interest	10,254	92	25,434	35,780
Notes Receivable	-	-	36,859,122	36,859,122
Allowance for Notes Receivable	-	-	(36,859,122)	(36,859,122)
Due from Other Governmental Agencies	2,868,871	-	2,545,153	5,414,024
Due from Other Funds	1,140,018	-	84,419	1,224,437
Land Held for Resale	-	-	25,367,144	25,367,144
Inventory	17,553	-	-	17,553
Advance to Other Funds	3,703,324	-	-	3,703,324
Total Assets	<u>\$ 25,406,423</u>	<u>\$ 28,570</u>	<u>\$ 71,246,252</u>	<u>\$ 96,681,245</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Other				
Current Liabilities	\$ 1,735,625	\$ -	\$ 553,984	\$ 2,289,609
Due to Other Governments	107,460	-	428,554	536,014
Unearned Revenue	-	-	959,049	959,049
Deposits	1,653,653	-	-	1,653,653
Due to Other Funds	6,722	-	1,216,697	1,223,419
Advances from Other Funds	-	3,703,324	-	3,703,324
Total Liabilities	<u>3,503,460</u>	<u>3,703,324</u>	<u>3,158,284</u>	<u>10,365,068</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	<u>1,422,795</u>	<u>-</u>	<u>-</u>	<u>1,422,795</u>
FUND BALANCES				
Nonspendable:				
Inventory	17,553	-	-	17,553
Advances to Other Funds	3,703,324	-	-	3,703,324
Restricted:				
Debt Service	-	-	6,027,820	6,027,820
Transportation	-	-	30,958,417	30,958,417
Air Quality	-	-	23,891	23,891
Public Safety	-	-	5,257,039	5,257,039
Economic Development	-	-	25,859,358	25,859,358
Other Purposes	-	-	224,751	224,751
Unassigned	16,759,291	(3,674,754)	(263,308)	12,821,229
Total Fund Balances	<u>20,480,168</u>	<u>(3,674,754)</u>	<u>68,087,968</u>	<u>84,893,382</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,406,423</u>	<u>\$ 28,570</u>	<u>\$ 71,246,252</u>	<u>\$ 96,681,245</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2021

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

Total fund balances - governmental funds		\$ 84,893,382
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		170,676,786
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.		(351,283)
Revenues receivable from outside agencies are unavailable on the fund statements, but recognized on the government-wide statements.		1,422,795
Deposits with insurance providers to pay for long-term liabilities are not current financial resources and, therefore, are not recorded on the governmental funds balance sheet.		1,602,908
The total OPEB liability applicable to the City's governmental activities is not due, and payable in the current period and accordingly is not reported as governmental fund liabilities. Deferred outflows of resources related to OPEB are only reported in the Statement of Net Position, as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred Outflow - OPEB	\$ 1,135,639	
Deferred Inflow - OPEB	(1,298,594)	
Total OPEB Liability	<u>(4,522,018)</u>	(4,684,973)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the governmental funds balance sheet.		(46,842,127)
Net pension liability applicable to the City governmental activities is not due and payable in the current period and accordingly is not reported as a governmental fund liability. Additionally, related deferred inflows and outflows of resources are not reported in governmental fund statements. Balances as of June 30, 2021 are as follows:		
Deferred Outflow	5,589,931	
Deferred Inflow	(1,034,776)	
Net Pension Liability	<u>(26,692,606)</u>	(22,137,451)
Net Position of Governmental Activities		<u><u>\$ 184,580,037</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Development Impact Fees 2018 - City Hall Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 21,464,989	\$ -	\$ -	\$ 21,464,989
Licenses and Permits	262,816	-	-	262,816
Fines and Forfeits	1,146,202	-	-	1,146,202
Use of Money and Property	72,862	1,191	180,016	254,069
Intergovernmental	12,588,659	-	8,895,394	21,484,053
Charges for Services	4,592,541	133,575	3,242,279	7,968,395
Grants	2,479,850	-	1,392,165	3,872,015
Other Revenues	2,562,197	-	565,416	3,127,613
Total Revenues	<u>45,170,116</u>	<u>134,766</u>	<u>14,275,270</u>	<u>59,580,152</u>
EXPENDITURES				
Current:				
General Government:				
City Council	1,366,912	-	-	1,366,912
City Manager	3,314,042	-	32,177	3,346,219
Management Services	4,271,621	-	-	4,271,621
Public Safety - Police	18,080,456	-	-	18,080,456
Public Safety - Fire	-	-	975,994	975,994
Development Services	6,507,481	-	6,789,667	13,297,148
Debt Service:				
Interest	-	19,270	1,431,923	1,451,193
Principal	-	-	2,916,240	2,916,240
Bond Administration Expense	-	-	4,380	4,380
Capital Outlay:				
Land	-	-	455,730	455,730
Equipment and Vehicles	177,290	-	109,639	286,929
Infrastructure	-	-	4,500,583	4,500,583
Total Expenditures	<u>33,717,802</u>	<u>19,270</u>	<u>17,216,333</u>	<u>50,953,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,452,314</u>	<u>115,496</u>	<u>(2,941,063)</u>	<u>8,626,747</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	252,000	-	14,462,714	14,714,714
Transfers Out	(7,116,453)	(4,016,202)	(3,582,059)	(14,714,714)
Sale of Capital Assets	-	-	18,301	18,301
Total Other Financing Sources (Uses)	<u>(6,864,453)</u>	<u>(4,016,202)</u>	<u>10,898,956</u>	<u>18,301</u>
NET CHANGE IN FUND BALANCES	<u>4,587,861</u>	<u>(3,900,706)</u>	<u>7,957,893</u>	<u>8,645,048</u>
Fund Balances - Beginning of Year	<u>15,892,307</u>	<u>225,952</u>	<u>60,130,075</u>	<u>76,248,334</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,480,168</u>	<u>\$ (3,674,754)</u>	<u>\$ 68,087,968</u>	<u>\$ 84,893,382</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds.	\$	8,645,048
Increase in long-term deposits and claims payable are included in governmental activities in the government-wide Statement of Activities.		76,391
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlays	\$	5,485,370
Depreciation Expense	<u>(9,512,985)</u>	<u>(4,027,615)</u>
Interest expense is recognized when paid on the Statement of Revenues, Expenditures, and Changes in Fund Balances and recognized when incurred on the Statement of Activities.		89,030
OPEB expenditures reported in the governmental funds includes the actuarial determined contributions. In the Statement of Activities, OPEB expense includes the change in the OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		(139,126)
Revenues received after the availability period are recognized in the government-wide statements and unavailable in the fund statements.		311,977
Pension expenditures reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense included the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		(1,133,210)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal Payments on Long-Term Debt	2,916,240	
Amortization of Premiums and Discounts	(8,009)	
Changes to Compensated Absences	(16,946)	
Changes to Claims Payable	<u>2,382,820</u>	<u>5,274,105</u>
Change in Net Position of Governmental Activities	\$	<u><u>9,096,600</u></u>

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS

Proprietary funds are represented by two fund types: Enterprise funds and Internal Service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public, on a continuing basis, be financed or recovered primarily through user charges. Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis. The City does not have any Internal Service Funds at year ending June 30, 2021.

Individual Enterprise funds are as follows:

Water Operations and Capital – To account for the operation, maintenance, and system construction of the City's water operations, which is funded by user charges and other fees.

Sewer Operations and Capital – To account for the operation, maintenance, and system construction of the City's sewer system, which is funded by user charges and other fees.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Water Operations and Capital	Sewer Operations and Capital	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,528,002	\$ 17,014,368	\$ 20,542,370
Receivables:			
Accounts	4,737,948	910,294	5,648,242
Accrued Interest	6,087	8,465	14,552
Due from Other Governmental Agencies	105,933	6,272	112,205
Deposits	-	3,314	3,314
Inventories	1,131,789	-	1,131,789
Due from Other Funds	1,858	-	1,858
Total Current Assets	<u>9,511,617</u>	<u>17,942,713</u>	<u>27,454,330</u>
Noncurrent Assets:			
Other Noncurrent Assets:			
Deposits for Self-Insurance	<u>766,605</u>	<u>99,167</u>	<u>865,772</u>
Capital Assets:			
Land	1,461,771	1,804,537	3,266,308
Water Rights	15,611,810	-	15,611,810
Construction in Progress	1,941,716	2,490,509	4,432,225
Land Improvements	534,168	-	534,168
Vehicles	1,957,175	345,435	2,302,610
Machinery and Equipment	4,934,958	682,702	5,617,660
Buildings and Improvements	4,509,810	-	4,509,810
Water and Sewer Facilities	140,839,140	7,272,408	148,111,548
Less: Accumulated Depreciation	<u>(80,871,126)</u>	<u>(5,427,895)</u>	<u>(86,299,021)</u>
Total Capital Assets	<u>90,919,422</u>	<u>7,167,696</u>	<u>98,087,118</u>
Total Noncurrent Assets	<u>91,686,027</u>	<u>7,266,863</u>	<u>98,952,890</u>
Total Assets	<u>101,197,644</u>	<u>25,209,576</u>	<u>126,407,220</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	449,547	-	449,547
Deferred Pension Outflows	1,393,699	232,370	1,626,069
Total Deferred Outflows of Resources	<u>1,843,246</u>	<u>232,370</u>	<u>2,075,616</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2021

	Water Operations and Capital	Sewer Operations and Capital	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 5,186,320	\$ 549,620	\$ 5,735,940
Contracts and Retainage Payable	56,693	85,040	141,733
Accrued Interest Payable	24,653	-	24,653
Deposits	560,867	-	560,867
Due to Other Funds	-	2,876	2,876
Due to Other Governments	-	2,980,156	2,980,156
Compensated Absences	256,381	36,686	293,067
Claims Payable	105,000	10,000	115,000
Long-Term Debt Due within One Year	175,823	-	175,823
Total Current Liabilities	<u>6,365,737</u>	<u>3,664,378</u>	<u>10,030,115</u>
Noncurrent Liabilities:			
Total OPEB Liability	1,938,008	-	1,938,008
Net Pension Liability	5,479,411	913,576	6,392,987
Unearned Revenue	11,082	495,647	506,729
Compensated Absences	5,232	749	5,981
Claims Payable	272,916	56,066	328,982
Loan Payable	5,705,508	-	5,705,508
Total Noncurrent Liabilities	<u>13,412,157</u>	<u>1,466,038</u>	<u>14,878,195</u>
Total Liabilities	<u>19,777,894</u>	<u>5,130,416</u>	<u>24,908,310</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	498,363	-	498,363
Deferred Pension Inflows	290,979	48,515	339,494
Total Deferred Inflows of Resources	<u>789,342</u>	<u>48,515</u>	<u>837,857</u>
NET POSITION			
Net Investment in Capital Assets	84,981,398	7,082,656	92,064,054
Restricted for Debt Service	385,528	-	385,528
Unrestricted	(2,893,272)	13,180,359	10,287,087
Total Net Position	<u>\$ 82,473,654</u>	<u>\$ 20,263,015</u>	<u>\$ 102,736,669</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Water Operations and Capital	Sewer Operations and Capital	Total
OPERATING REVENUES			
Water Sales	\$ 22,750,290	\$ -	\$ 22,750,290
Water Services	883,528	-	883,528
Sewer Services	-	5,356,233	5,356,233
Other	115,741	13,763	129,504
Total Operating Revenues	<u>23,749,559</u>	<u>5,369,996</u>	<u>29,119,555</u>
OPERATING EXPENSES			
General and Administrative	4,088,706	339,263	4,427,969
Engineering	917,477	176,964	1,094,441
Production	7,609,017	-	7,609,017
Distribution	2,402,283	-	2,402,283
Wastewater Collection	-	4,411,523	4,411,523
Customer Service	2,770,341	-	2,770,341
Depreciation and Amortization	3,706,151	267,901	3,974,052
Total Operating Expenses	<u>21,493,975</u>	<u>5,195,651</u>	<u>26,689,626</u>
OPERATING INCOME (LOSS)	<u>2,255,584</u>	<u>174,345</u>	<u>2,429,929</u>
NONOPERATING REVENUES (EXPENSES)			
System Improvement and Replacement Fees	2,183,081	-	2,183,081
Property Taxes	482,827	-	482,827
Property Taxes - Debt Service	12	-	12
Rent Income	220,158	-	220,158
Interest Income	30,170	51,851	82,021
Interest Expense	(569,497)	-	(569,497)
Grants Received	199,978	-	199,978
Loss on Disposal of Capital Assets	(8,057)	-	(8,057)
Total Nonoperating Revenues (Expenses), Net	<u>2,538,672</u>	<u>51,851</u>	<u>2,590,523</u>
Income (Loss) Before Transfers and Capital Contributions	4,794,256	226,196	5,020,452
Capital Contributions	<u>103,090</u>	<u>-</u>	<u>103,090</u>
CHANGE IN NET POSITION	4,897,346	226,196	5,123,542
Net Position - Beginning of Year	<u>77,576,308</u>	<u>20,036,819</u>	<u>97,613,127</u>
NET POSITION - END OF YEAR	<u>\$ 82,473,654</u>	<u>\$ 20,263,015</u>	<u>\$ 102,736,669</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Water Operations and Capital	Sewer Operations and Capital	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Water and Sewer Customers	\$ 25,160,955	\$ 5,204,765	\$ 30,365,720
Cash Received from Other Operating Receipts	115,741	13,763	129,504
Cash Payments for Water Purchases	(8,319,474)	-	(8,319,474)
Cash Payments for Sewer Collection and Maintenance	-	(3,832,423)	(3,832,423)
Cash Payments for Services and Supplies	(2,403,324)	-	(2,403,324)
Cash Payments to Employees for Services	(7,381,323)	(427,455)	(7,808,778)
Rents Received	220,158	-	220,158
Net Cash Provided by Operating Activities	<u>7,392,733</u>	<u>958,650</u>	<u>8,351,383</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received	199,978	-	199,978
Property Taxes Received	482,839	-	482,839
Cash Paid to Other Funds	(1,862)	(2,578)	(4,440)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>680,955</u>	<u>(2,578)</u>	<u>678,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(1,181,175)	(1,610,027)	(2,791,202)
Escrow Deposits for Capital Asset Purchase	-	-	-
Capital Contribution	103,090	-	103,090
Unrestricted System Improvement and Replacement Receipts	2,183,081	-	2,183,081
Proceeds from Sale of Assets	11,776	-	11,776
Interest Payments on Long-Term Debt	(98,931)	-	(98,931)
Principal Payments on Long-Term Debt	(5,714,243)	-	(5,714,243)
Net Cash Used by Capital and Related Financing Activities	<u>(4,696,402)</u>	<u>(1,610,027)</u>	<u>(6,306,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	41,626	72,121	113,747
Net Cash Provided by Investing Activities	<u>41,626</u>	<u>72,121</u>	<u>113,747</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,418,912	(581,834)	2,837,078
Cash and Cash Equivalents - Beginning of Year	<u>109,090</u>	<u>17,596,202</u>	<u>17,705,292</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,528,002</u></u>	<u><u>\$ 17,014,368</u></u>	<u><u>\$ 20,542,370</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Water Operations and Capital	Sewer Operations and Capital	Total
RECONCILIATION OF OPERATING INCOME TO NET			
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 2,255,584	\$ 174,345	\$ 2,429,929
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation and Amortization	3,706,151	267,901	3,974,052
Rent income	220,158	-	220,158
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(1,074,962)	(146,505)	(1,221,467)
(Increase) Decrease in Deposits	(78,413)	(27,064)	(105,477)
(Increase) Decrease in Inventory	129,012	-	129,012
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Due from Other Governments	2,647,210	(6,272)	2,640,938
(Increase) Decrease in Due from Other Funds	-	-	-
(Increase) Decrease in Deferred Outflows on Pension	(33,300)	(22,055)	(55,355)
(Increase) Decrease in Deferred Outflows on OPEB	(331,494)	-	(331,494)
Increase (Decrease) in Accounts and Claims Payable	(762,097)	(382,890)	(1,144,987)
Increase (Decrease) in Accrued Personnel Costs	-	-	-
Increase (Decrease) in Customer Deposits	(56,193)	-	(56,193)
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) in Due to Other Governments	-	980,299	980,299
Increase (Decrease) in Claims and Judgments Payable	-	-	-
Increase (Decrease) in Total OPEB Liability	512,726	-	512,726
Increase (Decrease) in Deferred Revenue	11,082	1,323	12,405
Increase (Decrease) in Net Pension Liability	453,710	136,616	590,326
Increase (Decrease) in Compensated Absences	7,801	758	8,559
Increase (Decrease) in Deferred OPEB Inflows	(76,235)	-	(76,235)
Increase (Decrease) in Deferred Inflows on Pension	(138,007)	(17,806)	(155,813)
Total Adjustments	5,137,149	784,305	5,921,454
Net Cash Provided by Operating Activities	<u>\$ 7,392,733</u>	<u>\$ 958,650</u>	<u>\$ 8,351,383</u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND			
FINANCING ACTIVITIES			
Amortization Related to Long-Term Debt	\$ 447,189	\$ -	\$ 447,189

See accompanying Notes to Basic Financial Statements.

FIDUCIARY TYPE FUNDS

Fiduciary Fund types include trust and custodial funds and private-purpose trust funds. Custodial funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Custodial funds are as follows:

Rancho Las Flores Fund – To account for deposits that are held by the City for the establishment and development of a residential, commercial and retail community.

Assessment District 91-1 – To account for the Joshua/West Main Street Assessment District special taxes received and the payment of debt service related to bonds issued.

Community Facilities District 2005 – To account for the restructuring of the Community Facilities District #91-3 debt used to finance the infrastructure of the Belgate development.

Branch Library – To account for community donations that are held by the City, to assist in the financing of the future expansion of the community library.

Summit Valley HCP – To account for deposits that are held by the City to offset the costs for establishing the Summit Valley Habitat Conservation Plan.

Plan Review Trust – To account for deposits that are held by the City to offset the costs incurred by large developer projects.

Hesperia Fire Protection District – To account for deposits related to residual activity of the former Hesperia Fire Protection District that are held by the City to be remitted to San Bernardino County.

Individual Private-Purpose funds are as follows:

Successor Agency to the Former Hesperia Community Redevelopment Agency – To account for various deposits and debt obligations of the former Hesperia Community Redevelopment Agency that are now under the authority of the Oversight Board.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ASSETS		
Cash and Investments	\$ 2,339,747	\$ 8,257,366
Cash and Investments with Fiscal Agent	1,452,591	85
Accounts Receivable	27,260	-
Accrued Interest	1,531	4,449
Notes Receivable, Net of Allowance	-	1,021,108
Land Held for Resale	-	2,495,015
Capital Assets:		
Vehicles and Equipment, Net of Depreciation	-	5,826
Total Assets	<u>3,821,129</u>	<u>11,783,849</u>
LIABILITIES		
Accounts Payable	370,739	-
Due to Other Governments	-	276,806
Accrued Interest	-	1,413,644
Long-Term Liabilities:		
Due in one year	-	5,520,000
Due in more than one year	-	104,078,509
Total Liabilities	<u>370,739</u>	<u>111,288,959</u>
DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Gain on Refunding	-	864,385
NET POSITION		
Held for other organizations	3,450,390	-
Held in trust for private purpose	-	<u>(100,369,495)</u>
Total Net Position	<u>\$ 3,450,390</u>	<u>\$ (100,369,495)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ADDITIONS		
Taxes	\$ 1,840,590	\$ 9,418,770
Investment and Rental	55,533	17,103
Other	371,260	-
Total Additions	<u>2,267,383</u>	<u>9,435,873</u>
DEDUCTIONS		
Development Services	-	398,612
Administrative	970,494	-
Principal expense	505,000	
Interest and Fiscal Expense	726,863	3,791,285
Loss on Disposal of Assets	-	-
Total Deductions	<u>2,202,357</u>	<u>4,189,897</u>
CHANGE IN NET POSITION	65,026	5,245,976
Total Net Position - Beginning of Period, As Restated	<u>3,385,364</u>	<u>(105,615,471)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 3,450,390</u></u>	<u><u>\$ (100,369,495)</u></u>

See accompanying Notes to Basic Financial Statements.



NOTES TO BASIC FINANCIAL STATEMENTS



**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hesperia, California (City), have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. Description and Scope of the Reporting Entity

The City of Hesperia (Hesperia) was incorporated on July 1, 1988, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. The City's reporting entity includes the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body, and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is considered to be financially accountable if it holds a majority equity interest in an organization. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

The following component units are controlled by common governing boards, which are substantively the same as the City's. In addition, these component units provide services or other benefits almost entirely to the City, and there is potential for these component units to impose financial burdens on the City. Therefore, these component units have been included in the reporting entity as blended component units.

1. Hesperia Fire Protection District – Originally organized as a subsidiary District circa 1957 under San Bernardino County, and later, on July 1, 1988, became a subsidiary of the City. Transactions of the District are reported as special revenue fund.
2. Hesperia Water District – Formed on March 28, 1975, and later on April 30, 1990, became a subsidiary district of the City. Transactions of the District are reported as enterprise funds.
3. Hesperia Public Facilities Corporation – Established as a separate legal entity on May 4, 1990, to provide financing for various projects of the Hesperia Water District. The Corporation currently includes no activity.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description and Scope of the Reporting Entity (Continued)

4. Hesperia Public Financing Authority – Established as a separate legal entity in March 1993, to provide financing for various City capital projects. Transactions of the Authority are reported as debt service fund.
5. Hesperia Housing Authority – On April 5, 2011, the City of Hesperia adopted Resolution No. 2011-022, establishing the Hesperia Housing Authority, pursuant to California Housing Authority Law, to carry out the future housing function which was relinquished from the former Hesperia Community Redevelopment Agency. Transactions of the Authority are reported as special revenue fund.
6. Community Development Commission – On April 5, 2011, the City adopted Resolution No. 2011-023 for the purpose of establishing a Community Development Commission (CDC) to transact business and exercise powers within the City, including economic development, redevelopment, housing, and community development. Transactions of the District are reported as special revenue fund.
7. Hesperia Joint Public Financing Authority – On October 2, 2012, the City of Hesperia and the Hesperia Water District adopted Resolution 2012-068 (City) and Resolution 2012-09 (Water) for the purpose of establishing the Hesperia Joint Public Financing Authority to provide assistance to the City with its financing programs. Transactions of the District are reported as debt service fund.

