

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022



City of Hesperia

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Hesperia, CA 92345
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INTRODUCTORY SECTION





City of Hesperia

CALIFORNIA

December 12, 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, 2022. This report provides a broad view of the City's financial activities for the 2021-22 Fiscal Year and its financial position as of June 30, 2022. 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, and the City's organizational chart. 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, 2022 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, 2022 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 100,300 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, beginning with the general municipal election held in November 2018, Hesperia implemented a by-district system of elections, whereby each Council Member represents one district or area within the City. Most recently, in 2022, the general municipal election for Districts 2, 3, and 4 was cancelled due to insufficient nominees. In accordance with the State of California Elections Code, on August 24, 2022, the City Council conducted a special meeting to appoint members to the open seats in Districts 2, 3, and 4. 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 181 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 61 sworn officers and 16 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.

On 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.

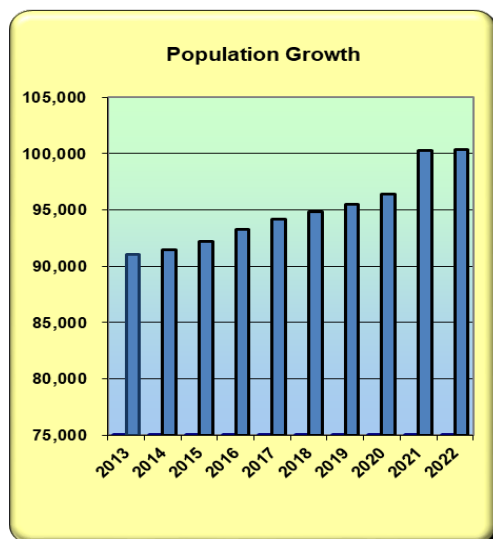
The City's budget policy is that all appropriations lapse at fiscal year-end. Outstanding encumbrance balances at fiscal year-end require re-approval by the City Council. The City Council may amend the budget at any time during the fiscal year. The City Manager may authorize budget transfers between 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

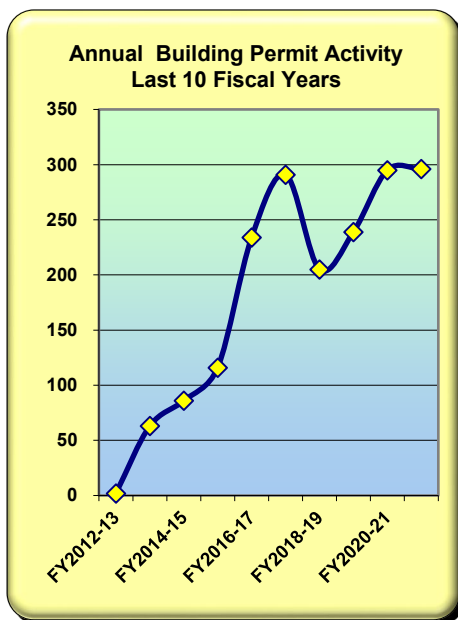