Since the City Council serves as the governing board for these component units, all the City's component units are considered to be blended 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 with the interfund data of the primary government. Only the Hesperia Fire Protection District, the Hesperia Water District, the Hesperia Housing Authority, and Community Development Commission issue separate component unit financial statements. Upon their completion, the financial statements of these component units can be obtained at City Hall. On April 5, 2011, the City Council authorized the creation of two 501(c)(3) charitable trusts (nonprofit corporation). One nonprofit corporation will support affordable housing, while the second nonprofit corporation will support economic development. As of June 30, 2021, the nonprofit corporation to support economic development has not been legally formed.

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 on all the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which to a significant extent, rely on user fees and charges for support.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this rule are the charges between the water operations fund and sewer operations fund and the other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses for given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position (i.e., fund balances) as presented in these statements to the net position presented in the government-wide financial statements.

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows for each proprietary fund.

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The **General Fund** is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Development Impact Fees 2018 – City Hall Facilities Special Revenue Fund** is used to account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's facilities to better serve the growing populace.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

The **Water Operations and Capital Enterprise Fund** is used to account for the operation and maintenance of the City's water operations which, is funded by user charges and other fees.

The **Sewer Operations and Capital Enterprise Fund** is used to account for the operation and maintenance of the City's sewer systems, which is funded by user charges and other fees.

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

The **Special Revenue Funds** are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

The **Debt Service Funds** are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources.

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

The **Fiduciary Funds** include private-purpose, trust, and custodial funds. The private-purpose trust fund is used to account for the assets and liabilities of the former Redevelopment Agency. Custodial funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary statements, even though excluded from the government-wide financial statements, represent trust and custodial funds which are custodial in nature.

Successor Agency Private-Purpose Trust Fund – This fund holds assets and accumulates resources to pay enforceable obligations and administrative costs of the former Hesperia Community Redevelopment Agency after the date of dissolution.

Custodial Funds – This fund is used to account for various deposits that are held by the City for other organizations. The monies in this fund are returned to the depositor upon completion of projects and/or fulfillment of purpose.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Private-purpose trust funds are reported using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Proprietary fund equity is classified as net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Revenues are recognized as soon as they are both measurable and available. Revenues considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City 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 liabilities are incurred, as under accrual accounting; however, debt service payments (principal and interest), unpaid vacation, compensatory time, and claims and judgments are recorded only when payment is due.

Property taxes, sales tax, transient occupancy tax, franchise tax, vehicle license fees, highway users tax, interest associated with the current period, and some grants are all susceptible to accrual and have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the funds principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. New Accounting Pronouncements

GASB 84

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

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The City adopted this standard in the current fiscal year. Implementation of GASB 84 resulted in the following: (1) reclassification of the previously reported agency fund, which no longer qualifies as a fiduciary fund, to the City's General Fund (2) reclassification of previously reported deposits as custodial funds which resulted in an increase of \$3,385,364 in net position at the beginning of the year.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments purchased with an original maturity of 90 days or less. The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

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.

F. Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as income from property and investments reported for that fiscal year. Income from property and investments includes interest earnings, changes in fair value, any gains or losses realized upon liquidation, maturity, or sale of investments.

The City pools investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's average cash and investment balance.

G. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as inter-fund receivables or inter-fund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due. Management estimates all trade and tax receivables at June 30, 2021, to be collectible, as any receivables deemed uncollectible have been written off. The City's fiscal year end falls in the middle of a billing cycle for water and sewer. In order to accrue the amount of the year end receivables, the City estimates the amount of unbilled receivables based on that portion of the billing cycle that has elapsed as of the fiscal year end.

H. Inventory

Inventories are valued at cost on a first-in, first-out basis. The inventory consists of meters, pipes, and other parts required providing water and wastewater services to customers.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Land Held for Resale

Land held for resale is carried at the lower of cost or estimated realizable value.

J. Capital Assets

Capital assets, which include land, buildings, building improvements, infrastructure, and equipment are depreciated and are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000 that have a useful life of more than one year.

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

Capital assets have an estimated useful life greater than one year and are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Construction in progress costs are capitalized and transferred to their respective capital asset category upon completion of the project.

Depreciation is charged to operations using the straight-line method, based on the estimated useful life of an asset. Land and construction in progress are not depreciated:

	<u>Years</u>
Buildings	30 - 50
Improvements	20
Machinery and Equipment	5 - 30
Vehicles	8 - 20
Water and Sewer Facilities	40
Infrastructure	20

K. Restricted Assets

The primary government reports assets that are restricted for customer deposits, contributions designated for specific purposes, and funds held in trust that are restricted for debt service payments.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Claims and Judgements

When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2021, in the opinion of the City's Attorney, the City had no material unrecorded claims that would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenditures when paid. Payments are typically paid from the General Fund, Fire District fund, and the Proprietary funds. The various amounts are based on information provided by the City's claims administrators.

M. Compensated Absences

Vacation pay is payable to employees at the time used or upon termination of employment. In the government-wide financial statements (i.e. statement of net position and statement of activities) the cost of vacation is recorded as a liability when incurred for both governmental and business-type activities. Compensated absences, once exercised, are paid out of the same fund, as they were originally accrued in including the following governmental funds: General Fund, Street Maintenance Fund, Community Development Block Grant Fund, and the following enterprise funds: Water Fund and Sewer Fund.

N. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds, using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Long-term obligation payments are typically paid from the same fund as they originated, including City Debt Service.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred Outflow Related to Pensions and OPEB – This amount is equal to employer contributions made after the measurement date of the net pension liability and net OPEB liability.
- Deferred Outflow Related to Pensions – For the difference between expected and actual experience, changes in proportion and differences between the City's contributions and 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 provided with pensions through the plans.
- Deferred Inflow Related to Pensions for the difference in projected and actual earnings. These are amortized over five years.
- Deferred Outflow Related to OPEB – For the changes in assumptions and changes in proportion. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees provided with pensions through the plans

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) 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:

- Unavailable Revenue – This item arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenues*, is reported only in the governmental funds balance sheet.
- Deferred Gain on Refunding – 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows/Inflows of Resources (Continued)

- Deferred Inflow Related to Pensions – For the changes in assumptions, changes in proportion and differences between the City’s contributions and 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 provided with pensions through the plans.
- Deferred Inflow Related to OPEB – For the difference between expected and actual experience, changes in assumptions and changes in proportion. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees provided with OPEB through the plans.

P. Net Position

In the government-wide financial statements and proprietary fund statements, net position is reported in three categories:

- Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s practice to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Q. Fund Balances

Pursuant to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balance reported on the fund statements now consist of the following categories:

- The nonspendable fund balance category typically includes inventories, prepaid items, and other items that by definition are not in spendable form or legally or contractually required to be maintained intact.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances (Continued)

- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment by adoption of a resolution. Resolutions designate that the City Administrator or designee is to carry out the action authorized by the resolution.
- The assigned fund balance category is intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Administrator or designee has the authority to establish, modify, or rescind a fund balance assignment through adoption of a resolution authorized by the Council.
- Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance in other governmental funds is limited to any negative residual fund balance.

It is the City policy to consider committed amounts to be used first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. In addition, when both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

R. Property Taxes

Real property taxes are levied on October 15 against owners of record on January 1. The taxes are due in two installments (on November 1 and February 1) and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the year.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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.

T. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and investments at June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 75,495,851
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Restricted Assets:

Cash Held for Bond Reserves	3,561,605
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Statement of Net Position - Fiduciary Funds:

Current Assets:

Cash and Investments	10,597,113
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Cash and Investments with Fiscal Agent	1,452,676
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Total Cash and Investments	<u>\$ 91,107,245</u>
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Cash and investments as of June 30, 2021 consist of the following:

Cash on Hand	\$ 15,475
Deposits with Financial Institutions	6,472,397
Investments	84,619,373
Total Cash and Investments	<u>\$ 91,107,245</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City of Hesperia's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 Years	Unlimited	None
U.S. State or Local Agency Securities	5 Years	Unlimited	None
Banker's Acceptances	180 Days	25%	5%
Commercial Paper	270 Days	15%	10%
Negotiable Certificates of Deposit	5 Years	25%	None
Repurchase Agreements	1 Year	20%	None
Local Agency Investment Fund (LAIF)	N/A	Unlimited	None
Medium-Term Notes	5 Years	30%	None
Mutual & Money Market Funds	None	20%	10%
Collateralized Bank Deposits	5 Years	10%	None
Investment Pools	N/A	30%	None
Municipal Bonds	5 Years	10%	None
Supranational Obligations	5 Years	30%	None
Public Bank Obligations	5 Years	100%	None

Investments Authorized by Debt Agreements

Investments authorized for funds held by bond trustees include U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Bankers' Acceptances, Money Market Mutual Funds, Repurchase Agreements, Investment Contracts, and any other investments permitted by bond insurer and are legal investments under state laws. There were no limitations on the maximum amount that can be invested in one issuer or maximum percentage allowed.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that a change 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. Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type		Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
LAIF	\$ 80,564,626	\$ 80,564,626	\$ -	\$ -	\$ -
Held by Fiscal Agent:					
Money Market Funds	4,054,747	4,054,747	-	-	-
Total	<u>\$ 84,619,373</u>	<u>\$ 84,619,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year ended for each investment type.

Investment Type		Minimum Legal Rating	Rating as of Year-End	
			AAA	Not Rated
LAIF	\$ 80,564,626	N/A	\$ -	\$ 80,564,626
Held by Fiscal Agent:				
Money Market Funds	4,054,747	AAA	4,054,747	-
Total	<u>\$ 84,619,373</u>		<u>\$ 4,054,747</u>	<u>\$ 80,564,626</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2021, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pool) that represent 5% or more of the City's investments.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government 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 entities by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts.

Investment in LAIF

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.

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 relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City's investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 NOTES RECEIVABLE

Notes receivable, totaling \$36,859,122 at June 30, 2021, consists of loans forgivable and nonforgivable loans that have maturity of up to 55 years. Due to the terms of the notes, an offsetting allowance for notes receivable of \$36,859,122 has been established.

Notes receivable at June 30, 2021, include the following:

	June 30, 2020	Additions	Deductions	June 30, 2021
A. KDF VAH I, L.P.	\$ 6,990,289	\$ 72,020	\$ -	\$ 7,062,309
B. KDF Hesperia, L.P.	6,540,946	126,833	-	6,667,779
C. KDF Hesperia II, L.P.	7,830,464	145,102	-	7,975,566
D. PDDC San Remo I Hesperia, L.P.	4,356,520	39,557	-	4,396,077
E. PDDC San Remo II Hesperia, L.P.	6,166,110	57,557	(108,722)	6,114,945
F. Verma Petroleum, INC.	42,161	-	(42,161)	-
G. Eagle Hesperia 55, L.P.	4,137,253	76,639	-	4,213,892
H. Live Oak	86,950	-	(86,950)	-
I. Promissory Note	-	428,554	-	428,554
Totals	<u>\$ 36,150,693</u>	<u>\$ 946,262</u>	<u>\$ (237,833)</u>	<u>\$ 36,859,122</u>

A. KDF VAH I, L.P.

In July 2006, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with KDF VAH I, L.P. (a California limited partnership) for the development, construction, and operation of a 68-unit apartment complex of which certain units shall be available to very low-income tenants, low-income tenants, and moderate income tenants. Under the terms of the OPA, the City and Hesperia Community Redevelopment Agency (HCRA) loaned \$6,334,000 of its HOME grant and low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. There are three loans for terms of not more than fifty-five years: (1) a \$2.9 million loan bearing an interest rate of one percent (1%); (2) a \$3.0 million bearing an interest rate of one percent (1%); and (3) a \$0.4 million loan bearing an interest rate of three percent (3%). The agreements are secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Hesperia Housing Authority assumed responsibility of the HCRA notes receivable. Interest on the notes through June 30, 2021, is \$933,277 and payments received on the note through June 30, 2021, are \$204,967. The balance of the loans outstanding at June 30, 2021, was \$7,062,309.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

B. KDF Hesperia, L.P.

In December 2005, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with KDF Hesperia, L.P. (a California limited partnership) for the development, construction, and operation of a 110-unit apartment complex of which certain units shall be available to very low-income tenants, low-income tenants, and moderate income tenants. Under the terms of the OPA, the City and Hesperia Community Redevelopment Agency (HCRA) loaned \$4,662,500 of its HOME grant and low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. There are two loans for terms of not more than fifty-five years: (1) a \$1.3 million loan bearing an interest rate of one percent (1%), and (2) a \$3.4 million loan bearing an interest rate of three percent (3%). Due to the dissolution of redevelopment agencies by AB 26x1, the Hesperia Housing Authority assumed responsibility of the HCRA notes receivable. On February 1, 2012, the Housing Authority issued a loan of \$398,589 to assist with converting the construction loan to a permanent loan. The agreements are secured by a deed of trust on the property. Accrued interest on the notes through June 30, 2021, is \$1,631,902 and payments received on the note through June 30, 2021, are \$25,211. The balance of the loans outstanding at June 30, 2021, was \$6,667,779.

C. KDF Hesperia II, L.P.

In March 2006, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with KDF Hesperia II, L.P. (a California limited partnership) for the development, construction, and operation of a 72-unit apartment complex of which certain units shall be available to very low-income tenants, low-income tenants, and moderate income tenants. Under the terms of the OPA, the City and Hesperia Community Redevelopment Agency (HCRA) loaned \$5,900,000 of its HOME grant and low and moderate income housing funds toward the actual cost for the development, construction, and operation of the project. There are two loans for terms of not more than fifty-five years: (1) a \$2.0 million loan bearing an interest rate of one percent (1%), and (2) a \$3.9 million bearing an interest rate of three percent (3%). Due to the dissolution of redevelopment agencies by AB 26x1, the Hesperia Housing Authority assumed responsibility of the HCRA notes receivable. On February 1, 2012, the Housing Authority issued a loan of \$270,070 to assist with converting the construction loan to a permanent loan. The agreements are secured by a deed of trust on the property. Accrued interest on the notes through June 30, 2021, is \$1,805,496. The balance of the loans outstanding at June 30, 2021, was \$7,975,566.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

D. PDDC San Remo Hesperia, L.P.

In November 2007, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with PDDC San Remo Hesperia, L.P. (Palm Desert Development Company, and a California limited partnership) for the development, construction, and operation of a 65-unit apartment complex of which certain units shall be available to very low-income tenants and low-income tenants. Under the terms of the OPA, the Agency loaned \$3,955,711 of its low and moderate-income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Hesperia Housing Authority assumed responsibility of the HCRA notes receivable. Accrued interest on the note through June 30, 2021, is \$485,034 and payments received on the note through June 30, 2021, are \$44,667. The balance of the loan outstanding at June 30, 2021, was \$4,396,077.

E. PDDC San Remo II Hesperia, L.P.

On October 5, 2010, the former Redevelopment Agency entered into an Owner Participation Agreement (OPA) with PDDC San Remo Hesperia, L.P. (Palm Desert Development Company, and a California limited partnership) for the development, construction, and operation of a 58-unit apartment complex of which certain units shall be available to very low-income and low-income tenants. Under terms of the OPA, the Agency loaned \$6,613,620 of its low and moderate-income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of not more than fifty-five years and shall bear interest at a rate of one percent (1%). The agreement is secured by a deed of trust on the property. Due to the dissolution of redevelopment agencies by AB 26x1, the Hesperia Housing Authority assumed responsibility of the HCRA notes receivable. Accrued interest on the note through June 30, 2021, is \$661,021 and payments received on the note through June 30, 2021, are \$1,159,696. The balance of the loan outstanding at June 30, 2021, was \$6,114,945.

F. Verma Petroleum, Inc.

In July 2015, the City approved a forgivable loan agreement with Verma Petroleum, Inc. for an amount not to exceed \$150,000 for the design and development of a 6,385 square foot fuel and convenience store with ancillary retail space of an additional 3,485 square feet located at the northeast corner of Main and Cottonwood, funded through US Department of Housing and Urban Development (HUD) CDBG Section 108 funds. The loan created five (5) full-time jobs and the City has purchased a five-year Operating Covenant through providing this forgivable loan. The balance of this loan written off during the fiscal year.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

G. Eagle Hesperia 55, L.P.

On February 16, 2016, the former HCRA entered into an OPA with Eagle Hesperia 55 L.P. (a California limited partnership) for the development, construction, and operation of a 96-unit apartment complex of which certain units shall be available to low income senior citizens. Under the terms of the OPA, the Authority loaned \$3,831,975 of its low and moderate-income housing funds toward the actual cost for the development, construction, and operation of the project. The loan is for a term of fifty-five years, with the option of extending the term up to twenty-five years; the option must be exercised between the fifty-third year and fifty-fourth year. The loan shall bear interest at a rate of two percent (2%). The agreement is secured by a deed of trust on the property. Accrued interest on the note through June 30, 2021, is \$381,917. The balance of the loan outstanding at June 30, 2021, was \$4,213,892. Any unpaid balance is due and payable at the maturity date.

H. 16351 Live Oak

In June 2020, the City entered into a loan agreement for a sale of property for a loan amount of \$86,950. The agreement was secured by a deed of trust on the property. The term of the note was 30 years at zero interest. The balance of this loan was paid off during the fiscal year.

I. Homebuyer Assistance Program

On July 17, 2012 the City Council and Housing Authority adopted Joint Resolution No. 2012-061 and HHA 2012-010 approving implementation of the Seller Mortgage Carryback Program (SMCP) that carried back a portion of the sale price of properties as a second mortgage loan and; the SMCP will enable the City and HHA to fund the amount needed to make the purchase price of single family residential properties affordable to households whose income is fifty percent (50%) AMI or below, in the form of a thirty (30) year deferred, zero interest bearing loan. The SMCP loan is secured by a second deed of trust on the property. At June 30, 2021, there are five loans outstanding with total balance of \$428,554.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 CAPITAL ASSETS

Depreciation expense was allocated as follows for the year ended June 30, 2021:

Governmental Activities:

General Government	\$ 83,657
Public Safety	83,418
Development Services	9,345,910
Total Depreciation Expense - Governmental Activities	<u>\$ 9,512,985</u>

Business-Type Activities:

Water	\$ 3,706,151
Sewer	267,901
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,974,052</u>

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 5,852,689	\$ 455,730	\$ -	\$ 6,308,419
Water Rights	36,413,793	-	-	36,413,793
Construction in Progress	7,873,017	4,397,665	(4,190,272)	8,080,410
Total Capital Assets, not Being Depreciated	<u>50,139,499</u>	<u>4,853,395</u>	<u>(4,190,272)</u>	<u>50,802,622</u>
Capital Assets Being Depreciated:				
Land Improvements	6,135,439	-	-	6,135,439
Vehicles	3,159,598	279,681	(94,038)	3,345,241
Buildings and Improvements	48,573,520	56,204	-	48,629,724
Machinery and Equipment	5,124,483	394,939	-	5,519,422
Infrastructure	201,243,610	4,091,423	-	205,335,033
Total Capital Assets, Being Depreciated	<u>264,236,650</u>	<u>4,822,247</u>	<u>(94,038)</u>	<u>268,964,859</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,722,821)	(146,983)	-	(1,869,804)
Vehicles	(2,668,485)	(99,129)	94,038	(2,673,576)
Buildings and Improvements	(2,985,845)	(982,498)	-	(3,968,343)
Machinery and Equipment	(3,998,941)	(206,302)	-	(4,205,243)
Infrastructure	(128,295,656)	(8,078,073)	-	(136,373,729)
Total Accumulated Depreciation	<u>(139,671,748)</u>	<u>(9,512,985)</u>	<u>94,038</u>	<u>(149,090,695)</u>
Total Capital Assets, Being Depreciated, Net	<u>124,564,902</u>	<u>(4,690,738)</u>	<u>-</u>	<u>119,874,164</u>
Governmental-Type Activities Capital Assets, Net	<u>\$ 174,704,401</u>	<u>\$ 162,657</u>	<u>\$ (4,190,272)</u>	<u>\$ 170,676,786</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Business-Type Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 3,356,808	\$ -	\$ (90,500)	\$ 3,266,308
Water Rights	15,611,810	-	-	15,611,810
Construction in Progress	2,262,434	2,304,791	(135,000)	4,432,225
Total Capital Assets, not Being Depreciated	21,231,052	2,304,791	(225,500)	23,310,343
Capital Assets Being Depreciated:				
Land Improvements	534,168	-	-	534,168
Vehicles	2,117,849	395,513	(210,752)	2,302,610
Machinery and Equipment	5,475,932	161,565	(19,837)	5,617,660
Buildings and Improvements	4,509,810	-	-	4,509,810
Water Facilities	140,839,140	-	-	140,839,140
Sewer Facilities	7,137,408	135,000	-	7,272,408
Total Capital Assets, Being Depreciated	160,614,307	692,078	(230,589)	161,075,796
Less Accumulated Depreciation for:				
Land Improvements	(534,167)	-	-	(534,167)
Vehicles	(1,787,046)	(96,627)	210,752	(1,672,921)
Buildings and Improvements	(4,274,888)	(15,928)	-	(4,290,816)
Machinery and Equipment	(4,456,984)	(195,553)	19,837	(4,632,700)
Water Facilities	(66,728,058)	(3,483,520)	-	(70,211,578)
Sewer Facilities	(4,774,415)	(182,424)	-	(4,956,839)
Total Accumulated Depreciation	(82,555,558)	(3,974,052)	230,589	(86,299,021)
Total Capital Assets, Being Depreciated, Net	78,058,749	(3,281,974)	-	74,776,775
Business-Type Activities Capital Assets, Net	\$ 99,289,801	\$ (977,183)	\$ (225,500)	\$ 98,087,118

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT

Following is a summary of the changes in principal balance of long-term debt for the year ended June 30, 2021:

	Principal Balance at June 30, 2020	Additions	Deductions	Principal Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
Direct Borrowings:					
Loans	\$ 15,009,923	\$ -	\$ (1,876,240)	\$ 13,133,683	\$ 1,876,240
Other Debt:					
Revenue Bonds	33,520,000	-	(1,040,000)	32,480,000	1,095,000
Less Deferred Amounts:					
Bond Premiums	83,970	-	(3,746)	80,224	-
Bond Discounts	(227,530)	-	11,755	(215,775)	-
Total Revenue Bonds	33,376,440	-	(1,031,991)	32,344,449	1,095,000
Other Long-Term Liabilities:					
Compensated Absences	784,344	542,496	(525,550)	801,290	785,264
Claims Payable	2,945,525	(2,178,789)	(204,031)	562,705	205,000
Total Governmental Activity	52,116,232	(1,636,293)	(3,637,812)	46,842,127	3,961,504
Business-Type Activities:					
Direct Borrowings:					
Loans	6,060,574	-	(179,243)	5,881,331	175,823
Other Debt:					
Revenue Bonds	5,535,000	-	(5,535,000)	-	-
Less Deferred Amounts:					
Bond Discounts	(38,657)	-	38,657	-	-
Total Revenue Bonds	5,496,343	-	(5,496,343)	-	-
Other Long-Term Liabilities:					
Compensated Absences	290,489	203,032	(194,473)	299,048	293,067
Claims Payable	477,313	172,003	(205,334)	443,982	115,000
Total Business-Type Activity	12,324,719	375,035	(6,075,393)	6,624,361	583,890
Entity-Wide Total	\$ 64,440,951	\$ (1,261,258)	\$ (9,713,205)	\$ 53,466,488	\$ 4,545,394

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2021, is composed of the following:

	<u>Balance at June 30, 2021</u>
<u>2012 Lease Revenue Bonds Water Rights Acquisition</u>	
On December 13, 2012, the Hesperia Joint Public Financing Authority (Authority) issued the 2012 Lease Revenue Bonds in the amount of \$26,735,000 to finance the acquisition of certain water rights. The issue bears interest at fixed rates ranging from 2.000% to 4.000%. The issue matures through the year 2042, with principal payments ranging from \$435,000 to \$1,400,000. A reserve fund for the 2012 Lease Revenue Bonds was established at \$1,452,131 to be equal to the least of: (1) 10% of the original principal amount of the bonds; (2) 125% of the average annual debt service on the bonds; or (3) the maximum annual debt service. Some of the tranches of the bonds were issued at a premium of \$112,377 and the remainder were issued at a discount of \$196,400 both of which are being netted against the bonds and amortized over the life of the bonds. At June 30, 2021, a total of \$1,452,234 was held in reserve. The 2012 Lease Revenue Bonds are secured by and paid from a lien on revenues, consisting primarily of rental payments made by the City to the Authority under a property lease between the Authority as lessor and the City as lessee beginning on December 1, 2012 and ending on October 1, 2042. The pledged rental payments equaled the debt service of \$1,437,175 during fiscal year ended June 30, 2021.	\$ 22,050,000
<u>2013 Refunding of the 2005 Variable Certificates of Participation</u>	
On October 10, 2013, the Hesperia Joint Public Financing Authority issued the 2013 Refunding Lease Revenue Bonds in the amount of \$12,445,000 to refund the 2005 Civic Plaza Financing bonds in the amount of \$12,200,000, which resulted in a current refunding. The 2013 Refunding bonds were issued at a discount of \$114,570, which is being amortized over the life of the 2013 Refunding bonds. The issue bears interest at fixed rates ranging from 2.000% to 5.000%. The issue matures through the year 2035, with principal payments ranging from \$230,000 to \$1,095,000. The 2005 bonds were called on November 1, 2013. A reserve fund for the 2013 Refunding Lease Revenue Bonds was established to be equal to the least of: (1) 10% of total proceeds of the bonds; (2) 125% of the average annual debt service payments; or (3) the maximum annual debt service payments on the outstanding certificates. The pledged rental payments equaled the debt service of \$848,250 during fiscal year ended June 30, 2021, and a total of \$1,149,831 was held in reserve at year-end.	10,430,000

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2021, is composed of the following (continued):

	Balance at <u>June 30, 2021</u>
<u>2018 San Bernardino County Transportation Authority Loan</u>	
On May 1, 2018, the City of Hesperia approved a loan from the San Bernardino County Transportation Authority in the amount of \$18,762,403 to fund the City's share of the construction of an interchange at Interstate 15 and Ranchero Road. The loan bears interest at variable rates based on the December quarterly Local Agency Investment Fund (LAIF). The issue matures in March 15, 2028, with principal payments of \$1,876,240 plus accrued interest. No reserve requirement is associated with this loan. The loan is paid from Development Impact Fee-Streets revenue by March 15 of each fiscal year.	
	\$ 13,133,683
Compensated Absences	801,290
Claims Payable	<u>562,705</u>
Subtotal Governmental Long-Term Debt	46,977,678
Less: Net Deferred Amounts on Bonds	<u>(135,551)</u>
Total Governmental Long-Term Debt Before Current Portion	46,842,127
Less: Current Portion – Due Within One Year	<u>(3,961,504)</u>
Total Long-Term Portion of Governmental Debt	<u>\$ 42,880,623</u>

The business-type long-term debt as of June 30, 2021, is as follows:

1998A Variable Rate Lease Revenue Refunding Bonds

The District issued 28-year variable rate lease revenue refunding bonds on July 2, 1998 for \$18,040,000 to refund a 1991, \$17,675,000 Certificate of Participation issue. The 1998A issue has an initial interest rate of 5.95%, and weekly variable rates thereafter until the fixed rate conversion date, with maturities through the year 2026, ranging from \$435,000 to \$1,105,000. The bonds were paid off during the current fiscal year.

\$ -

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

The business-type long-term debt as of June 30, 2021, is as follows (continued):

	Balance at June 30, 2021
<u>State Revolving Fund Loan</u>	
On December 15, 2015, the Hesperia Water District Board of Directors approved a California Clean Water State Revolving Fund Loan with the California State Water Resources Control Board to finance the construction of a reclaimed water pipeline distribution system. State approval was obtained on September 23, 2016 in an amount up to \$9,946,413 at 1% interest, with repayment of principal and interest on the 30-year loan commencing one year after the completion of construction. Construction was completed in 2020 and total draws amounted to \$6,012,919.	\$ 5,881,331
Compensated Absences	299,048
Claims Payable	443,982
Subtotal Business-Type Long-Term Debt	6,624,361
Less: Current Portion – Due Within One Year	(583,890)
Total Long-Term Portion of Business-Type Debt	<u>\$ 6,040,471</u>

The annual debt service requirements by year for Revenue Bonds are as follows:

Governmental			
Fiscal Year Ending	Principal	Interest	Total
2022	\$ 1,095,000	\$ 1,202,725	\$ 2,297,725
2023	1,155,000	1,157,725	2,312,725
2024	1,220,000	1,115,925	2,335,925
2025	1,275,000	1,077,678	2,352,678
2026	1,335,000	1,036,431	2,371,431
2027-2031	7,695,000	4,413,784	12,108,784
2032-2036	9,880,000	2,684,672	12,564,672
2037-2041	6,075,000	1,064,754	7,139,754
2042-2044	2,750,000	100,594	2,850,594
Total	<u>\$ 32,480,000</u>	<u>\$ 13,854,288</u>	<u>\$ 46,334,288</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

The annual debt service requirements by year for Loans Payable are as follows:

Governmental				Business-Type			
Fiscal Year Ending	Principal	Interest	Total	Fiscal Year Ending	Principal	Interest	Total
2022	\$ 1,876,240	\$ 216,574	\$ 2,092,814	2022	\$ 175,823	\$ 58,813	\$ 234,636
2023	1,876,240	185,635	2,061,875	2023	177,581	57,055	234,636
2024	1,876,240	154,696	2,030,936	2024	179,357	55,279	234,636
2025	1,876,240	123,757	1,999,997	2025	181,150	53,486	234,636
2026	1,876,240	92,818	1,969,058	2026	182,962	51,674	234,636
2027 - 2031	3,752,483	92,817	3,845,300	2027 - 2031	942,621	230,559	1,173,180
2032 - 2036	-	-	-	2032 - 2036	990,703	182,477	1,173,180
2037 - 2041	-	-	-	2037 - 2041	1,041,240	131,940	1,173,180
2042 - 2046	-	-	-	2042 - 2046	1,094,354	78,826	1,173,180
2047 - 2051	-	-	-	2047 - 2051	915,540	23,003	938,543
Total	<u>\$ 13,133,683</u>	<u>\$ 866,297</u>	<u>\$ 13,999,980</u>	Total	<u>\$ 5,881,331</u>	<u>\$ 923,112</u>	<u>\$ 6,804,443</u>

Rate used for the Governmental loan payable was .3563%, which is equal to average LAIF rate for last six months preceding June 30, 2021.

NOTE 6 INTERFUND TRANSACTIONS

A. Due From/Due To

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of current interfund balances as of June 30, 2021:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	\$ 1,140,018	Community Development Commission	\$ 628,292
		Sewer Operations and Capital	2,876
		Other Governmental Funds	508,850
Other Governmental Funds	84,419	General Fund	6,722
		Other Governmental Funds	77,697
Water Operations and Capital	1,858	Other Governmental Funds	1,858
Total Due from Other Funds	<u>\$ 1,226,295</u>	Total Due to Other Funds	<u>\$ 1,226,295</u>

The General Fund provided temporary cash advances to other funds. The interfund balances represent the advancement of cash to cover operating expenses. These will be repaid to the General Fund in the next fiscal period.

The Other Governmental Funds and Water Operations Fund provided temporary cash advances to the General Fund and Other Governmental Funds to provide temporary funds to cover operating expenses.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 INTERFUND TRANSACTIONS (CONTINUED)

B. Current Interfund Transfers

Transfers Out	Amount	Transfers in	Amount
General Fund	\$ 252,000	Other Governmental Funds	\$ 252,000
Other Governmental Funds	14,462,714	General Fund	7,116,453
		Development Impact Fees 2018 - City Hall Facilities	4,016,202
		Other Governmental Funds	3,330,059
Total Transfers Out	<u>\$ 14,714,714</u>	Total Transfers In	<u>\$ 14,714,714</u>

The transfer of \$252,000 between the General Fund and Other Governmental Funds (AB 3229 State COPS Program Fund) was to offset some of the cost for Deputy Sheriffs.

The transfer of \$2,226,934 from the General Fund to Other Governmental funds (Fire District) is to fund the CalPERS obligation of the Hesperia Fire Protection District.

Transfer of \$3,000,000 between the General Fund and Other Governmental funds (2012 Water Rights Acquisition Fund) was for debt service of the 2012 Water Rights Acquisition bonds.

The transfer of \$3,304,783 funded by Development Impact Fees 2018-City Hall Facilities Fund to the Other Governmental Funds (Development Impact Fees – Public Services) was for transition of operations and outstanding obligations to the Development Impact Fees 2018 – City Hall Facilities Fund.

The transfer of \$2,600,938 between the General Fund (\$1,889,519) and Development Impact Fees 2018-City Hall Facilities Fund (\$711,419) to Other Governmental Funds (2013 Refunding of Lease Revenue Bonds Fund) was for the debt service pertaining to the refunding of the 2005 Variable Rate Certificates of Participation.

The transfer of \$3,329,988 funded by Other Governmental Funds (Measure I Renewal Fund for \$1,925,000, Gas Tax Fund for \$982,146, and Gas Tax Swap Fund for \$422,142) to the Other Governmental Funds (Streets Maintenance Fund) was for local street maintenance costs.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 INTERFUND TRANSACTIONS (CONTINUED)

C. Committed Loan Interfund Transfers

The 2013 Refunding of the 2005 Variable Certificates of Participation originally required that the Development Impact Fees – Public Services Fund (DIF – Public Services) contribute 87.25% of the annual debt service, with the remaining 12.75% coming from the General Fund. Due to changes in the City's fee structure in the collection of Development Impact Fees, this loan commitment was transferred from the DIF – Public Services fund to the Development Impact Fees 2018 – City Hall Facilities (DIF 2018 – City Hall Facilities). To meet this requirement, the General Fund loaned \$557,000 to the DIF 2018 – City Hall Facilities fund during the fiscal year ending on June 30, 2021. This loan is ongoing until there is sufficient funding in the DIF 2018 – City Hall Facilities fund. The issue bears quarterly variable interest based on the Local Agency Investment Fund Quarterly Apportionment Rate, which at June 30, 2021, had a rate of 0.33 %. Through June 30, 2021, the DIF 2018 – City Hall Facilities fund has paid \$ 78,559 of interest to the General Fund. The total at June 30, 2021, is \$3,703,324.

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 and Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 2.7% at 55 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for nonduty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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

	Miscellaneous		Safety
	Prior to January 1, 2013	On or After January 1, 2013	
Hire Date			
Benefit Formula	2.7%@55	2%@62	2%@50
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 - 55+	52 - 67+	50 - 55+
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%	2.0% to 2.7%
Required Employee Contribution Rates (1)	7.956%	6.750%	0.000%
Required Employer Contribution Rates:			
Normal Cost Rate	14.194%	7.732%	0.000%
Payment of Unfunded Liability	\$ 1,710,950	\$ 23,987	\$ 952,741

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's 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. During the fiscal year, the City contributed \$2,889,664 and \$952,741 to the miscellaneous and safety plan, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	City	Water District	Fire District	Total
Miscellaneous	\$ 17,003,541	\$ 6,392,987	\$ 199,886	\$ 23,596,414
Safety	-	-	9,489,179	9,489,179
Total Net Pension Liability	<u>\$ 17,003,541</u>	<u>\$ 6,392,987</u>	<u>\$ 9,689,065</u>	<u>\$ 33,085,593</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2019 and 2020, was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2019	0.54704%	0.14576%
Proportion - June 30, 2020	0.55941%	0.14243%
Change - Increase (Decrease)	-0.01237%	0.00333%

The City recognized pension expense of \$4,238,701 and \$1,116,071 for the fiscal year ended June 30, 2021, for miscellaneous and safety plan, respectively and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total</u>		<u>Miscellaneous - City</u>		<u>Miscellaneous - Water District</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 3,842,405	\$ -	\$ 2,061,293	\$ -	\$ 805,118	\$ -
Differences Between Actual and Expected Experience	1,951,830	-	876,242	-	329,450	-
Change in Assumptions	-	(199,908)	-	(121,276)	-	(45,597)
Change in Employer's Proportion	514,557	(287,630)	197,836	(49,064)	301,587	-
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(886,732)	(3,993)	(191,354)	-	(293,897)
Net Differences Between Projected and Actual Earnings on Plan Investments	907,208	-	505,117	-	189,914	-
Total	<u>\$ 7,216,000</u>	<u>\$ (1,374,270)</u>	<u>\$ 3,636,495</u>	<u>\$ (361,694)</u>	<u>\$ 1,626,069</u>	<u>\$ (339,494)</u>
	<u>Miscellaneous - Fire</u>		<u>Safety - Fire</u>			
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		
Pension Contributions Subsequent to Measurement Date	\$ 23,253	\$ -	\$ 952,741	\$ -		
Differences Between Actual and Expected Experience	10,301	-	735,837	-		
Change in Assumptions	-	(1,426)	-	(31,609)		
Change in Employer's Proportion	-	(14,553)	15,134	(224,013)		
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	3,993	-	-	(401,481)		
Net Differences Between Projected and Actual Earnings on Plan Investments	5,938	-	206,239	-		
Total	<u>\$ 43,485</u>	<u>\$ (15,979)</u>	<u>\$ 1,909,951</u>	<u>\$ (657,103)</u>		

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$3,842,405 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Miscellaneous			
	City	Water District	Fire District	Safety - Fire
2022	\$ 315,901	\$ 66,551	\$ (3,816)	\$ (63,212)
2023	644,299	179,943	2,639	127,448
2024	379,107	143,875	2,577	132,540
2025	242,272	91,088	2,848	103,336
2026	-	-	-	-
Thereafter	-	-	-	-

Actuarial Assumptions

The total pension liability for the June 30, 2020, measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
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%
Salary Increase	(1)	(4)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies.

(4) The plan has no active members; therefore, there is no salary increase.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return

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

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

The expected real rates of return by assets class are as follows:

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

(a) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; and inflation assets are included in both global equity securities and global debt securities.

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

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

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (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.

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

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

	Miscellaneous			
	City	Water	Fire	Safety - Fire
1% Decrease	6.15%	6.15%	6.15%	6.15%
Net Pension Liability	\$ 25,763,137	\$ 9,854,525	\$ 281,464	\$ 13,880,891
Current Discount Rate	7.15%	7.15%	7.15%	7.15%
Net Pension Liability	\$ 17,003,541	\$ 6,392,987	\$ 199,886	\$ 9,489,179
1% Increase	8.15%	8.15%	8.15%	8.15%
Net Pension Liability	\$ 9,765,763	\$ 3,532,826	\$ 132,481	\$ 5,885,363

Pension Plan Fiduciary Net Position

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

C. Payables to the Pension Plan

At June 30, 2021, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit health-care plan. The plan, which is administered by the City, provides certain health-care benefits. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a separate report.

Employees Covered

As of the June 30, 2020, measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees, Spouses, or Beneficiaries	
Currently Receiving Benefits	45
Inactive Employees Entitled to but Not Yet	
Receiving Benefits	55
Active Employees	163
Total	<u><u>263</u></u>

Benefit Payments

Benefit payment requirements are established by City policy and may be amended by the City Council. For the year ended June 30, 2021, the City made \$82,126 contributions in the form of premium payments, \$76,576 in implicit subsidy benefit payments and administrative expense of \$764 for a total benefits paid of \$159,466.

Total OPEB Liability

The City's OPEB liability of \$6,460,026 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	2.75%
Projected Salary Increase	Aggregate - 3.00%
Health-Care Cost Trend Rates	Non-Medicare 7.25% for 2021, decreasing to 4.0% in 2076, Medicare 6.3% for 2021, decreasing to 4.0% in 2076
Mortality, Retirement, Disability, Termination	Derived from 2017 CalPERS 1997 - 2015 experience study

Discount Rate

The discount rate was based on a high-quality 20-year tax-exempt bond buyer index rate. The municipal bond rate utilized was 2.21%.

Change in Assumption

Discount rate was changed from 3.50% to 2.21%.

Changes in Total OPEB Liability

The change in total OPEB liability are as follows:

Balance at June 30, 2019 (Measurement Date)	\$ 4,864,443
Changes in the Year:	
Service Cost	322,876
Interest on the Total OPEB Liability	178,984
Changes of Benefit Terms	77,058
Differences Between Actual and Expected Experience	(55,714)
Changes in Assumptions	1,219,383
Benefit Payments	(147,004)
Net Changes	1,595,583
Balance at June 30, 2020 (Measurement Date)	<u>\$ 6,460,026</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Sensitivity of the Total OPEB Liability the Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 7,756,568	\$ 6,460,026	\$ 5,455,936

The following presents the total OPEB liability of the City, as well as what the City's total 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 Non-Medicare 6.25% Decreasing to 3.0% Medicare 5.3% Decreasing to 3.0%	Current Health-Care Cost Trend Rates Non-Medicare 7.25% Decreasing to 4.0% Medicare 6.3% Decreasing to 4.0%	1% Increase Non-Medicare 8.25% Decreasing to 5.0% Medicare 7.3% Decreasing to 5.0%
Total OPEB Liability	\$ 5,301,148	\$ 6,460,026	\$ 8,004,951

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$403,589. At June 30, 2021, 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
OPEB Benefits Paid Subsequent to Measurement Date	\$ 159,466	\$ -
Differences Between Actual and Expected Experience	-	(743,188)
Change in Proportion	135,746	(135,746)
Change in Assumptions	1,289,974	(918,023)
Total	<u>\$ 1,585,186</u>	<u>\$ (1,796,957)</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

\$159,466 reported as deferred outflows of resources resulting from City's contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (176,061)
2023	(176,061)
2024	(176,061)
2025	(176,059)
2026	(83,919)
Thereafter	416,924
Total	<u>\$ (371,237)</u>

NOTE 9 FUND DISCLOSURE

Development Impact Fees 2018 – City Hall Facilities has a year ending negative fund balance of \$3,674,754, which will be corrected by future developer impact fee revenue or transfers from General Fund. Due to the timing of grant reimbursements, the Community Development Block Grant fund has a year ending deficit of \$19,327, which will be eliminated during FY 21-22. The Development Impact Fees A-04 Drainage fund has a deficit of \$10,361 at year-end from a project that will be reimbursed when completed. The City Projects fund has a deficit of \$233,620 at year-end from a project that will be reimbursed when completed.

NOTE 10 SELF-INSURANCE RISK POOL

The City and Fire Protection District are members of the Public Entity Risk Management Authority (PERMA), a joint powers authority of 32 California cities and districts, for the purpose of pooling the City's risk for workers' compensation insurance with those of other member cities and districts. The Governing Board of PERMA is comprised of directors nominated and selected by each member city and district. Each governing board member has one vote regarding all financial and management issues coming before the board.

Each member is billed annually, and Workers' Compensation premiums are paid quarterly. Estimated premiums for claims to be paid and a reserve are advanced upon joining PERMA. Each year PERMA adjusts its premiums based on City payroll figures, claims paid, and claims incurred but not reported. PERMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process. The City receives audited financial statements of PERMA each year that have been audited by other auditors.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 SELF-INSURANCE RISK POOL (CONTINUED)

Workers' Compensation and Employers' Liability

The City is self-insured for the first \$250,000 of each Workers' Compensation and Employers Liability claim, and PERMA will assume each claim's liability between \$250,000 and \$500,000. Excess liability insurance coverage is obtained from the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) by PERMA on behalf of the City. LAWCX will assume each claims liability between \$500,000 and \$5,000,000 for employer's liability and Statutory for each workers' compensation claim.

General Liability

The City is self-insured for General Liability including errors and omissions and auto liability up to the first \$50,000 for each occurrence, and the difference between the City's \$50,000 self-insurance retention and \$1,000,000 is covered by PERMA. Excess liability insurance coverage is obtained from CSAC Excess Insurance Authority (CSAC-EIA) by PERMA on behalf of the City. CSAC-EIA will assume each claim liability between \$1,000,000 and \$50,000,000.

Employment Practices

The City is self-insured for Employment Practices up to the first \$50,000 for each occurrence, and the difference between the City's \$50,000 self-insurance retention and \$1,000,000 is covered by Employment Risk Management Authority (ERMA). Excess insurance coverage is obtained from CSAC Excess Insurance Authority (CSAC-EIA) by PERMA on behalf of the City.

Property

The City is self-insured for the first \$5,000 for each occurrence (with the exception of \$100,000 flood), and the difference between the City's self-insurance retention and the lesser of \$100,000,000 (\$2,500,000 Flood) or the insurable value is covered by Lexington Insurance Co.

Auto Physical Damage

The City is self-insured for the first \$2,500 for each occurrence for all vehicles and the difference between the City's \$2,500 self-insurance retention and the lesser of \$100,000 or the insurable value is covered by AIG/Lexington Insurance Co.

Special Events

The City is insured up to \$1,000,000 for each occurrence covered by Alliant Insurance Services, Inc.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 SELF-INSURANCE RISK POOL (CONTINUED)

Cyber Liability

The City is self-insured up to \$5,000 for each occurrence for information security and privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability, cyber extortion, first party data protection and business interruption losses and the difference between the City's \$5,000 self-insurance retention and the lesser of \$2,000,000 (\$250,000 for privacy notification costs) is covered by PERMA as insured by Alliant Insurance Services, Inc.

Other

The City is self-insured for Employee Dishonesty, Forgery & Alteration, Theft, Disappearance, Destruction, Robbery & Safe Burglary, Money Orders and Counterfeit Paper Currency up to the first \$2,500 for each occurrence, and the difference between the City's self-insurance retention and \$1,000,000 for is covered by National Union Fire Insurance Company.

There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the years ended June 30, 2021 and 2020, is as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2021
Unpaid Claims, Beginning of Fiscal Year	\$ 2,983,301	\$ 3,422,838
Incurred Claims and changes in estimated claims liabilities	717,592	(2,006,786)
Claim Payments	(278,055)	(409,365)
Unpaid Claims, End of Fiscal Year	<u>\$ 3,422,838</u>	<u>\$ 1,006,687</u>

The Unpaid claims of \$1,006,687 above are a component of long-term debt (Note 5). It is anticipated that \$320,000 will be due within one year.

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS

Victor Valley Wastewater Reclamation Authority

The City is a member of the Victor Valley Wastewater Reclamation Authority (VWVRA), a joint powers agreement between local governments and special districts, for the purpose of construction, operation, and maintenance of sewer collection, transmission, and treatment facilities within the high desert region. The governing body of VWVRA is made up of representatives from each significant participant in VWVRA. Budgeting and financing are the responsibility of VWVRA. The audited financial statements of VWVRA can be obtained by request from P.O. Box 1481, Victorville, CA 92393.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Victor Valley Transit Authority

The City is a member of the Victor Valley Transit Authority (VVTA), a joint powers agreement between local governments and the County of San Bernardino, for the purpose of implementing a public transit system to serve the Victor Valley and to provide connecting services to all other areas. The governing body of VVTA is made up of representatives from each significant participant in VVTA. Budgeting and financing are the responsibility of VVTA. The City has agreed to sell monthly bus passes issued by VVTA and to remit, between the first and tenth day of each month, the previous month's sales receipts, and proceeds. The audited financial statements of VVTA can be obtained by request from P.O. Box 5001, Victorville, CA 92393.

Victor Valley Economic Development Authority

The City is a member of the Victor Valley Economic Development Authority (VVEDA), a joint powers authority along with the City of Victorville, Town of Apple Valley, City of Adelanto and the County of San Bernardino. Its purpose was to coordinate the transition of George Air Force Base from military to civilian use. Effective February 1, 2012, the Victor Valley Economic Development Authority (VVEDA) was dissolved, pursuant to ABx1 26 & AB 1484, and "wind down" procedures were implemented. A Successor Agency was designated to oversee the wind down process and an Oversight Board was appointed to govern the Successor Agency. The City receives its pass-through payment, generated from the VVEDA Project Area within the City, directly from the San Bernardino County Auditor Controller. The audited financial statements of VVEDA can be obtained by request from 18374 Phantom Street, Victorville, CA 92394.

NOTE 12 SPECIAL ASSESSMENT BONDS WITHOUT GOVERNMENT COMMITMENT

Community Facilities District (CFD 2005-1)

On December 18, 2014, the City for and on behalf of Community Facilities District No. 2005-1 (Belgate Development Restructuring) issued the Special Tax Refunding Bonds, Series 2014 for \$18,450,000. The bonds were issued for the purpose of refunding the private Special Tax Bond Series A. The bonds are secured by and payable solely from the proceeds of special taxes levied annually on the taxable property in the District. The bonds are not secured by a legal or equitable pledge of or charge, lien, or encumbrance upon any of the property or revenues of the City, and the payment of the interest on or principal of or redemption premiums, if any, on the District Bonds, is not a general debt, liability or obligation of the City. The bonds carry an average coupon rate of 4.606%, with maturities through 2035 ranging from \$350,000 to \$2,025,000. The bonds require a reserve fund be established equal to the least of: (i) 10% of the principal amount of the original bonds; (ii) 125% of average annual debt service of the bonds, or (iii) 85% maximum annual debt service of the bonds. At June 30, 2021, the reserve funds equal \$1,428,335. At June 30, 2021, principal amount due on the bonds is \$15,430,000.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 12 SPECIAL ASSESSMENT BONDS WITHOUT GOVERNMENT COMMITMENT
(CONTINUED)**

Community Facilities District (CFD 2005-1) (Continued)

For the bond issuance noted above, the City is not obligated in any manner for the payment of debt service in the event of default by the property owners, but is only acting as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate. Accordingly, no liability for these bonds has been recorded in the financial statements.

NOTE 13 CONTINGENCIES

Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the City's financial position.

Grant Audit Contingencies

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Construction Commitments

The City has entered into contracts for the engineering and construction of additions to capital assets as follows:

Total Open Contracts	\$ 20,941,786
Less: Costs Incurred in 2019-20	<u>(6,760,282)</u>
Remaining Contractual Obligations	<u><u>\$ 14,181,504</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

The assets and liabilities of the former Redevelopment Agency (Agency) were transferred to the Successor Agency to the City of Hesperia Redevelopment Agency on February 1, 2012, as a result of the dissolution of the Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to notes receivable and long-term liabilities are stated below:

Notes Receivable

The Hesperia Recreation and Park District (HRPD) initially borrowed \$2,160,245 for half the construction costs of the Civic Park Plaza. Through June 30, 2021, the amount owed has been reduced by \$1,139,137 to \$1,021,108.

Long-Term Debt

The following is a summary of changes in the Successor Agency's long-term liabilities for the fiscal year ended June 30, 2021:

	Principal Balance at June 30, 2020	Additions	Deductions	Principal Balance at June 30, 2021	Due Within One Year
Other Debt:					
2018 Series A	\$ 70,640,000	\$ -	\$ -	\$ 70,640,000	\$ -
Premium	9,200,053	-	(537,235)	8,662,818	-
2018 Series B	35,945,000	-	(5,360,000)	30,585,000	5,520,000
Discount	(358,742)	69,433	-	(289,309)	-
Total	<u>\$ 115,426,311</u>	<u>\$ 69,433</u>	<u>\$ (5,897,235)</u>	<u>\$ 109,598,509</u>	<u>\$ 5,520,000</u>

2018 Tax Allocation Bonds Series A & Series B

On October 1, 2018, the Successor Agency issued \$70,640,000 Tax Allocation Refunding Bonds, Series A and \$41,415,000 Tax Allocation Refunding Bonds, Series B to refund the outstanding balances of the 2005 Series A and 2007 Series A and B. Series A bonds consist of term current interest bonds and accrue interest at annual rates ranging from 3.375% to 5.0%. Interest and principal is payable on September 1 of each year, with bond principal payments ranging from \$2,725,000 to \$6,865,000. The Series B bonds consist of term current interest bonds and accrue interest ranging from 2.5% to 3.5%. Interest is payable on March 1 and September 1 of each fiscal year, with bond principal payments ranging in amounts from \$2,455,000 to \$6,050,000. The Bonds has a reserve requirement of \$9,799,44 and is satisfied by a reserve policy with a statement amount \$9,799,444.

All of the bonds are secured by a pledge of all future payments from the Redevelopment Property Tax Trust Fund (RPTTF) funds until the bonds are fully paid off which is scheduled to be during the year ending 2038. Principal and interest payments outstanding at June 30, 2021, amounted to \$140,831,238. Annual principal and interest payments on the bonds are expected to require 100% of the RPTTF funds. For the year ended June 30, 2021, total tax increment received by the Successor Agency was \$9,418,770 and debt service requirements for the year ended June 30, 2021 was \$9,716,381.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

2018 Tax Allocation Bonds Series A & Series B

Annual debt service payments requirements by year for the 2018 Series A and B are as follows:

2018 Tax Allocation Refunding Bonds Series A			
Fiscal Year Ending	Principal	Interest	Total
2022	\$ -	\$ 3,304,069	\$ 3,304,069
2023	-	3,304,069	3,304,069
2024	-	3,304,069	3,304,069
2025	-	3,304,069	3,304,069
2026	-	3,304,069	3,304,069
2027 - 2031	25,965,000	13,653,969	39,618,969
2032 - 2036	31,160,000	6,275,344	37,435,344
2037 - 2038	13,515,000	455,603	13,970,603
Total	<u>\$ 70,640,000</u>	<u>\$ 36,905,261</u>	<u>\$ 107,545,261</u>

2018 Tax Allocation Refunding Bonds Series B			
Fiscal Year Ending	Principal	Interest	Total
2022	\$ 5,520,000	\$ 889,113	\$ 6,409,113
2023	5,685,000	717,484	6,402,484
2024	5,865,000	537,016	6,402,016
2025	6,050,000	347,063	6,397,063
2026	5,010,000	167,338	5,177,338
2027	2,455,000	42,963	2,497,963
Total	<u>\$ 30,585,000</u>	<u>\$ 2,700,977</u>	<u>\$ 33,285,977</u>

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE - BEGINNING OF YEAR	<u>\$ 13,140,639</u>	<u>\$ 12,219,587</u>	<u>\$ 15,892,307</u>	<u>\$ 3,672,720</u>
RESOURCES (INFLOWS)				
Taxes	16,187,858	16,187,858	21,464,989	5,277,131
Licenses and Permits	225,084	225,084	262,816	37,732
Fines and Forfeitures	862,200	862,200	1,146,202	284,002
Use of Money and Property	94,688	94,688	72,862	(21,826)
Intergovernmental	12,271,611	12,271,611	12,588,659	317,048
Charges for Services	2,268,983	2,268,983	4,592,541	2,323,558
Grants	68,112	68,112	2,479,850	2,411,738
Other Revenues	2,510,970	2,510,970	2,562,197	51,227
Transfers from Other Funds	252,000	252,000	252,000	-
Amount Available for Appropriations	<u>34,741,506</u>	<u>34,741,506</u>	<u>45,422,116</u>	<u>10,680,610</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
General Government:				
City Council	698,407	698,407	1,366,912	(668,505)
City Manager	2,887,842	3,854,428	3,314,042	540,386
Management Services	4,726,649	4,731,564	4,271,621	459,943
Public Safety - Police	17,716,736	17,716,736	18,080,456	(363,720)
Development Services	6,679,317	6,507,097	6,507,481	(384)
Capital Outlay:				
Equipment and Vehicles	154,756	177,756	177,290	466
Infrastructure	-	-	-	-
Transfers to Other Funds	3,301,277	3,301,277	7,116,453	(3,815,176)
Total Charges to Appropriations	<u>36,164,984</u>	<u>36,987,265</u>	<u>40,834,255</u>	<u>(3,846,990)</u>
Excess of Resources Over (Under) Charges to Appropriations	<u>(1,423,478)</u>	<u>(2,245,759)</u>	<u>4,587,861</u>	<u>6,833,620</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 11,717,161</u></u>	<u><u>\$ 9,973,828</u></u>	<u><u>\$ 20,480,168</u></u>	<u><u>\$ 10,506,340</u></u>

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES 2018 – CITY HALL FACILITIES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Budget
FUND BALANCE - BEGINNING OF YEAR	\$ 225,952	\$ 225,952	\$ 225,952	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	1,191	1,191	1,191	-
Charges for Services	107,357	107,357	133,575	26,218
Amount Available for Appropriations	108,548	108,548	134,766	26,218
EXPENDITURES				
Debt Service:				
Interest	-	-	19,270	(19,270)
Transfers to Other Funds	-	-	4,016,202	(4,016,202)
Total Charges to Appropriations	-	-	4,035,472	(4,035,472)
Excess of Resources Over (Under) Charges to Appropriations	108,548	108,548	(3,900,706)	(4,009,254)
FUND BALANCE - END OF YEAR	\$ 334,500	\$ 334,500	\$ (3,674,754)	\$ (4,009,254)

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA

SCHEDULE OF CONTRIBUTIONS

CALPERS PENSION PLAN

LAST 10 FISCAL YEARS

	2021	2020	2019
Contractually Required Contribution (actuarial determined)	\$ 3,842,405	\$ 3,558,960	\$ 3,165,637
Contributions in Relation to the Contractually Required Contribution	(3,842,405)	(3,558,960)	(3,165,637)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll ²	\$ 11,080,687	\$ 11,478,590	\$ 11,080,687
Contributions as a Percentage of Covered Payroll ²	34.68%	31.01%	28.57%

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The City's covered-employee payroll was recalculated based on actual pensionable earnings reported to CalPERS during the fiscal year.

Contractually Required Contribution

City	\$ 2,061,293	\$ 2,023,150	\$ 1,799,266
Fire	975,994	874,510	797,783
Water	805,118	661,300	568,588
Total	\$ 3,842,405	\$ 3,558,960	\$ 3,165,637

Contributions in Relation to the Contractually Required Contribution

City	\$ (2,061,293)	\$ (2,023,150)	\$ (1,799,266)
Fire	(975,994)	(874,510)	(797,783)
Water	(805,118)	(661,300)	(568,588)
Total	\$ (3,842,405)	\$ (3,558,960)	\$ (3,165,637)

District's Covered Payroll²

City	\$ 7,966,756	\$ 8,164,228	\$ 7,966,756
Fire	-	-	-
Water	3,113,931	3,314,362	3,113,931
Total	\$ 11,080,687	\$ 11,478,590	\$ 11,080,687

Contributions as a Percentage of Covered Payroll²

City	12.48%	11.06%	10.31%
Fire	0.00%	0.00%	0.00%
Water	25.86%	19.95%	18.26%
Total	38.34%	31.01%	28.57%
	34.68%	31.01%	28.57%

Notes to Schedule:

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

Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.50%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.15% (3)	7.15% (3)
Retirement age	(4)	(4)	(4)
Mortality	(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) Minimum 50 years.

(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 first year of implementation and therefore only seven years are shown.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN
LAST 10 MEASUREMENT PERIODS

	2018	2017	2016	2015 ¹
Contractually Required Contribution (actuarial determined)	\$ 2,668,659	\$ 2,323,999	\$ 2,141,473	\$ 2,113,264
Contributions in Relation to the Contractually Required Contribution	(2,668,659)	(2,323,999)	(2,141,473)	(2,113,264)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll ²	\$ 10,715,391	\$ 10,377,283	\$ 10,264,387	\$ 10,558,692
Contributions as a Percentage of Covered Payroll ²	24.90%	22.40%	20.86%	20.01%

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The City's covered-employee payroll was recalculated based on actual pensionable earnings reported to CalPERS during the fiscal year.

Contractually Required Contribution

City	\$ 1,530,439	\$ 1,501,636	\$ 1,423,805	\$ 1,460,320
Fire	651,551	364,190	303,974	245,096
Water	486,669	458,173	413,694	407,848
Total	\$ 2,668,659	\$ 2,323,999	\$ 2,141,473	\$ 2,113,264

Contributions in Relation to the Contractually Required Contribution

City	\$ (1,530,439)	\$ (1,501,636)	\$ (1,423,805)	\$ (1,460,320)
Fire	(651,551)	(364,190)	(303,974)	(245,096)
Water	(486,669)	(458,173)	(413,694)	(407,848)
Total	\$ (2,668,659)	\$ (2,323,999)	\$ (2,141,473)	\$ (2,113,264)

District's Covered Payroll²

City	\$ 7,644,473	\$ 7,455,214	\$ 7,408,225	\$ 7,672,349
Fire	-	-	-	-
Water	3,070,918	2,922,069	2,856,162	2,886,343
Total	\$ 10,715,391	\$ 10,377,283	\$ 10,264,387	\$ 10,558,692

Contributions as a Percentage of Covered Payroll²

City	9.05%	6.72%	6.38%	5.88%
Fire	0.00%	0.00%	0.00%	0.00%
Water	15.85%	15.68%	14.48%	14.13%
Total	24.90%	22.40%	20.86%	20.01%
	24.90%	22.40%	20.86%	20.01%

Notes to Schedule:

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

Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.65% (3)	7.65% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)
Mortality	(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) Minimum 50 years.

(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 first year of implementation and therefore only seven years are shown.

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN
LAST 10 MEASUREMENT PERIODS

Measurement Period Reporting Period	<u>June 30, 2020</u> <u>June 30, 2021</u>	<u>June 30, 2019</u> <u>June 30, 2020</u>	<u>June 30, 2018</u> <u>June 30, 2019</u>
City's Proportion of the Net Pension Liability/(Asset)	0.30%	0.30%	0.30%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 33,085,593	\$ 31,005,243	\$ 28,998,736
City's Covered Payroll ²	\$ 11,478,590	\$ 11,080,687	\$ 10,715,391
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	288.24%	279.81%	270.63%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	75.10%	75.26%	75.26%
City's Proportionate Share of Aggregate Employer Contributions	\$ 4,259,021	\$ 3,693,776	\$ 3,242,106

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The District covered-employee payroll was recalculated based on actual pensionable earnings reported to CalPERS as of the measurement date.

**CITY OF HESPERIA, CALIFORNIA
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN (CONTINUED)
LAST 10 MEASUREMENT PERIODS**

	<u>June 30, 2017</u> <u>June 30, 2018</u>	<u>June 30, 2016</u> <u>June 30, 2017</u>	<u>June 30, 2015</u> <u>June 30, 2016</u>	<u>June 30, 2016</u> <u>June 30, 2017</u>
City's Proportion of the Net Pension Liability/(Asset)	0.30%	0.30%	0.30%	0.27%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 29,486,418	\$ 25,738,730	\$ 20,701,260	\$ 16,898,127
City's Covered Payroll ²	\$ 10,377,283	\$ 10,264,387	\$ 10,558,692	\$ 10,897,933
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	284.14%	250.76%	196.06%	155.06%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	73.31%	74.06%	78.40%	79.82%
City's Proportionate Share of Aggregate Employer Contributions	\$ 2,824,836	\$ 2,541,191	\$ 2,399,866	\$ 1,868,482

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² The District covered-employee payroll was recalculated based on actual pensionable earnings reported to CalPERS as of the measurement date.

**CITY OF HESPERIA, CALIFORNIA
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN (CONTINUED)
LAST 10 MEASUREMENT PERIODS**

	2021	2020	2019
City's Proportion of the Net Pension Liability/(Asset)			
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
City	0.16%	0.16%	0.15%
Fire	0.09%	0.09%	0.09%
Water	0.06%	0.06%	0.05%
Total	0.30%	0.30%	0.30%
City's Proportionate Share of the Net Pension Liability/(Asset)			
City	\$ 17,003,541	\$ 15,902,106	\$ 14,804,711
Fire	9,689,065	9,300,476	8,966,891
Water	6,392,987	5,802,661	5,227,134
Total	\$ 33,085,593	\$ 31,005,243	\$ 28,998,736
City's Covered-Employee Payroll²			
City	\$ 8,164,228	\$ 7,966,756	\$ 7,644,473
Fire	-	-	-
Water	3,314,362	3,113,931	3,070,918
Total	\$ 11,478,590	\$ 11,080,687	\$ 10,715,391
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll²			
City	95.35%	93.46%	100.42%
Fire	0.00%	0.00%	0.00%
Water	192.89%	186.35%	170.21%
Total	288.24%	279.81%	270.63%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability			
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Miscellaneous	77.71%	77.73%	77.69%
Safety	73.12%	73.37%	73.39%
Total (CalPERS Plan Overall)	75.10%	75.26%	75.26%
Total Pension Liability			
Miscellaneous	June 30, 2020	June 30, 2019	June 30, 2018
	\$ 18,920,437,526	\$ 17,984,188,264	\$ 16,891,153,209
Safety	24,782,493,361	23,442,265,225	22,053,702,155
Total	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Fiduciary Net Position Allocation Basis			
Miscellaneous	June 30, 2020	June 30, 2019	June 30, 2018
	\$ 14,702,361,183	\$ 13,979,687,268	\$ 13,122,440,092
Safety	18,120,140,152	17,199,726,799	16,186,149,467
Total	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Net Pension Liability			
Miscellaneous	June 30, 2020	June 30, 2019	June 30, 2018
	\$ 4,218,076,343	\$ 4,004,500,996	\$ 3,768,713,117
Safety	6,662,353,209	6,242,538,426	5,867,552,688
Total	\$ 10,880,429,552	\$ 10,247,039,422	\$ 9,636,265,805
City's Proportionate Share of Aggregate Employer Contributions^{3,4}			
City	June 30, 2020	June 30, 2019	June 30, 2018
	\$ 2,181,290	\$ 1,912,668	\$ 1,649,697
Fire	1,201,169	1,003,912	932,510
Water	876,562	777,196	659,899
Total	\$ 4,259,021	\$ 3,693,776	\$ 3,242,106

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN (CONTINUED)
LAST 10 MEASUREMENT PERIODS

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)				
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City	0.15%	0.15%	0.16%	0.15%
Fire	0.09%	0.09%	0.09%	0.08%
Water	0.05%	0.05%	0.05%	0.04%
Total	0.30%	0.30%	0.30%	0.27%
City's Proportionate Share of the Net Pension Liability/(Asset)				
City	\$ 15,286,280	\$ 13,359,519	\$ 11,061,479	\$ 9,365,868
Fire	8,915,040	7,897,864	6,246,032	5,000,861
Water	5,285,098	4,481,347	3,393,749	2,531,398
Total	\$ 29,486,418	\$ 25,738,730	\$ 20,701,260	\$ 16,898,127
City's Covered-Employee Payroll²				
City	\$ 7,455,214	\$ 7,408,225	\$ 7,672,349	\$ 7,950,880
Fire	-	-	-	-
Water	2,922,069	2,856,162	2,886,343	2,947,053
Total	\$ 10,377,283	\$ 10,264,387	\$ 10,558,692	\$ 10,897,933
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll²				
City	103.27%	93.86%	78.48%	69.16%
Fire	0.00%	0.00%	0.00%	0.00%
Water	180.87%	156.90%	117.58%	85.90%
Total	284.14%	250.76%	196.06%	155.06%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability				
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Miscellaneous	75.39%	75.87%	79.89%	81.15%
Safety	71.74%	72.69%	77.27%	78.83%
Total (CalPERS Plan Overall)	73.31%	74.06%	78.40%	79.82%
Total Pension Liability				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
Miscellaneous	\$ 16,016,547,402	\$ 14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
Safety	21,144,800,930	18,961,274,094	18,131,714,318	17,719,018,179
Total	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Fiduciary Net Position Allocation Basis				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
Miscellaneous	\$ 12,074,499,781	\$ 10,923,476,287	\$ 10,896,036,068	\$ 10,639,461,174
Safety	15,169,595,595	13,782,056,004	14,011,269,803	13,968,041,341
Total	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Net Pension Liability				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
Miscellaneous	\$ 3,942,047,621	\$ 3,473,877,243	\$ 2,743,467,016	\$ 2,471,487,278
Safety	5,975,205,335	5,179,218,090	4,120,444,515	3,750,976,838
Total	\$ 9,917,252,956	\$ 8,653,095,333	\$ 6,863,911,531	\$ 6,222,464,116
City's Proportionate Share of Aggregate Employer Contributions^{3,4}				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
City	\$ 1,490,171	\$ 1,285,349	\$ 1,176,476	\$ 857,352
Fire	739,794	714,904	711,616	625,338
Water	594,871	540,938	511,774	385,792
Total	\$ 2,824,836	\$ 2,541,191	\$ 2,399,866	\$ 1,868,482

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT PERIODS*

Fiscal Year-End	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability:				
Service Cost	\$ 322,876	\$ 288,411	\$ 460,080	\$ 525,744
Interest on Total OPEB Liability	178,984	173,575	218,560	180,260
Changes in Assumptions	1,219,383	272,736	(879,140)	(737,126)
Changes in Benefit Terms	77,058			
Differences Between Actual and Expected Experience	(55,714)	-	(1,110,203)	-
Benefit Payments, Including Refunds of Employee Contributions	(147,004)	(133,972)	(141,079)	(105,112)
Net Change in Total OPEB Liability	1,595,583	600,750	(1,451,782)	(136,234)
Total OPEB Liability - Beginning of Year	4,864,443	4,263,693	5,715,475	5,851,709
Total OPEB Liability - End of Year (a)	<u>\$ 6,460,026</u>	<u>\$ 4,864,443</u>	<u>\$ 4,263,693</u>	<u>\$ 5,715,475</u>
Covered-Employee Payroll	\$ 11,478,590	\$ 11,080,687	\$ 10,715,391	\$ 10,377,283
Net OPEB Liability as Percentage of Covered-Employee Payroll	56.28%	43.90%	39.79%	55.08%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From Fiscal Year 2018 to 2019:

Discount rate was changed from 3.58% to 3.87%

From Fiscal Year 2019 to 2020:

Discount rate was changed from 3.87% to 3.50%

From Fiscal Year 2020 to 2021:

Discount rate was changed from 3.50% to 2.21%

* Fiscal year 2018 was the first year of implementation and therefore only four years are shown.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

The City adopts budgets for the general, special revenue, debt service, and capital projects funds on a basis consistent with generally accepted accounting principles (GAAP) each year. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, when required during the period, are also approved by the Council. Increases in annual expenditures require approval by the Council. Interdepartmental budget changes are approved by the City Manager, and intradepartmental budget changes require department head approval. In most cases, expenditures may not exceed appropriations at the departmental level for the general fund, and at the fund level for the other funds. At fiscal year-end, all operating budget appropriations lapse. Budgeted amounts are as originally adopted, or as amended, in accordance with prescribed procedures throughout the fiscal year.

SUPPLEMENTARY INFORMATION



SPECIAL REVENUE FUNDS

The Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Individual Special revenue funds are as follows:

Fire District – To account for other revenue sources and for expenditures relating to the Hesperia Fire Protection District's CalPERS obligations.

Measure I Renewal – To account for the voter approved extension of the Measure I, a 0.5% sales tax revenue collected throughout San Bernardino County for transportation improvements.

Gas Tax – To account for receipts and expenditures of money apportioned by the State and Highway Code Sections 2105, 2106, 2107, and 2107.5. Gas Tax monies can only be used to construct and maintain streets and highways.

Gas Tax Swap – To account for receipts and expenditures of money apportioned by the State and Highway Code Section 2103. Gas Tax Swap monies can only be used to construct and maintain streets and highways.

Article 8 – To account for the ¼ cent sales tax revenue which, in turn, are expended for the City's participation in the Victor Valley Transit Authority and for the construction of, and maintenance of, streets and roads in accordance with AB 325.

Gas Tax Road Maintenance and Rehabilitation Account (RMRA) – To account for receipts and expenditures of money apportioned by the Road Repair and Accountability Act of 2017 (SB 1) which began in November 2017. Gas Tax Road Maintenance and Rehabilitation monies can only be used to repair and maintain streets and highways.

Community Development Block Grant – To account for the receipts and expenditures of the City's entitlements under Federal Community Development Block Grant (CDBG) programs of the US Department of Housing and Urban Development (HUD).

CDBG Revolving Loan – To account for the receipts and expenditures of the Section 108 loan proceeds from the Federal government (HUD) used to assist with business expansion within the City.

AB 3229 State COPS Program – To account for state grant funds used to enhance policing services.

Air Quality Management District – To account for receipts from the Mojave Desert Air Quality Management District used for the purpose of reducing air pollution from motor vehicles.

Street Maintenance – To account for funds expended to repair and maintain the City's streets.

Disaster Preparedness Grant – To account for state grant funds used to prepare City staff for quick and correct techniques for proper response and assistance to the citizens in times of emergencies.

Environmental Programs – Formerly called the Beverage Recycling Grant fund, this is to account for state grant funds used to enhance beverage container recycling, as well as other recycling programs within the City.

SPECIAL REVENUE FUNDS (Continued)

Neighborhood Stabilization Program – To account for Federal grant funds used to purchase, rehabilitate, and resell foreclosed homes within the City, in order to avoid any increased blighting conditions caused by vacant homes.

HOME Grant – To account for the Department of Housing and Urban Development HOME Investment Partnership Act (HOME) grants requiring segregated fund accounting.

Development Impact Fees – Streets – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's streets.

Development Impact Fees – Storm Drainage – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's storm drain system.

Development Impact Fees – Fire – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's Fire Department with expanded facilities and equipment.

Development Impact Fees – Police – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's Police Department with expanded facilities and equipment.

Development Impact Fees – Public Services – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's facilities to better serve the growing populace.

Development Impact Fees 2018 – Streets – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's streets.

Development Impact Fees 2018 – Drainage Facilities – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's storm drain system.

Development Impact Fees 2018 – Fire Suppression – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's Fire Department with expanded facilities and equipment.

Development Impact Fees 2018 – Animal Control – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's facilities to better serve the growing populace.

Development Impact Fees 2018 – Storage Records – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's facilities to better serve the growing populace.

Development Impact Fees 2018 – Police Facilities – To account for fees paid during the building permit process for the expansion and improvement of the capacity of the City's Police Department with expanded facilities and equipment.

SPECIAL REVENUE FUNDS (Continued)

Development Impact Fees A-04 – Drainage – To account for the fees paid during the building permit process for the expansion and improvement of the capacity of the City's storm drains.

Hesperia Housing Authority – To account for the City's low and moderate income housing needs that was previously a function of the former redevelopment agency.

WEDA Housing Authority – To account for the City's low and moderate income housing needs within the WEDA project area that was previously a function of the former redevelopment agency.

Community Development Commission – To account for the City's economic development functions that were previously an operation of the former redevelopment agency.

DEBT SERVICE FUNDS

The Debt Service funds are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources, and special assessment bond principal and interest from special assessment levies, when the government is obligated in some manner for the payment.

Individual Debt Service funds are as follows:

2012 Water Rights – To account for debt service payments on the City's 2012 Water Rights debt issuance.

2013 Refunding of Lease Revenue Bonds – To account for debt service payments on the refunding of the 2005 Variable Rate Certificates of Participation.

CAPITAL PROJECTS FUNDS

The Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Individual Capital Project funds are as follows:

City Projects – To account for funds designated for various capital projects throughout the City.

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
ASSETS					
Cash and Cash Equivalents	\$ 3,076,042	\$ 6,193,661	\$ 608,354	\$ 240,572	\$ 2,254,193
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	1,352	4,599	227	9	1,581
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	1,085,569	150,762	88,339	71
Due from Other Funds	-	5,765	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 3,077,394</u>	<u>\$ 7,289,594</u>	<u>\$ 759,343</u>	<u>\$ 328,920</u>	<u>\$ 2,255,845</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ 116,292	\$ -	\$ -	\$ 25,000
Unearned Revenues	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>116,292</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	7,173,302	759,343	328,920	2,230,845
Air Quality	-	-	-	-	-
Public Safety	3,077,394	-	-	-	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>3,077,394</u>	<u>7,173,302</u>	<u>759,343</u>	<u>328,920</u>	<u>2,230,845</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,077,394</u>	<u>\$ 7,289,594</u>	<u>\$ 759,343</u>	<u>\$ 328,920</u>	<u>\$ 2,255,845</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				
	Gas Tax - RMRA	Community Development Block Grant	CDBG Revolving Loan	AB 3229 State COPS Program	Air Quality Management District
ASSETS					
Cash and Cash Equivalents	\$ 603,324	\$ -	\$ 369,508	\$ 112,747	\$ 23,874
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	358	-	260	94	17
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	325,640	142,644	-	-	-
Due from Other Funds	-	39,182	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 929,322</u>	<u>\$ 181,826</u>	<u>\$ 369,768</u>	<u>\$ 112,841</u>	<u>\$ 23,891</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 67,468	\$ 72,905	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	128,248	-	-	-
Total Liabilities	<u>67,468</u>	<u>201,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	861,854	-	369,768	-	-
Air Quality	-	-	-	-	23,891
Public Safety	-	-	-	112,841	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	(19,327)	-	-	-
Total Fund Balances	<u>861,854</u>	<u>(19,327)</u>	<u>369,768</u>	<u>112,841</u>	<u>23,891</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 929,322</u>	<u>\$ 181,826</u>	<u>\$ 369,768</u>	<u>\$ 112,841</u>	<u>\$ 23,891</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
ASSETS					
Cash and Cash Equivalents	\$ 888,697	\$ 44,101	\$ 207,094	\$ 2,443,296	\$ 326,936
Restricted Investments	-	-	-	-	-
Accounts Receivable	14,266	-	2,975	-	-
Accrued Interest	584	31	133	1,712	219
Notes Receivable	-	-	-	-	13,995,550
Allowance for Notes Receivable	-	-	-	-	(13,995,550)
Due from Other Governmental Agencies	45	-	(141)	429,783	-
Due from Other Funds	405	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 903,997</u>	<u>\$ 44,132</u>	<u>\$ 210,061</u>	<u>\$ 2,874,791</u>	<u>\$ 327,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 107,747	\$ -	\$ 2,789	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>107,747</u>	<u>-</u>	<u>2,789</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	796,250	-	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	44,132	-	-	-
Economic Development	-	-	-	2,874,791	327,155
Other Purposes	-	-	207,272	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>796,250</u>	<u>44,132</u>	<u>207,272</u>	<u>2,874,791</u>	<u>327,155</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 903,997</u>	<u>\$ 44,132</u>	<u>\$ 210,061</u>	<u>\$ 2,874,791</u>	<u>\$ 327,155</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees - Streets	Development Impact Fees - Storm Drain	Development Impact Fees - Fire	Development Impact Fees - Police	Development Impact Fees - Public Services
ASSETS					
Cash and Cash Equivalents	\$ 1,097,404	\$ 3,056,268	\$ 1,438,521	\$ 23,048	\$ -
Restricted Investments	-	-	-	-	-
Accounts Receivable	1,026	-	-	-	-
Accrued Interest	686	2,134	997	14	-
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	11,448	-	-	-
Land Held for Resale	7,144,000	-	-	-	-
Total Assets	<u>\$ 8,243,116</u>	<u>\$ 3,069,850</u>	<u>\$ 1,439,518</u>	<u>\$ 23,062</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 30,641	\$ 21,920	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>30,641</u>	<u>21,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	8,212,475	3,047,930	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	-	1,439,518	23,062	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>8,212,475</u>	<u>3,047,930</u>	<u>1,439,518</u>	<u>23,062</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,243,116</u>	<u>\$ 3,069,850</u>	<u>\$ 1,439,518</u>	<u>\$ 23,062</u>	<u>\$ -</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees - 2018 - Streets	Development Impact Fees 2018 - Drainage Facilities	Development Impact Fees 2018 - Fire Suppression	Development Impact Fees 2018 - Animal Control	Development Impact Fees 2018 - Records Storage
ASSETS					
Cash and Cash Equivalents	\$ 6,618,075	\$ 554,874	\$ 424,647	\$ 128,203	\$ 17,467
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	4,415	366	283	85	12
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 6,622,490	\$ 555,240	\$ 424,930	\$ 128,288	\$ 17,479
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	6,622,490	555,240	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	-	424,930	128,288	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	17,479
Unassigned	-	-	-	-	-
Total Fund Balances	6,622,490	555,240	424,930	128,288	17,479
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,622,490	\$ 555,240	\$ 424,930	\$ 128,288	\$ 17,479

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees 2018 - Police Facilities	Development Impact Fees A-04 Drainage	Hesperia Housing Authority	VVEDA Housing Authority	Community Development Commission
ASSETS					
Cash and Cash Equivalents	\$ 6,869	\$ -	\$ 3,641,925	\$ 1,818,841	\$ -
Restricted Investments	-	959,534	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	5	602	2,587	1,296	-
Notes Receivable	-	-	22,863,572	-	-
Allowance for Notes Receivable	-	-	(22,863,572)	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	27,619
Land Held for Resale	-	-	7,158,001	-	11,065,143
Total Assets	<u>\$ 6,874</u>	<u>\$ 960,136</u>	<u>\$ 10,802,513</u>	<u>\$ 1,820,137</u>	<u>\$ 11,092,762</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ 1,154	\$ -	\$ -
Unearned Revenues	-	959,049	-	-	-
Due to Other Governments	-	-	428,554	-	-
Due to Other Funds	-	11,448	-	-	628,292
Total Liabilities	<u>-</u>	<u>970,497</u>	<u>429,708</u>	<u>-</u>	<u>628,292</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	-	-	-	-
Air Quality	-	-	-	-	-
Public Safety	6,874	-	-	-	-
Economic Development	-	-	10,372,805	1,820,137	10,464,470
Other Purposes	-	-	-	-	-
Unassigned	-	(10,361)	-	-	-
Total Fund Balances	<u>6,874</u>	<u>(10,361)</u>	<u>10,372,805</u>	<u>1,820,137</u>	<u>10,464,470</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,874</u>	<u>\$ 960,136</u>	<u>\$ 10,802,513</u>	<u>\$ 1,820,137</u>	<u>\$ 11,092,762</u>

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

	Debt Service		Capital Projects	
	2012 Water Rights Acquisition	2013 Refunding of Lease Revenue Bonds	City Projects	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,621,753	\$ 1,803,220	\$ -	\$ 39,643,514
Restricted Investments	1,452,236	1,149,835	-	3,561,605
Accounts Receivable	-	-	716	18,983
Accrued Interest	389	387	-	25,434
Notes Receivable	-	-	-	36,859,122
Allowance for Notes Receivable	-	-	-	(36,859,122)
Due from Other Governmental Agencies	-	-	322,441	2,545,153
Due from Other Funds	-	-	-	84,419
Land Held for Resale	-	-	-	25,367,144
Total Assets	\$ 3,074,378	\$ 2,953,442	\$ 323,157	\$ 71,246,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ 108,068	\$ 553,984
Unearned Revenues	-	-	-	959,049
Due to Other Governments	-	-	-	428,554
Due to Other Funds	-	-	448,709	1,216,697
Total Liabilities	-	-	556,777	3,158,284
Deferred Inflows of Resources:				
Unavailable Revenues	-	-	-	-
Fund Balances:				
Restricted:				
Debt Service	3,074,378	2,953,442	-	6,027,820
Transportation	-	-	-	30,958,417
Air Quality	-	-	-	23,891
Public Safety	-	-	-	5,257,039
Economic Development	-	-	-	25,859,358
Other Purposes	-	-	-	224,751
Unassigned	-	-	(233,620)	(263,308)
Total Fund Balances	3,074,378	2,953,442	(233,620)	68,087,968
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,074,378	\$ 2,953,442	\$ 323,157	\$ 71,246,252

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	2,163	28,618	839	11	10,144
Intergovernmental	-	3,851,564	\$ 1,491,797	\$ 670,988	\$ 541,581
Charges for Services	-	-	-	-	-
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	2,163	3,880,182	1,492,636	670,999	551,725
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Development Services	-	-	-	-	-
Public Safety - Fire	975,994	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	450,829	-	-	25,000
Total Expenditures	975,994	450,829	-	-	25,000
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(973,831)	3,429,353	1,492,636	670,999	526,725
OTHER FINANCING SOURCES (USES)					
Transfers In	2,226,934	-	-	-	71
Transfers Out	-	(1,925,700)	(982,146)	(422,142)	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	2,226,934	(1,925,700)	(982,146)	(422,142)	71
NET CHANGE IN FUND BALANCES	1,253,103	1,503,653	510,490	248,857	526,796
Fund Balances - Beginning of Year	1,824,291	5,669,649	248,853	80,063	1,704,049
FUND BALANCES - END OF YEAR	\$ 3,077,394	\$ 7,173,302	\$ 759,343	\$ 328,920	\$ 2,230,845

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Gas Tax - RMRA	Community Development Block Grant	CDBG Revolving Loan	AB 3229 State COPS Program	Air Quality Management District
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	4,142	-	1,768	600	123
Intergovernmental	1,786,986	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	44,000	1,047,078	-	229,475	-
Other Revenues	-	419	-	-	-
Total Revenues	<u>1,835,128</u>	<u>1,047,497</u>	<u>1,768</u>	<u>230,075</u>	<u>123</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Development Services	-	256,906	-	-	-
Public Safety - Fire	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	2,894,958	795,148	-	-	-
Total Expenditures	<u>2,894,958</u>	<u>1,052,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(1,059,830)	(4,557)	1,768	230,075	123
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(252,000)	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,059,830)	(4,557)	1,768	(21,925)	123
Fund Balances - Beginning of Year	<u>1,921,684</u>	<u>(14,770)</u>	<u>368,000</u>	<u>134,766</u>	<u>23,768</u>
FUND BALANCES - END OF YEAR	<u>\$ 861,854</u>	<u>\$ (19,327)</u>	<u>\$ 369,768</u>	<u>\$ 112,841</u>	<u>\$ 23,891</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	3,457	211	863	12,378	1,458
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	-	-	45,429	-	26,183
Other Revenues	4,580	-	16,974	428,554	-
Total Revenues	<u>8,037</u>	<u>211</u>	<u>63,266</u>	<u>440,932</u>	<u>27,641</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	32,177	-	-
Development Services	3,194,108	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	103,511	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	<u>3,297,619</u>	<u>-</u>	<u>32,177</u>	<u>-</u>	<u>-</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(3,289,582)	211	31,089	440,932	27,641
OTHER FINANCING SOURCES (USES)					
Transfers In	3,329,988	-	-	-	-
Transfers Out	-	-	-	-	-
Sale of Capital Assets	18,301	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,348,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	58,707	211	31,089	440,932	27,641
Fund Balances - Beginning of Year	<u>737,543</u>	<u>43,921</u>	<u>176,183</u>	<u>2,433,859</u>	<u>299,514</u>
FUND BALANCES - END OF YEAR	<u>\$ 796,250</u>	<u>\$ 44,132</u>	<u>\$ 207,272</u>	<u>\$ 2,874,791</u>	<u>\$ 327,155</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees - Streets	Development Impact Fees - Storm Drain	Development Impact Fees - Fire	Development Impact Fees - Police	Development Impact Fees - Public Services
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	12,119	14,649	6,763	91	-
Intergovernmental	-	-	-	-	-
Charges for Services	212,399	29,708	26,438	8,017	23,470
Grants	-	-	-	-	-
Other Revenues	-	18,280	-	-	-
Total Revenues	<u>224,518</u>	<u>62,637</u>	<u>33,201</u>	<u>8,108</u>	<u>23,470</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Development Services	357,637	25,619	-	-	-
Public Safety - Fire	-	-	-	-	-
Debt Service:					
Interest	186,498	-	-	-	-
Principal	1,876,240	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	271,619	-	-	-	-
Equipment and Vehicles	-	-	-	6,128	-
Infrastructure	30,641	47,800	-	-	-
Total Expenditures	<u>2,722,635</u>	<u>73,419</u>	<u>-</u>	<u>6,128</u>	<u>-</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(2,498,117)	(10,782)	33,201	1,980	23,470
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	3,304,783
Transfers Out	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,304,783</u>
NET CHANGE IN FUND BALANCES	(2,498,117)	(10,782)	33,201	1,980	3,328,253
Fund Balances - Beginning of Year	<u>10,710,592</u>	<u>3,058,712</u>	<u>1,406,317</u>	<u>21,082</u>	<u>(3,328,253)</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,212,475</u>	<u>\$ 3,047,930</u>	<u>\$ 1,439,518</u>	<u>\$ 23,062</u>	<u>\$ -</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees 2018 - Streets	Development Impact Fees 2018 - Drainage Facilities	Development Impact Fees 2018 - Fire Suppression	Development Impact Fees 2018 - Animal Control	Development Impact Fees 2018 - Records Storage
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	25,622	2,101	1,650	648	69
Intergovernmental	-	-	-	-	-
Charges for Services	2,504,287	216,074	159,891	52,977	6,487
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	<u>2,529,909</u>	<u>218,175</u>	<u>161,541</u>	<u>53,625</u>	<u>6,556</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Development Services	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	2,529,909	218,175	161,541	53,625	6,556
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>2,529,909</u>	<u>218,175</u>	<u>161,541</u>	<u>53,625</u>	<u>6,556</u>
Fund Balances - Beginning of Year	<u>4,092,581</u>	<u>337,065</u>	<u>263,389</u>	<u>74,663</u>	<u>10,923</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,622,490</u>	<u>\$ 555,240</u>	<u>\$ 424,930</u>	<u>\$ 128,288</u>	<u>\$ 17,479</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Development Impact Fees 2018 - Police Facilities	Development Impact Fees A-04 Drainage	Hesperia Housing Authority	VVEDA Housing Authority	Community Development Commission
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	27	1,076	37,535	9,033	-
Intergovernmental	-	-	-	-	-
Charges for Services	2,531	-	-	-	-
Grants	-	-	-	-	-
Other Revenues	-	-	92,208	-	-
Total Revenues	<u>2,558</u>	<u>1,076</u>	<u>129,743</u>	<u>9,033</u>	<u>-</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Development Services	-	11,437	1,906,981	-	1,036,979
Public Safety - Fire	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>11,437</u>	<u>1,906,981</u>	<u>-</u>	<u>1,036,979</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	2,558	(10,361)	(1,777,238)	9,033	(1,036,979)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,558	(10,361)	(1,777,238)	9,033	(1,036,979)
Fund Balances - Beginning of Year	<u>4,316</u>	<u>-</u>	<u>12,150,043</u>	<u>1,811,104</u>	<u>11,501,449</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,874</u>	<u>\$ (10,361)</u>	<u>\$ 10,372,805</u>	<u>\$ 1,820,137</u>	<u>\$ 10,464,470</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Debt Service		Capital Projects	
	2012 Water Rights Acquisition	2013 Refunding of Lease Revenue Bonds	City Projects	Total Other Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of Money and Property	886	788	184	180,016
Intergovernmental	-	-	552,478	8,895,394
Charges for Services	-	-	-	3,242,279
Grants	-	-	-	1,392,165
Other Revenues	-	-	4,401	565,416
Total Revenues	886	788	557,063	14,275,270
EXPENDITURES				
Current:				
General Government:				
City Manager	-	-	-	32,177
Development Services	-	-	-	6,789,667
Public Safety - Fire	-	-	-	975,994
Debt Service:				
Interest	762,175	483,250	-	1,431,923
Principal	675,000	365,000	-	2,916,240
Bond Administration Expense	2,190	2,190	-	4,380
Capital Outlay:				
Land	-	-	184,111	455,730
Equipment and Vehicles	-	-	-	109,639
Infrastructure	-	-	256,207	4,500,583
Total Expenditures	1,439,365	850,440	440,318	17,216,333
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(1,438,479)	(849,652)	116,745	(2,941,063)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,000,000	2,600,938	-	14,462,714
Transfers Out	-	-	(71)	(3,582,059)
Sale of Capital Assets	-	-	-	18,301
Total Other Financing Sources (Uses)	3,000,000	2,600,938	(71)	10,898,956
NET CHANGE IN FUND BALANCES	1,561,521	1,751,286	116,674	7,957,893
Fund Balances - Beginning of Year	1,512,857	1,202,156	(350,294)	60,130,075
FUND BALANCES - END OF YEAR	\$ 3,074,378	\$ 2,953,442	\$ (233,620)	\$ 68,087,968

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FIRE DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 5,400	\$ 2,163	\$ (3,237)
EXPENDITURES			
Current:			
Public Safety - Fire	<u>1,009,576</u>	<u>975,994</u>	<u>33,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,004,176)	(973,831)	30,345
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,009,576</u>	<u>2,226,934</u>	<u>1,217,358</u>
NET CHANGE IN FUND BALANCE	5,400	1,253,103	1,247,703
Fund Balance - Beginning of Year	<u>1,824,291</u>	<u>1,824,291</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,829,691</u></u>	<u><u>\$ 3,077,394</u></u>	<u><u>\$ 1,247,703</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
MEASURE I SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 66,400	\$ 28,618	\$ (37,782)
Intergovernmental	2,335,129	3,851,564	1,516,435
Total Revenues	<u>2,401,529</u>	<u>3,880,182</u>	<u>1,478,653</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>1,231,282</u>	<u>450,829</u>	<u>780,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,170,247	3,429,353	2,259,106
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(1,050,000)</u>	<u>(1,925,700)</u>	<u>(875,700)</u>
NET CHANGE IN FUND BALANCE	120,247	1,503,653	1,383,406
Fund Balance - Beginning of Year	<u>5,669,649</u>	<u>5,669,649</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,789,896</u></u>	<u><u>\$ 7,173,302</u></u>	<u><u>\$ 1,383,406</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 1,450,684	\$ 1,491,797	\$ 41,113
Use of Money and Property	-	839	839
Total Revenues	<u>1,450,684</u>	<u>1,492,636</u>	<u>41,952</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(1,320,000)</u>	<u>(982,146)</u>	<u>337,854</u>
NET CHANGE IN FUND BALANCE	130,684	510,490	379,806
Fund Balance - Beginning of Year	<u>248,853</u>	<u>248,853</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 379,537</u></u>	<u><u>\$ 759,343</u></u>	<u><u>\$ 379,806</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GAS TAX SWAP SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Intergovernmental	\$ 814,185	\$ 670,988	\$ (143,197)
Use of Money and Property	620	11	(609)
Total Revenues	<u>814,805</u>	<u>670,999</u>	<u>(143,806)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(759,996)</u>	<u>(422,142)</u>	<u>337,854</u>
NET CHANGE IN FUND BALANCE	54,809	248,857	194,048
Fund Balance - Beginning of Year	<u>80,063</u>	<u>80,063</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 134,872</u></u>	<u><u>\$ 328,920</u></u>	<u><u>\$ 194,048</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
ARTICLE 8 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 541,581	\$ 541,581	\$ -
Use of Money and Property	21,730	10,144	(11,586)
Total Revenues	<u>563,311</u>	<u>551,725</u>	<u>(11,586)</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,311	526,725	(36,586)
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>71</u>	<u>71</u>
NET CHANGE IN FUND BALANCE	563,311	526,796	(36,515)
Fund Balance - Beginning of Year	<u>1,704,049</u>	<u>1,704,049</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,267,360</u></u>	<u><u>\$ 2,230,845</u></u>	<u><u>\$ (36,515)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GAS TAX - RMRA SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$ 1,656,140	\$ 1,786,986	\$ 130,846
Use of Money and Property	9,980	4,142	(5,838)
Grants	-	44,000	44,000
Total Revenues	<u>1,666,120</u>	<u>1,835,128</u>	<u>169,008</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>3,170,764</u>	<u>2,894,958</u>	<u>275,806</u>
NET CHANGE IN FUND BALANCE	(1,504,644)	(1,059,830)	444,814
Fund Balance - Beginning of Year	<u>1,921,684</u>	<u>1,921,684</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 417,040</u></u>	<u><u>\$ 861,854</u></u>	<u><u>\$ 444,814</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Grants	\$ 1,698,927	\$ 1,047,078	\$ (651,849)
Other Revenues	-	419	419
Total Revenues	1,698,927	1,047,497	(651,430)
EXPENDITURES			
Current:			
Development Services	533,739	256,906	276,833
Capital Outlay:			
Infrastructure	1,598,805	795,148	803,657
Total Expenditures	2,132,544	1,052,054	1,080,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(433,617)	(4,557)	429,060
Fund Balance - Beginning of Year	(14,770)	(14,770)	-
FUND BALANCE - END OF YEAR	\$ (448,387)	\$ (19,327)	\$ 429,060

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 4,600	\$ 1,768	\$ (2,832)
Fund Balance - Beginning of Year	<u>368,000</u>	<u>368,000</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 372,600</u></u>	<u><u>\$ 369,768</u></u>	<u><u>\$ (2,832)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
AB 3229 STATE COPS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 2,000	\$ 600	\$ (1,400)
Grants	180,000	229,475	49,475
Total Revenues	<u>182,000</u>	<u>230,075</u>	<u>48,075</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(252,000)</u>	<u>(252,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(70,000)	(21,925)	48,075
Fund Balance - Beginning of Year	<u>134,766</u>	<u>134,766</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 64,766</u></u>	<u><u>\$ 112,841</u></u>	<u><u>\$ 48,075</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
AIR QUALITY MANAGEMENT DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ 123	\$ 123
Fund Balance - Beginning of Year	<u>23,768</u>	<u>23,768</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 23,768</u></u>	<u><u>\$ 23,891</u></u>	<u><u>\$ 123</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
STREET MAINTENANCE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 5,000	\$ 3,457	\$ (1,543)
Other Revenues	5,000	4,580	(420)
Total Revenues	10,000	8,037	(1,963)
EXPENDITURES			
Current:			
Development Services	3,377,891	3,194,108	183,783
Capital Outlay:			
Equipment and Vehicles	41,658	103,511	(61,853)
Total Expenditures	3,419,549	3,297,619	121,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,409,549)	(3,289,582)	119,967
OTHER FINANCING SOURCES (USES)			
Transfers In	3,329,988	3,329,988	-
Sale of Capital Assets	20,000	18,301	(1,699)
Total Other Financing Sources (Uses)	3,349,988	3,348,289	(1,699)
NET CHANGE IN FUND BALANCE	(59,561)	58,707	118,268
Fund Balance - Beginning of Year	737,543	737,543	-
FUND BALANCE - END OF YEAR	\$ 677,982	\$ 796,250	\$ 118,268

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DISASTER PREPAREDNESS GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 550	\$ 211	\$ (339)
Fund Balance - Beginning of Year	<u>43,921</u>	<u>43,921</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 44,471</u></u>	<u><u>\$ 44,132</u></u>	<u><u>\$ (339)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
ENVIRONMENTAL PROGRAMS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 2,000	\$ 863	\$ (1,137)
Grants	-	45,429	45,429
Other Revenues	-	16,974	16,974
Total Revenues	<u>2,000</u>	<u>63,266</u>	<u>61,266</u>
EXPENDITURES			
Current:			
General Government:			
City Manager	<u>54,967</u>	<u>32,177</u>	<u>22,790</u>
NET CHANGE IN FUND BALANCE	(52,967)	31,089	84,056
Fund Balance - Beginning of Year	<u>176,183</u>	<u>176,183</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 123,216</u></u>	<u><u>\$ 207,272</u></u>	<u><u>\$ 84,056</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
NEIGHBORHOOD STABILIZATION PROGRAM ALL SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 29,000	\$ 12,378	\$ (16,622)
Other Revenues	-	428,554	428,554
Total Revenues	<u>29,000</u>	<u>440,932</u>	<u>411,932</u>
 Fund Balance - Beginning of Year	 <u>2,433,859</u>	 <u>2,433,859</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 2,462,859</u></u>	 <u><u>\$ 2,874,791</u></u>	 <u><u>\$ 411,932</u></u>

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOME GRANT ALL SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 5,900	\$ 1,458	\$ (4,442)
Grants	-	26,183	26,183
Total Revenues	<u>5,900</u>	<u>27,641</u>	<u>21,741</u>
 Fund Balance - Beginning of Year	<u>299,514</u>	<u>299,514</u>	<u>-</u>
 FUND BALANCE - END OF YEAR	<u><u>\$ 305,414</u></u>	<u><u>\$ 327,155</u></u>	<u><u>\$ 21,741</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES - STREETS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 61,600	\$ 12,119	\$ (49,481)
Charges for Services	1,053,599	212,399	(841,200)
Total Revenues	<u>1,115,199</u>	<u>224,518</u>	<u>(890,681)</u>
EXPENDITURES			
Current:			
General Government:			
Development Services	-	357,637	(357,637)
Debt Service:			
Interest	525,347	186,498	338,849
Principal	1,876,240	1,876,240	-
Capital Outlay:			
Land	942,595	271,619	670,976
Infrastructure	2,513,120	30,641	2,482,479
Total Expenditures	<u>5,857,302</u>	<u>2,722,635</u>	<u>3,134,667</u>
NET CHANGE IN FUND BALANCE	(4,742,103)	(2,498,117)	2,243,986
Fund Balance - Beginning of Year	<u>10,710,592</u>	<u>10,710,592</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,968,489</u></u>	<u><u>\$ 8,212,475</u></u>	<u><u>\$ 2,243,986</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES – STORM DRAIN SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 38,400	\$ 14,649	\$ (23,751)
Charges for Services	138,226	29,708	(108,518)
Other Revenues	-	18,280	18,280
Total Revenues	176,626	62,637	(113,989)
EXPENDITURES			
Capital Outlay:			
Land	459,600	-	459,600
Infrastructure	333,160	73,419	259,741
Total Expenditures	792,760	73,419	719,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(616,134)	(10,782)	605,352
Fund Balance - Beginning of Year	3,058,712	3,058,712	-
FUND BALANCE - END OF YEAR	<u>\$ 2,442,578</u>	<u>\$ 3,047,930</u>	<u>\$ 605,352</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES – FIRE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 17,160	\$ 6,763	\$ (10,397)
Charges for Services	153,534	26,438	(127,096)
Total Revenues	<u>170,694</u>	<u>33,201</u>	<u>(137,493)</u>
 Fund Balance - Beginning of Year	 <u>1,406,317</u>	 <u>1,406,317</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 1,577,011</u></u>	 <u><u>\$ 1,439,518</u></u>	 <u><u>\$ (137,493)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES – POLICE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 150	\$ 91	\$ (59)
Charges for Services	45,760	8,017	(37,743)
Total Revenues	<u>45,910</u>	<u>8,108</u>	<u>(37,802)</u>
EXPENDITURES			
Capital Outlay:			
Equipment and Vehicles	<u>6,128</u>	<u>6,128</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,782	1,980	(37,802)
Fund Balance - Beginning of Year	<u>21,082</u>	<u>21,082</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 60,864</u></u>	<u><u>\$ 23,062</u></u>	<u><u>\$ (37,802)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES – PUBLIC SERVICES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Charges for Services	\$ 119,511	\$ 23,470	\$ (96,041)
EXPENDITURES			
Current:			
Interest	<u>72,000</u>	<u>-</u>	<u>72,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,511	23,470	(24,041)
OTHER FINANCING SOURCES (USES)			
Transfers In	557,000	3,304,783	2,747,783
Transfers Out	<u>(711,419)</u>	<u>-</u>	<u>711,419</u>
Total Other Financing Sources (Uses)	<u>(154,419)</u>	<u>3,304,783</u>	<u>3,459,202</u>
NET CHANGE IN FUND BALANCE	(106,908)	3,328,253	3,435,161
Fund Balance - Beginning of Year, as Restated	<u>(3,328,253)</u>	<u>(3,328,253)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (3,435,161)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,435,161</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – STREETS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 23,580	\$ 25,622	\$ 2,042
Charges for Services	3,593,066	2,504,287	(1,088,779)
Total Revenues	<u>3,616,646</u>	<u>2,529,909</u>	<u>(1,086,737)</u>
 Fund Balance - Beginning of Year	 <u>4,092,581</u>	 <u>4,092,581</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 7,709,227</u></u>	 <u><u>\$ 6,622,490</u></u>	 <u><u>\$ (1,086,737)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – DRAINAGE FACILITIES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 2,101	\$ 2,101	\$ -
Charges for Services	261,161	216,074	(45,087)
Total Revenues	<u>263,262</u>	<u>218,175</u>	<u>(45,087)</u>
 Fund Balance - Beginning of Year	 <u>337,065</u>	 <u>337,065</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 600,327</u></u>	 <u><u>\$ 555,240</u></u>	 <u><u>\$ (45,087)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – FIRE SUPPRESSION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,420	\$ 1,650	\$ 230
Charges for Services	226,260	159,891	(66,369)
Total Revenues	<u>227,680</u>	<u>161,541</u>	<u>(66,139)</u>
 Fund Balance - Beginning of Year	 <u>263,389</u>	 <u>263,389</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 491,069</u></u>	 <u><u>\$ 424,930</u></u>	 <u><u>\$ (66,139)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – ANIMAL CONTROL SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 430	\$ 648	\$ 218
Charges for Services	74,107	52,977	(21,130)
Total Revenues	<u>74,537</u>	<u>53,625</u>	<u>(20,912)</u>
 Fund Balance - Beginning of Year	 <u>74,663</u>	 <u>74,663</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 149,200</u></u>	 <u><u>\$ 128,288</u></u>	 <u><u>\$ (20,912)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – RECORDS STORAGE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 56	\$ 69	\$ 13
Charges for Services	92,454	6,487	(85,967)
Total Revenues	<u>92,510</u>	<u>6,556</u>	<u>(85,954)</u>
 Fund Balance - Beginning of Year	 <u>10,923</u>	 <u>10,923</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 103,433</u></u>	 <u><u>\$ 17,479</u></u>	 <u><u>\$ (85,954)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – POLICE FACILITIES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 24	\$ 27	\$ 3
Charges for Services	5,986	2,531	(3,455)
Total Revenues	<u>6,010</u>	<u>2,558</u>	<u>(3,452)</u>
 Fund Balance - Beginning of Year	 <u>4,316</u>	 <u>4,316</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 10,326</u></u>	 <u><u>\$ 6,874</u></u>	 <u><u>\$ (3,452)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES – A-04 DRAINAGE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ 1,076	\$ 1,076
EXPENDITURES			
Current:			
Development Services	<u>-</u>	<u>11,437</u>	<u>(11,437)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(10,361)	(10,361)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ (10,361)</u></u>	<u><u>\$ (10,361)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HESPERIA HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 76,619	\$ 37,535	\$ (39,084)
Other Revenues	90,133	92,208	2,075
Total Revenues	<u>166,752</u>	<u>129,743</u>	<u>(37,009)</u>
EXPENDITURES			
Current:			
General Government:			
Development Services	<u>75,978</u>	<u>1,906,981</u>	<u>(1,831,003)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,774	(1,777,238)	(1,868,012)
Fund Balance - Beginning of Year	<u>12,150,043</u>	<u>12,150,043</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 12,240,817</u></u>	<u><u>\$ 10,372,805</u></u>	<u><u>\$ (1,868,012)</u></u>

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
VVEDA HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 24,140	\$ 9,033	\$ (15,107)
Fund Balance - Beginning of Year	<u>1,811,104</u>	<u>1,811,104</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,835,244</u></u>	<u><u>\$ 1,820,137</u></u>	<u><u>\$ (15,107)</u></u>

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT COMMISSION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
EXPENDITURES			
Current:			
Development Services	\$ -	\$ 1,036,979	\$ (1,036,979)
Fund Balance - Beginning of Year	<u>11,501,449</u>	<u>11,501,449</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 11,501,449</u></u>	<u><u>\$ 10,464,470</u></u>	<u><u>\$ (1,036,979)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
2012 WATER RIGHTS ACQUISITION DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 17,770	\$ 886	\$ (16,884)
EXPENDITURES			
Debt Service:			
Interest	762,175	762,175	-
Principal	675,000	675,000	-
Bond Administration Expense	4,000	2,190	1,810
Total Expenditures	<u>1,441,175</u>	<u>1,439,365</u>	<u>1,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,423,405)	(1,438,479)	(15,074)
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,430,748</u>	<u>3,000,000</u>	<u>1,569,252</u>
NET CHANGE IN FUND BALANCE	7,343	1,561,521	1,554,178
Fund Balance - Beginning of Year	<u>1,512,857</u>	<u>1,512,857</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,520,200</u></u>	<u><u>\$ 3,074,378</u></u>	<u><u>\$ 1,554,178</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
2013 LEASE REVENUE BONDS DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Marks-Roos Revenue Bonds		
	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 14,870	\$ 788	\$ (14,082)
EXPENDITURES			
Debt Service:			
Interest	483,250	483,250	-
Principal	365,000	365,000	-
Bond Administration Expense	4,000	2,190	1,810
Total Expenditures	852,250	850,440	1,810
Excess (Deficiency) of Revenues Over (Under) Expenditures	(837,380)	(849,652)	(12,272)
OTHER FINANCING SOURCES (USES)			
Transfers In	815,380	2,600,938	1,785,558
NET CHANGE IN FUND BALANCE	(22,000)	1,751,286	1,773,286
Fund Balance - Beginning of Year	1,202,156	1,202,156	-
FUND BALANCE - END OF YEAR	\$ 1,180,156	\$ 2,953,442	\$ 1,773,286

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
CITY PROJECTS CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 300	\$ 184	\$ (116)
Intergovernmental	6,359,146	552,478	(5,806,668)
Grants	782,000	-	(782,000)
Other Revenues	-	4,401	4,401
Total Revenues	<u>7,141,446</u>	<u>557,063</u>	<u>(6,584,383)</u>
EXPENDITURES			
Capital Outlay:			
Land	387,407	184,111	203,296
Infrastructure	<u>9,087,951</u>	<u>256,207</u>	<u>8,831,744</u>
Total Expenditures	<u>9,475,358</u>	<u>440,318</u>	<u>9,035,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,333,912)	116,745	2,450,657
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>-</u>	<u>(71)</u>	<u>(71)</u>
NET CHANGE IN FUND BALANCE	(2,333,912)	116,674	2,450,586
Fund Balance - Beginning of Year	<u>(350,294)</u>	<u>(350,294)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (2,684,206)</u></u>	<u><u>\$ (233,620)</u></u>	<u><u>\$ 2,450,586</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Rancho Las Flores Fund	Assessment District 91-1 Fund	Community Facilities District 2005-1 Fund	Branch Library Fund
ASSETS				
Cash and Investments	\$ 20,986	\$ 371,902	\$ 1,569,806	\$ 324
Cash and Investments with Fiscal Agent	-	-	1,452,591	-
Accounts Receivable	-	-	27,260	-
Accrued Interest	15	261	1,242	-
Total Assets	<u>21,001</u>	<u>372,163</u>	<u>3,050,899</u>	<u>324</u>
LIABILITIES				
Accounts Payable	<u>-</u>	<u>-</u>	<u>864</u>	<u>-</u>
NET POSITION				
Held for Other Organizations	<u>\$ 21,001</u>	<u>\$ 372,163</u>	<u>\$ 3,050,035</u>	<u>\$ 324</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS (CONTINUED)
JUNE 30, 2021

	Summit Valley HCP Fund	HFPD	Plan Review Trust Fund	Total
ASSETS				
Cash and Investments	\$ 306	\$ 369,875	\$ 6,548	\$ 2,339,747
Cash and Investments with Fiscal Agent	-	-	-	1,452,591
Accounts Receivable	-	-	-	27,260
Accrued Interest	-	-	13	1,531
Total Assets	<u>306</u>	<u>369,875</u>	<u>6,561</u>	<u>3,821,129</u>
LIABILITIES				
Accounts Payable	<u>-</u>	<u>369,875</u>	<u>-</u>	<u>370,739</u>
NET POSITION				
Held for Other Organizations	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 6,561</u>	<u>\$ 3,450,390</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021

	Rancho Las Flores Fund	Assessment District 91-1 Fund	Community Facilities District 2005-1 Fund	Branch Library Fund
ADDITIONS				
Taxes	\$ -	\$ -	\$ 1,840,590	\$ -
Investment and Rental	101	1,779	5,138	2
Other	-	-	-	-
Total Additions	<u>101</u>	<u>1,779</u>	<u>1,845,728</u>	<u>2</u>
DEDUCTIONS				
Payments to others	-	-	550,766	-
Principal Expense	-	-	505,000	-
Interest and Fiscal Expense	-	-	726,863	-
Total Deductions	<u>-</u>	<u>-</u>	<u>1,782,629</u>	<u>-</u>
CHANGE IN NET POSITION	101	1,779	63,099	2
Total Net Position - Beginning of Year, Restated	<u>20,900</u>	<u>370,384</u>	<u>2,986,936</u>	<u>322</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 21,001</u></u>	<u><u>\$ 372,163</u></u>	<u><u>\$ 3,050,035</u></u>	<u><u>\$ 324</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Summit Valley HCP Fund	HFPD	Plan Review Trust Fund	Total
ADDITIONS				
Taxes	\$ -	\$ -	\$ -	\$ 1,840,590
Investment and Rental	1	48,468	44	55,533
Other	-	371,260	-	371,260
Total Additions	<u>1</u>	<u>419,728</u>	<u>44</u>	<u>2,267,383</u>
DEDUCTIONS				
Payments to others	-	419,728	-	970,494
Principal Expense	-	-	-	505,000
Interest and Fiscal Expense	-	-	-	726,863
Total Deductions	<u>-</u>	<u>419,728</u>	<u>-</u>	<u>2,202,357</u>
CHANGE IN NET POSITION	1	-	44	65,026
Total Net Position - Beginning of Year, Restated	<u>305</u>	<u>-</u>	<u>6,517</u>	<u>3,385,364</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 6,561</u>	<u>\$ 3,450,390</u>

STATISTICAL SECTION



STATISTICAL SECTION NARRATIVE

The schedules of this statistical section fall into one of five broad classifications of information which include:

Financial Trends Information is intended to assist users in understanding and assessing how a government's financial position has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity Information is intended to assist users in understanding and assessing factors affecting a government's ability to generate its own revenue. As 74% of the revenues are tax related, and of that, 34% is property taxes, emphasis on the valuation of the taxable property is a significant item to monitor.

- Assessed Value and Estimated Actual Value of Taxable Property

Debt Capacity Information is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections
- Ratios of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Bonded Debt
- Computation of Legal Debt Margin
- Pledged-Revenue Coverage

Demographic and Economic Information is intended to assist users in understanding the socioeconomic environment within which a government operates and provide information that facilitates comparison of financial statement information over time and among governments.

- Demographic and Economic Statistics
- Principal Employers
- Full-time and Part-time City Employees

Operating Information is intended to provide information about operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.

- Operating Indicators
- Capital Asset Statistics
- Water Sold by Type of Customer
- Water Rates
- Water Customers

CITY OF HESPERIA
Net Position By Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 189,466,908	\$ 199,998,092	\$ 196,334,806	\$ 194,674,329
Restricted	3,319,579	4,716,324	3,491,444	3,490,014
Unrestricted	94,166,563	57,116,661	56,929,048	38,258,568
Total governmental activities net position	<u>\$ 286,953,050</u>	<u>\$ 261,831,077</u>	<u>\$ 256,755,298</u>	<u>\$ 236,422,911</u>
Business-type activities:				
Net investment in capital assets	\$ 75,034,007	\$ 73,201,861	\$ 84,373,971	\$ 82,701,051
Restricted	1,890,305	1,890,305	1,888,888	1,888,888
Unrestricted	582,099	3,194,673	2,588,449	1,289,583
Total business-type activities net position	<u>\$ 77,506,411</u>	<u>\$ 78,286,839</u>	<u>\$ 88,851,308</u>	<u>\$ 85,879,522</u>
Primary government:				
Net investment in capital assets	\$ 264,500,915	\$ 273,199,953	\$ 280,708,777	\$ 277,375,380
Restricted	5,209,884	6,606,629	5,380,332	5,378,902
Unrestricted	94,748,662	60,311,334	59,517,497	39,548,151
Total primary government net position	<u>\$ 364,459,461</u>	<u>\$ 340,117,916</u>	<u>\$ 345,606,606</u>	<u>\$ 322,302,433</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 177,890,141	\$ 174,609,141	\$ 151,028,156	\$ 147,642,747	\$ 141,327,961	\$ 138,332,337
2,603,522	2,605,920	2,612,221	2,678,741	64,049,344	68,351,276
46,998,283	40,510,364	38,038,045	24,741,800	(29,893,868)	(22,103,576)
<u>\$ 227,491,946</u>	<u>\$ 217,725,425</u>	<u>\$ 191,678,422</u>	<u>\$ 175,063,288</u>	<u>\$ 175,483,437</u>	<u>\$ 184,580,037</u>
\$ 81,151,492	\$ 82,779,673	\$ 84,750,254	\$ 88,640,263	\$ 87,867,127	\$ 92,064,054
1,888,888	1,888,901	1,893,896	1,889,131	394,734	385,528
1,747,965	527,087	1,749,587	1,535,393	9,351,266	10,287,087
<u>\$ 84,788,345</u>	<u>\$ 85,195,661</u>	<u>\$ 88,393,737</u>	<u>\$ 92,064,787</u>	<u>\$ 97,613,127</u>	<u>\$ 102,736,669</u>
\$ 259,041,633	\$ 257,388,814	\$ 235,778,410	\$ 236,283,010	\$ 229,195,088	\$ 230,396,391
4,492,410	4,494,821	4,506,117	4,567,872	64,444,078	68,736,804
48,746,248	41,037,451	39,787,632	26,277,193	(20,542,602)	(11,816,489)
<u>\$ 312,280,291</u>	<u>\$ 302,921,086</u>	<u>\$ 280,072,159</u>	<u>\$ 267,128,075</u>	<u>\$ 273,096,564</u>	<u>\$ 287,316,706</u>

CITY OF HESPERIA

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Expenses:				
Governmental activities:				
General government	\$ 7,199,392	\$ 6,952,050	\$ 8,305,493	\$ 7,268,741
Public safety	21,141,500	21,849,650	24,063,447	25,164,286
Development services	46,365,807	21,179,809	20,376,539	18,290,886
Interest on long-term debt	5,443,347	1,056,514	1,783,967	1,530,538
Total governmental activities expenses	<u>80,150,046</u>	<u>51,038,023</u>	<u>54,529,446</u>	<u>52,254,451</u>
Business-type activities:				
Water	18,193,068	17,675,402	19,014,005	17,285,767
Wastewater	2,531,776	2,851,639	2,944,634	2,912,437
Total business-type activities expenses	<u>20,724,844</u>	<u>20,527,041</u>	<u>21,958,639</u>	<u>20,198,204</u>
Total primary government expenses	<u>100,874,890</u>	<u>71,565,064</u>	<u>76,488,085</u>	<u>72,452,655</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	4,389,440	4,748,681	4,696,201	4,348,094
Public safety	3,732,817	3,717,361	4,531,678	4,741,715
Transportation	-	-	18,488	25,230
Development services	692,724	1,120,325	867,793	1,124,106
Operating grants and contributions	6,811,296	6,810,068	7,199,155	6,717,219
Capital grants and contributions	14,626,795	10,047,639	2,506,222	150,598
Total governmental activities program revenues	<u>30,253,072</u>	<u>26,444,074</u>	<u>19,819,537</u>	<u>17,106,962</u>
Business-type activities:				
Charges for services:				
Water	16,205,787	16,664,347	16,243,222	15,783,240
Wastewater	3,354,291	3,499,280	3,513,751	3,608,367
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>19,560,078</u>	<u>20,163,627</u>	<u>19,756,973</u>	<u>19,391,607</u>
Total primary government program revenues	<u>49,813,150</u>	<u>46,607,701</u>	<u>39,576,510</u>	<u>36,498,569</u>
Net revenues (expenses):				
Governmental activities	(49,896,974)	(24,593,949)	(34,709,909)	(35,147,489)
Business-type activities	(1,164,766)	(363,414)	(2,201,666)	(806,597)
Total net revenues (expenses)	<u>(51,061,740)</u>	<u>(24,957,363)</u>	<u>(36,911,575)</u>	<u>(35,954,086)</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,867,596	\$ 8,943,760	\$ 30,713,526	\$ 8,494,441	\$ 9,330,386	\$ 7,058,422
25,512,637	27,464,389	28,466,268	21,296,961	18,719,485	19,350,202
17,558,931	24,649,500	22,696,810	21,632,184	23,152,577	23,030,654
1,453,069	1,406,880	1,849,905	1,574,360	1,676,057	1,374,552
52,392,233	62,464,529	83,726,509	52,997,946	52,878,505	50,813,830
17,886,564	18,142,253	20,079,455	18,121,295	20,486,895	22,071,529
3,039,080	3,315,505	4,022,677	4,669,067	4,569,157	5,195,651
20,925,644	21,457,758	24,102,132	22,790,362	25,056,052	27,267,180
73,317,877	83,922,287	107,828,641	75,788,308	77,934,557	78,081,010
4,645,281	5,706,695	7,516,909	6,779,059	7,831,796	9,708,286
3,712,048	3,605,671	4,032,694	1,137,749	693,224	727,213
3,156	2,724	14,774	-	-	-
1,439,939	2,196,396	4,359,582	3,642,909	4,121,886	3,085,188
6,697,290	8,680,855	7,276,975	8,850,246	9,958,227	12,261,720
172,319	256,246	140,020	16,827	44,515	472,554
16,670,033	20,448,587	23,340,954	20,426,790	22,649,648	26,254,961
14,822,201	15,727,618	17,197,681	18,318,640	20,078,639	23,749,559
3,633,380	3,679,006	4,206,723	4,538,000	4,867,404	5,369,996
-	-	-	1,689,083	2,896,118	199,978
-	213,722	-	-	-	103,090
18,455,581	19,620,346	21,404,404	24,545,723	27,842,161	29,422,623
35,125,614	40,068,933	44,745,358	44,972,513	50,491,809	55,677,584
(35,722,200)	(42,015,942)	(60,385,555)	(32,571,156)	(30,228,857)	(24,558,869)
(2,470,063)	(1,837,412)	(2,697,728)	1,755,361	2,786,109	2,155,443
(38,192,263)	(43,853,354)	(63,083,283)	(30,815,795)	(27,442,748)	(22,403,426)

(Continued)

(Continued)

CITY OF HESPERIA

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 16,896,764	\$ 6,745,176	\$ 7,301,566	\$ 6,651,348
Sales and use tax	8,845,389	9,916,642	10,124,237	10,042,299
Transient occupancy tax	913,867	852,692	1,040,271	1,163,434
Franchise tax	2,575,946	2,708,952	2,978,024	3,196,630
Document transfer tax	153,764	141,089	147,482	231,387
Other	-	-	-	-
Vehicle license fees	6,033,936	5,977,260	6,194,705	6,534,189
Income from property and investments	652,530	404,833	1,745,715	1,839,817
Gain/(loss) on disposal of capital assets	-	-	-	-
Special Item - Loss on exchange of capital assets	-	-	-	-
Unrestricted capital contributions	-	-	-	-
Other general revenues and transfers	173,276	69,873	66,929	534,129
Gain on sale / exchange of asset	-	-	35,201	-
Total governmental activities before extraordinary gain/(loss) and special item	36,245,472	26,816,517	29,634,130	30,193,233
Extraordinary gain/(loss)	158,367,511	(26,855,890)	-	-
Total governmental activities	194,612,983	(39,373)	29,634,130	30,193,233
Business-type activities:				
Property taxes	283,473	285,575	320,722	287,410
Unrestricted investment earnings	11,591	14,569	14,717	13,743
Unrestricted system improvement and replacement	307,599	157,211	306,762	414,951
Proceeds from loan payable	-	-	-	-
Gain on sale / exchange of asset	-	-	-	-
Other revenues and transfers	402,831	932,374	394,474	341,505
Grants received	-	-	-	-
Gain on disposal of capital assets	-	-	-	-
Total business-type revenues and transfers	1,005,494	1,389,729	1,036,675	1,057,609
Total primary government	195,618,477	1,350,356	30,670,805	31,250,842
Changes in net position:				
Governmental activities	144,716,009	(24,633,322)	(5,075,779)	(4,954,256)
Business-type activities	(159,272)	1,026,315	(1,164,991)	251,012
Total primary government	\$ 144,556,737	\$ (23,607,007)	\$ (6,240,770)	\$ (4,703,244)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,136,879	\$ 7,657,562	\$ 8,334,572	\$ 10,219,038	\$ 10,642,798	\$ 11,267,340
10,455,912	10,390,005	11,565,238	10,305,375	10,969,697	13,378,248
1,148,212	1,101,101	1,295,192	1,399,842	1,389,038	1,798,649
3,257,019	3,231,198	3,359,697	3,500,687	3,565,576	3,654,647
209,218	269,704	302,093	280,853	283,585	387,446
-	-	-	37,686	290,022	702,916
7,044,997	7,417,786	7,913,637	45,518	76,266	70,698
1,936,799	2,274,694	2,644,205	2,969,540	2,975,216	2,297,044
-	-	1,444	17,320	-	18,301
(303,550)	-	-	-	-	-
-	70,935	-	-	-	-
302,988	133,435	322,495	1,207,065	456,808	80,180
-	-	-	-	-	-
31,188,474	32,546,420	35,738,573	29,982,924	30,649,006	33,655,469
(4,061,284)	-	-	(7,945,330)	-	-
27,127,190	32,546,420	35,738,573	22,037,594	30,649,006	33,655,469
320,590	357,298	370,292	465,594	512,114	482,839
28,609	59,225	152,775	260,854	227,763	82,021
575,453	1,321,835	965,385	976,249	1,806,811	2,183,081
-	-	-	-	-	-
-	43,725	-	11,938	-	-
454,234	462,646	251,670	201,054	215,543	220,158
-	-	1,941,740	-	-	-
-	-	2,816,417	-	-	-
1,378,886	2,244,729	6,498,279	1,915,689	2,762,231	2,968,099
28,506,076	34,791,149	42,236,852	23,953,283	33,411,237	36,623,568
(8,595,010)	(9,469,522)	(24,646,982)	(10,533,562)	420,149	9,096,600
(1,091,177)	407,317	3,800,551	3,671,050	5,548,340	5,123,542
\$ (9,686,187)	\$ (9,062,205)	\$ (20,846,431)	\$ (6,862,512)	\$ 5,968,489	\$ 14,220,142

CITY OF HESPERIA
Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	150,000	150,000	150,000	150,000
Unassigned	17,067,559	12,737,884	12,701,103	10,697,900
Total General Fund	<u>\$ 17,217,559</u>	<u>\$ 12,887,884</u>	<u>\$ 12,851,103</u>	<u>\$ 10,847,900</u>
 Other Governmental Funds:				
Nonspendable	\$ 41,390,561	\$ 23,473,585	\$ 9,762,337	\$ -
Restricted	41,136,183	17,209,534	16,684,194	51,360,979
Committed	-	11,403,713	25,767,388	-
Assigned	451,030	1,054,216	1,012,802	574,819
Unassigned	(167,130)	(710,853)	(523,597)	(514,947)
Total Other Governmental Funds	<u>\$ 82,810,644</u>	<u>\$ 52,430,195</u>	<u>\$ 52,703,124</u>	<u>\$ 51,420,851</u>

Notes:

- (a) The City implemented GASB statement No. 54 in the fiscal year ended June 30, 2011.
- (b) The City implemented GASB statements No. 68 and No. 71 the fiscal year ended June 30, 2015.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 844,842	\$ 1,520,637	\$ 2,155,417	\$ 2,666,290	\$ 3,161,033	\$ 3,720,877
150,000	150,000	150,000	150,000	150,000	-
9,819,579	6,300,468	5,921,940	10,264,097	12,581,274	16,759,291
<u>\$ 10,814,421</u>	<u>\$ 7,971,105</u>	<u>\$ 8,227,357</u>	<u>\$ 13,080,387</u>	<u>\$ 15,892,307</u>	<u>\$ 20,480,168</u>
\$ -	\$ 7,380	\$ 8,045	\$ -	\$ -	\$ -
60,910,649	58,598,260	62,362,451	59,015,436	64,049,344	68,351,276
-	-	-	-	-	-
554,861	-	-	-	-	-
(1,619,962)	(1,663,421)	(3,105,516)	(2,641,156)	(3,693,317)	(3,938,062)
<u>\$ 59,845,548</u>	<u>\$ 56,942,219</u>	<u>\$ 59,264,980</u>	<u>\$ 56,374,280</u>	<u>\$ 60,356,027</u>	<u>\$ 64,413,214</u>

CITY OF HESPERIA
Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Revenues:				
Taxes	\$ 33,248,360	\$ 24,185,906	\$ 25,810,277	\$ 24,857,082
Licenses and permits	272,834	254,140	274,845	249,645
Fines and forfeits	691,028	1,000,528	1,078,299	730,759
Use of money and property	640,468	385,822	305,202	336,889
Intergovernmental	10,310,032	10,339,295	10,570,236	10,956,809
Charges for services	4,232,754	4,507,550	5,244,644	6,021,914
Grants	16,023,836	10,097,612	3,069,915	1,640,455
Other revenues	1,125,924	1,343,397	3,259,028	2,406,483
Total revenues	66,545,236	52,114,250	49,612,446	47,200,036
Expenditures:				
Noncapital Expenditures:				
Current:				
General government	6,026,623	5,685,578	6,307,766	5,884,810
Public safety	20,368,993	20,985,359	23,297,100	24,521,949
Development services	27,950,655	13,530,819	12,756,306	10,780,744
Debt service:				
Interest	4,333,082	320,722	1,174,686	1,439,244
Principal	5,179,771	1,250,000	1,705,000	1,605,000
Debt issuance costs	-	194,352	193,035	-
Pass through payments	5,033,794	-	-	-
SERAF payment	-	-	-	-
Bond administration expense	377,174	348,433	277,518	91,441
Total noncapital expenditures	69,270,092	42,315,263	45,711,411	44,323,188
Capital outlay	21,627,384	44,304,198	5,196,460	6,162,324
Total Expenditures	90,897,476	86,619,461	50,907,871	50,485,512
Excess (deficiency) of revenues over (under) expenditures	(24,352,240)	(34,505,211)	(1,295,425)	(3,285,476)
Other financing sources (uses):				
Transfers in	5,346,800	6,432,019	20,618,002	8,521,039
Transfers out	(5,346,800)	(6,432,019)	(20,618,002)	(8,521,039)
Proceeds from sale of capital assets	99,178	-	136,143	-
Insurance proceeds	-	-	-	-
Proceeds from bond refunding	-	-	12,445,000	-
Payment to refund bond	-	-	(12,200,000)	-
Discount on bonds	-	(196,400)	(114,570)	-
Premium on issuance of bonds	-	112,377	-	-
Issuance of debt	-	26,735,000	-	-
Total other financing sources (uses)	99,178	26,650,977	266,573	-
Extraordinary gain/(loss)				
Prior period adjustment	-	-	-	1,265,000
Extraordinary gain/(loss)	-	-	-	-
Dissolution of redevelopment agency	(3,414,681)	(26,855,890)	-	-
Total extraordinary gain/(loss)	(3,414,681)	(26,855,890)	-	1,265,000
Special Item				
Transfer of fire operations to County				
Net change in fund balances	\$ (27,667,743)	\$ (34,710,124)	\$ (1,028,852)	\$ (2,020,476)
Debt service as a percentage of noncapital expenditures	13.7%	3.7%	6.3%	6.9%

Notes:

Debt Service as a Percentage of Noncapital Expenditures is calculated by dividing the sum of the debt service expenditures by the total noncapital expenditures.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 25,753,020	\$ 25,563,592	\$ 28,537,419	\$ 21,428,029	\$ 22,429,824	\$ 25,956,341
218,187	202,800	232,351	255,400	284,948	262,816
611,892	692,958	909,468	915,427	1,366,432	1,146,202
279,643	379,097	597,499	1,079,055	805,626	254,069
11,569,248	11,953,716	13,882,165	14,093,235	15,156,612	16,992,701
6,236,834	7,563,827	9,969,438	6,871,809	7,504,000	7,968,395
1,447,056	3,501,501	1,866,437	801,206	1,464,577	3,872,015
2,462,075	2,623,371	2,599,648	3,629,490	4,095,295	3,127,613
48,577,955	52,480,862	58,594,425	49,073,651	53,107,314	59,580,152
6,133,879	7,067,037	8,368,684	7,472,245	7,955,874	8,984,752
24,612,969	25,992,896	27,323,573	21,054,779	18,194,122	19,056,450
11,755,745	16,720,178	12,983,892	11,260,824	12,378,534	13,297,148
1,421,297	1,401,158	1,386,595	1,810,909	1,761,458	1,451,193
5,385,000	830,000	875,000	2,806,240	2,861,240	2,916,240
29,808	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,450	10,382	7,950	5,450	4,380
49,338,698	52,015,719	50,948,126	44,412,947	43,156,678	45,710,163
5,611,919	6,211,788	5,277,993	2,293,404	2,615,561	5,485,370
54,950,617	58,227,507	56,226,119	46,706,351	45,772,239	51,195,533
(6,372,662)	(5,746,645)	2,368,306	2,367,300	7,335,075	8,384,619
6,025,208	6,735,501	7,067,580	7,240,886	8,546,770	14,714,714
(6,025,208)	(6,735,501)	(7,067,580)	(7,240,886)	(8,546,770)	(14,714,714)
-	-	210,707	17,677	175,683	18,301
-	-	-	1,563,517	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	210,707	1,581,194	175,683	18,301
18,825,164	-	-	(294,603)	-	-
(4,061,284)	-	-	-	-	-
-	-	-	-	-	-
14,763,880	-	-	(294,603)	-	-
			(1,691,561)	-	-
\$ 8,391,218	\$ (5,746,645)	\$ 2,579,013	\$ 1,962,330	\$ 7,510,758	\$ 8,402,920
13.8%	4.3%	4.4%	10.4%	10.7%	9.6%

CITY OF HESPERIA
Assessed Value And Estimated Actual Value Of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

	City			Taxable Assessed Value	Redevelopment Agency ¹			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		
2012	4,181,230	145,580	(84,302)	4,242,508	1,848,240	80,887	(68,407)	1,860,720	0.179%
2013	4,145,686	145,628	(82,030)	4,209,284	-	-	-	-	0.179%
2014	4,323,310	153,406	(80,383)	4,396,333	-	-	-	-	0.179%
2015	4,568,877	153,174	(78,497)	4,643,554	-	-	-	-	0.179%
2016	4,927,737	163,458	(77,065)	5,014,130	-	-	-	-	0.179%
2017	5,180,485	149,700	(81,295)	5,248,890	-	-	-	-	0.179%
2018	5,533,957	144,454	(80,144)	5,598,267	-	-	-	-	0.179%
2019	5,868,323	141,232	(78,228)	5,931,327	-	-	-	-	0.179%
2020	6,315,030	147,333	(77,353)	6,385,010	-	-	-	-	0.179%
2021	6,685,478	195,487	(76,125)	6,804,840	-	-	-	-	0.179%

NOTE:

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 - Redevelopment Agency was dissolved on February 1, 2012.

Source: San Bernardino County Assessor's Office

CITY OF HESPERIA
Direct And Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City Direct Rates:											
City basic rate	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016
Hesperia Fire Protection District	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153	0.153
Hesperia Water District	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Total City Direct Rate	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>
Overlapping Rates:											
County of San Bernardino	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142	0.142
ERAF	0.215	0.215	0.215	0.215	0.215	0.215	0.215	0.215	0.215	0.215	0.215
Flood Control	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022	0.022
County Free Library	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014
County Superintendent of Schools	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Victor Valley Community College	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064
Hesperia Unified School District	0.295	0.295	0.295	0.295	0.295	0.295	0.295	0.295	0.295	0.295	0.295
CSA 60 - Victorville	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
CSA 70 - County Wide	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Hesperia Park District	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
Mojave Water Agency	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005	0.005
Total expenditures	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>

Note:

In 1978, California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

Source: County of San Bernardino Assessor's Office

CITY OF HESPERIA

Principal Property Tax Payers

Current Year and 9 Fiscal Years Ago

Taxpayer	2021		2012	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Aemerge Redpak Services Southern Cal	\$ 47,775,997	0.74%	\$ -	0.00%
West Main Villas LLC	37,040,598	0.57%	-	0.00%
Carl E. Ross Trust	36,704,309	0.57%	49,675,694	1.14%
10200 Armargosa Partners LLC	29,955,976	0.46%		0.00%
Target Corporation	28,478,075	0.44%	24,072,742	0.55%
Walmart Stores, Inc.	28,090,771	0.43%	-	0.00%
WLPX Hesperia LLC.	26,816,714	0.41%	17,460,238	0.40%
Best Way Disposal Company, Inc.	25,956,789	0.40%		0.00%
RIM Properties	25,855,938	0.40%	-	0.00%
Sparky's Storage 18 CA LP	15,962,667	0.25%	-	0.00%
Rancho Las Flores LLC	-	0.00%	19,392,192	0.44%
Moradi Family Trust	-	0.00%	15,775,973	0.36%
Villas 154 LP	-	0.00%	15,761,667	0.36%
Hesperia Marketplace CAP Partners LP	-	0.00%	13,200,500	0.30%
Charter Communications	-	0.00%	12,635,121	0.29%
Dr Prem Reddy Family Foundation	-	0.00%	12,353,176	0.28%
Sunshine Hotels II LLC	-	0.00%	11,816,833	0.27%
	<u>\$ 302,637,834</u>	4.68%	<u>\$ 192,144,136</u>	4.40%

Notes:

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: County of San Bernardino Assessor's Office

CITY OF HESPERIA

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
2012	15,384,704	14,704,816	96%	363,058	15,067,874	98%
2013	4,240,895	4,016,467	95%	106,979	4,123,446	97%
2014	4,312,226	4,073,475	94%	94,367	4,167,842	97%
2015	4,303,341	4,265,574	99%	32,575	4,298,149	100%
2016	4,466,513	4,300,003	96%	120,383	4,420,386	99%
2017	4,543,086	4,388,374	97%	115,000	4,503,375	99%
2018	4,429,662	4,183,822	94%	16,491	4,200,313	95%
2019	500,280	486,238	97%	10,719	496,957	99%
2020	919,877	896,493	0%	6,448	902,941	98%
2021	938,839	933,597	99%	-	933,597	99%

Note:

Beginning with Fiscal Year Ending June 30, 2019, the Taxes Levied and Collected amount represents amounts for the City of Hesperia, excluding the Hesperia Fire Protection District (Fire District). As of November 1, 2018, the San Bernardino County Fire Department (County Fire) annexed the Fire District operations. County Fire is responsible for providing all fire and ambulance related services in the City. All property tax collection payments are being remitted to County Fire.

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

The Total Collections to Date have decreased due to the Hesperia Community Redevelopment Agency being shut down by the State of California as of February 1, 2012.

Source: County of San Bernardino Auditor Controller's Office

CITY OF HESPERIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Tax Revenue Bonds	Tax Allocation Bonds ^{1, 3}	Certificates of Participation	Lease Revenue Bonds	Loans	Notes Payable ³	
2012	6,455,000	-	13,200,000	-	450,000	-	20,105,000
2013	5,855,000	-	12,700,000	26,652,611	300,000	-	45,507,611
2014	5,235,000	-	-	38,553,388	150,000	-	43,938,388
2015	4,590,000	-	-	37,751,397	-	-	42,341,397
2016	-	-	-	36,964,406	-	-	36,964,406
2017	-	-	-	36,142,415	-	-	36,142,415
2018	-	-	-	35,275,424	18,762,403	-	54,037,827
2019	-	-	-	34,353,432	16,886,163	-	51,239,595
2020	-	-	-	33,376,440	15,009,923	-	48,386,363
2021	-	-	-	32,344,449	13,133,683	-	45,478,132

Notes:

Details regarding the City's outstanding debt can be found in the notes (Note 5) to the financial statements.

1. The RDA issued \$49.3 million of refunding bonds and new debt in 2005.
2. These ratios are calculated using personal income and population for the prior calendar year.
3. In 2012 the RDA dissolution caused the bonds and notes payable to go to the Successor Agency to the RDA, a private-purpose trust.

Business-type Activities						
Water Revenue Bonds	Certificates of Participation	Loans	Total Business-type Activities	Total Primary Governmental	Percentage of Personal Income ²	Debt Per Capita ²
11,629,452	885,000	-	12,514,452	32,619,452	2.07%	359
11,918,481	825,000	-	12,743,481	58,251,092	3.87%	640
11,135,786	760,000	-	11,895,786	55,834,174	3.91%	610
10,323,091	690,000	-	11,013,091	53,354,488	3.59%	579
9,475,396	615,000	-	10,090,396	47,054,802	2.87%	505
8,597,702	535,000	-	9,132,702	45,275,117	2.65%	486
7,198,457	-	2,133,704	9,332,161	63,369,988	3.61%	673
6,364,900	-	4,099,013	10,463,913	61,703,508	3.32%	640
5,496,343	-	6,060,574	11,556,917	59,943,280	3.00%	622
-	-	5,881,331	5,881,331	51,359,463	2.70%	535

CITY OF HESPERIA

Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years

(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Tax	Water	Total		
	Allocation Bonds	General Obligation Bonds	Governmental Activities		
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-

General bonded debt is debt payable with governmental fund resources (of which, with the RDA dissolution, the City now has none; and general obligation bonds recorded in enterprise funds (of which the City now has none).

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

CITY OF HESPERIA

Direct And Overlapping Bonded Debt

June 30, 2021

	Total Debt 6/30/21	Percentage Applicable ⁽¹⁾	Net Bonded Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Overlapping debt:			
Victor Valley Joint Community College District	159,002,414	19.792%	31,469,758
Mojave Water Agency	3,290,000	17.211%	566,242
City of Hesperia Community Facilities District No. 2005-1	15,430,000	100.000%	15,430,000
Total Overlapping Tax and Assessment Debt			\$ 47,466,000
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
Direct debt:			
City of Hesperia 2018 San Bernardino County Transportation Authority Loan	13,133,683	100.000%	13,133,683
City of Hesperia 2013 Refunding of 2005 Certificates of Participation	10,430,000	100.000%	10,430,000
City of Hesperia 2012 Revenue Bonds Water Rights Acquisition	22,050,000	100.000%	22,050,000
Net deferred amounts on bonds	(143,560)	100.000%	(143,560)
Sub-total Direct Debt			45,470,123
Overlapping debt:			
San Bernardino County General Fund Obligations	214,095,000	2.750%	5,887,613
San Bernardino County Pension Obligations	180,825,585	2.750%	4,972,704
San Bernardino County Flood Control District General Fund Obligations	51,360,000	2.750%	1,412,400
Hesperia Unified School District General Fund Obligations	123,050,000	84.792%	104,336,556
Snowline Joint Union High School District General Fund Obligations	63,210,000	2.191%	1,384,931
Sub-total Overlapping Debt			117,994,204
Total Gross Direct And Overlapping General Fund Obligation Debt			\$ 163,464,327
<u>OVERLAPPING TAX INCREMENT DEBT</u>	397,014,925	3.415-100.000%	\$ 116,503,182
COMBINED TOTAL DEBT			\$ 327,433,509 ⁽²⁾
Direct Debt:			
General Fund Obligation Debt			32,344,449
Sub-total Direct Debt			32,344,449
Overlapping Debt:			
Tax and Assessment Debt			47,466,000
General Fund Obligation Debt			117,994,204
Tax Increment Debt			116,503,182
Sub-total Overlapping Debt			281,963,386
COMBINED TOTAL DEBT			\$ 314,307,835

(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) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	69.00%
Combined Direct Debt (\$33,520,000)	47.00%
Combined Total Debt	4.49%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/17: \$ -

Source: California Municipal Statistics, Inc.

CITY OF HESPERIA

Computation Of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Total assessed value of all real and personal property	\$ 4,242,508,000	\$ 4,209,284,000	\$ 4,396,333,389	\$ 4,643,554,000
Debt limit percentage (1)	15.00%	15.00%	15.00%	15.00%
Total debt limit	636,376,200	631,392,600	659,450,008	696,533,100
Amount of debt applicable to debt limit	6,455,000	5,855,000	5,235,000	4,590,000
Legal debt margin	\$ 629,921,200	\$ 625,537,600	\$ 654,215,008	\$ 691,943,100
Percent of Debt Limit Authorized	1.01%	0.93%	0.79%	0.66%

The Government Code of the State of California (§43605) provides for a debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 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).

(1) Source: City of Hesperia, Management Services Department San Bernardino County Assessor's Office

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,014,130,000	\$ 5,248,890,000	\$ 5,598,267,000	\$ 5,931,327,000	\$ 6,385,010,000	\$ 6,804,840,000
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
752,119,500	787,333,500	839,740,050	889,699,050	957,751,500	1,020,726,000
-	-	-	-	-	-
\$ 752,119,500	\$ 787,333,500	\$ 839,740,050	\$ 889,699,050	\$ 957,751,500	\$ 1,020,726,000
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF HESPERIA

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2012	20,565,572	16,045,278	4,520,294	730,000	619,582	3.35
2013	21,678,840	15,771,259	5,907,581	760,000	621,688	4.28
2014	20,793,648	17,119,879	3,673,769	790,000	596,150	2.65
2015	20,449,216	15,484,093	4,965,123	820,000	583,019	3.54
2016	19,834,467	16,248,062	3,586,405	855,000	574,939	2.51
2017	21,865,075	16,955,279	4,909,796	885,000	527,909	3.47
2018	30,154,408	17,276,595	12,877,813	1,410,000	493,293	6.77
2019	19,104,928	17,244,265	1,860,663	840,000	445,563	1.45
2020	20,894,556	14,930,769	5,963,787	875,000	383,965	4.74
2021	29,502,623	23,070,548	6,432,075	5,535,000	4,535	1.16

Note:

Details regarding the City's outstanding debt can be found in the notes to the financial statements (Note 5). Operating expenses do not include interest or depreciation expenses.

The Hesperia Water District's 1998 Lease Revenue Refunding Bonds were fully retired as of September 16, 2020 with a \$5.5 million principal payment.

Tax Allocation Bonds			
Tax Increment	Debt Service		Coverage
	Principal	Interest	
11,146,382	3,534,125	4,207,674	1.44
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

CITY OF HESPERIA

Demographic And Economic Statistics

Last Ten Calendar Years

Calendar Year	Population ⁽¹⁾	Effective Buying Income (in thousands) ⁽²⁾	Per Capita Income ⁽²⁾	Unemployment Rate ⁽³⁾
2011	90,726	1,539,277	16,909	16.9%
2012	90,849	1,577,602	17,330	12.4%
2013	91,057	1,510,294	16,524	10.8%
2014	91,506	1,420,951	15,587	10.9%
2015	92,177	1,486,815	16,130	8.8%
2016	93,226	1,639,566	17,587	7.8%
2017	93,226	1,711,629	18,360	7.1%
2018	94,133	1,755,863	18,653	5.0%
2019	96,362	1,857,859	19,280	4.3%
2020	96,393	1,998,612	20,734	11.7%
2021	96,053	1,902,618	19,808	8.6%

Sources:

- (1) State Department of Finance
- (2) City of Hesperia Economic Development Department
- (3) State of California Employment Development Department

CITY OF HESPERIA

Principal Employers

Current Year and Nine Fiscal Years Ago

	2021		2012
	Number Of Employees	Percent of Total Employment	Number Of Employees
Hesperia Unified School District*	2,772	7.90%	1,956
County of San Bernardino	655	1.87%	365
Wal-Mart Supercenter	426	1.21%	-
Stater Brothers Markets (3 locations) **	314	0.89%	361
Super Target	273	0.78%	250
Arizona Pipeline Company	225	0.64%	195
City of Hesperia***	169	0.48%	200
In-N-Out (2 locations)	154	0.44%	124
Robar Enterprises	135	0.38%	134
Double Eagle Transportation	128	0.36%	124
Hesperia Recreation & Park District**		0.00%	166
Golden Corral		0.00%	150
Total Top Employers	5,251	14.96%	4,025
Total City Employment (1)	35,000		

Source: Avenue Insights & Analytics

* Count includes FTE, PTE and Substitutes

** Includes Full-time and Part-time employees

*** For Fiscal Year Ended June 30, 2019, amount represents employees for the City of Hesperia, excluding the Hesperia Fire Protection District (Fire District). As of November 1, 2018, the San Bernardino County Fire Department (County Fire) annexed the Fire District operations. All former Fire District employees are retained as a part of County Fire.

(1) Total City Labor Force provided by EDD Labor Force Data.

CITY OF HESPERIA

Full-time And Part-time City Employees By Function Last Ten Fiscal Years

Function	Full-time and Part-time Employees as of June 30, 2021									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	40.86	38.86	37.86	36.86	36.86	34.74	35.74	35.56	35.54	33.59
Public safety										
Police ¹	70.50	72.50	73.00	73.00	77.00	78.00	78.00	78.00	72.00	75.00
Fire ²	57.40	48.40	66.73	67.60	58.75	58.83	58.81	0.00	0.00	0.00
Development services										
Community Development	17.27	16.03	15.95	14.76	15.68	15.38	16.38	16.42	16.42	14.86
Code Compliance	23.78	23.78	23.78	23.92	23.92	25.28	25.74	25.74	25.74	24.74
Public works	35.36	34.36	34.36	33.66	34.36	35.30	35.76	35.26	34.64	33.03
Water	69.77	68.77	69.23	67.98	68.58	65.84	66.30	61.21	61.88	60.15
Wastewater	4.50	4.50	4.50	4.50	5.20	5.20	5.20	9.39	9.44	9.53
Total	<u>319.44</u>	<u>307.20</u>	<u>325.41</u>	<u>322.28</u>	<u>320.35</u>	<u>318.57</u>	<u>321.93</u>	<u>261.58</u>	<u>255.66</u>	<u>250.90</u>

1 - Police services are provided through a contract with the San Bernardino County Sheriff.

2 - As of November 1, 2018, the San Bernardino County Fire Department (County Fire) annexed the Hesperia Fire operations. County Fire is now responsible for providing all fire and ambulance related emergency services.

Source: City of Hesperia Management Services Department

CITY OF HESPERIA

Operating Indicators By Function Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Arrests	2,495	3,115	2,988	2,774	2,575	2,779	2,679	2,633	2,341	2,432
Citations issued	2,529	4,454	3,688	2,755	3,205	3,216	3,724	4,113	3,812	3,824
Calls for service	59,456	61,718	61,729	84,868	85,685	85,656	86,975	87,677	84,906	84,977
Fire:										
Number of emergency calls	10,443	10,157	12,244	13,457	10,619	19,960	20,280	N/A	N/A	N/A
Inspections	563	591	545	578	623	583	979	N/A	N/A	N/A
Public works:										
Street resurfacing (miles)	2.5	1.0	1.9	3.4	1.6	4.0	5.2	2.8	1.7	0.8
Potholes filled	9,156	10,000	19,086	21,945	24,583	28,000	22,128	32,358	33,500	17,000
Water:										
New connections	21	10	55	60	110	135	240	215	230	230
Average daily consumption (thousands of gallons)	11,774	12,130	12,035	11,695	10,090	10,832	11,283	10,802	10,621	11,578
Old steel waterlines replaced ¹ (miles of pipeline)	4.7	4.0	4.5	3.6	5.0	5.0	4.8	1.4	1.0	-
Sewer: ²										
Wastewater lines cleaned (mi.)	44	28	38	63	38	62	17	53	55	32
Manholes maintained	447	86	722	1,115	736	1,200	275	1,091	1,000	600

1 - The Water District is replacing old steel water lines, put into service 50 years ago, with larger PVC water lines.

2 - Sewer service to the City is provided by Victor Valley Wastewater Reclamation Authority. The City has no treatment facilities. Most of the City residents are on septic tanks.

Source: City of Hesperia Management Services Department

CITY OF HESPERIA

Capital Asset Statistics

By Function

Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	4	3	3	3	3
Public works:										
Streets (miles)	545.0	545.0	545.0	545.0	545.0	549.0	549.0	550.6	550.6	550.6
Traffic Signals	26	26	26	26	26	27	27	27	27	27
Water:										
Water mains (miles)	574.0	574.0	574.0	574.0	574.0	589.0	589.0	591.0	592.0	592.0
Maximum daily demand (millions of gallons)	18.8	22.8	24.4	21.1	21.5	21.8	20.8	22.1	18.5	19.5
Old steel waterlines replaced ¹ (miles of pipeline)	4.7	4.0	4.5	3.6	5.0	5.0	4.8	1.4	1.0	-
Sewer: ²										
Sanitary sewers (miles)	115	115	115	115	128	128	128	129	129	130
Average Daily Demand (millions of gallons)	2.03	2.03	2.03	1.63	1.50	1.89	1.76	1.94	2.00	2.09

1 - The Water District is replacing old steel water lines, put into service 50 years ago, with larger PVC water lines.

2 - Sewer service to the City is provided by Victor Valley Wastewater Reclamation Authority. The City has no treatment facilities. Most of the City residents are on septic tanks.

Source: City of Hesperia Departments

HESPERIA WATER DISTRICT

Water Sold by Type of Customer

Last Ten Fiscal Years

(in million of gallons)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Type of Customer:										
Residential	3,668.9	3,819.4	3,785.6	3,690.3	3,156.6	3,364.0	3,521.3	3,375.0	3,332.7	3,671.0
Industrial	4.0	4.2	5.4	4.3	2.9	3.2	-	-	-	-
Commercial	331.4	296.0	296.9	268.7	274.2	288.5	294.5	286.7	269.1	274.5
Government	293.3	308.0	304.8	305.2	249.3	297.9	302.5	281.2	275.0	280.4
Total	4,297.6	4,427.6	4,392.7	4,268.5	3,683.0	3,953.6	4,118.3	3,942.9	3,876.8	4,225.9

Note: Total direct rate is not applicable as the water district uses a tiered rate approach for billing consumed water.

Source: Hesperia Water District

HESPERIA WATER DISTRICT

Water Rates Last Ten Fiscal Years

Fiscal Year Ended June 30	Bi-Monthly Meter Charge	Bi-Monthly Usage Tiers			
		Rate Per 0 - 10	Rate Per 11 - 40	Rate Per 41 - 80	Rate Per Over 80
		HCF	HCF	HCF	HCF
2012	\$ 39.27	\$ 0.90	\$ 1.55	\$ 1.88	\$ 2.24
2013	39.27	0.90	1.55	1.88	2.24
2014	39.27	0.90	1.55	1.88	2.24
2015	39.27	0.90	1.55	1.88	2.24
2016	39.27	0.90	1.55	1.88	2.24
2017	39.27	0.90	1.55	1.88	2.24
2018*	39.27	0.90	1.55	1.88	2.24 (for the period of July 1 - Dec 31)

Fiscal Year Ended June 30	Bi-Monthly Meter Charge	Bi-Monthly Usage Tiers			
		Rate Per 0-14	Rate Per 14-35	Rate Per Over 35	
		HCF	HCF	HCF	
2018*	\$ 46.09	\$ 0.92	\$ 1.65	\$ 2.24	(for the period of Jan 1 - Jun 30)
2019	\$ 46.09	\$ 0.92	\$ 1.65	\$ 2.24	(for the period of July 1 - Nov 30)
2019	\$ 50.24	\$ 1.00	\$ 1.80	\$ 2.44	(for the period of Dec 1 - Jun 30)
2020	\$ 50.24	\$ 1.00	\$ 1.80	\$ 2.44	(for the period of July 1 - Nov 30)
2020	\$ 54.76	\$ 1.09	\$ 1.96	\$ 2.66	(for the period of Dec 1 - Jun 30)
2021	\$ 54.76	\$ 1.09	\$ 1.96	\$ 2.66	(for the period of July 1 - Nov 30)
2021	\$ 59.69	\$ 1.19	\$ 2.14	\$ 2.90	(for the period of Dec 1 - Jun 30)

Notes:

Rates based on 5/8" and 3/4" meter, which are the standard household meter size.

HCF - Hundred Cubit Feet or approximately 748 gallons.

*Rate structure and individual rates changed as of January 1, 2018.

Source: Hesperia Water District

HESPERIA WATER DISTRICT

Water Customers

Current Year and 9 Fiscal Years Ago

	2021		2012	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
HESPERIA UNIFIED SCHOOL DISTRICT	\$ 530,770	5.66%	\$ 437,590	4.76%
HESPERIA PARK & REC	309,382	3.30%	164,720	1.79%
RIM PROPERTIES	86,993	0.93%	-	0.00%
CITY OF HESPERIA	69,601	0.74%	-	0.00%
KDF HESPERIA	41,009	0.44%	38,837	0.42%
SPRING STREET ASSOCIATES LP	40,860	0.44%	53,503	0.58%
HESPERIA COMMUNITY CHURCH	33,396	0.36%	20,834	0.23%
HESPERIA GARDEN APTS	29,651	0.32%	-	0.00%
HESPERIA SPEEDWASH	28,175	0.30%	-	0.00%
MESA LINDA APARTMENTS	25,848	0.28%	-	0.00%
WILLOW OAKS PARK LLC	25,196	0.27%	-	0.00%
VVWRA	23,861	0.25%	-	0.00%
APOSTOLIC ASSEMBLY	23,809	0.25%	-	0.00%
H K REALTY	23,758	0.25%	-	0.00%
HOUSING AUTHORITY	22,416	0.24%	-	0.00%
FOREMOST HEALTH CARE CENTER	21,214	0.23%	28,827	0.31%

Note:

Information prior to 2006-07 is not available.

Source: Hesperia Water District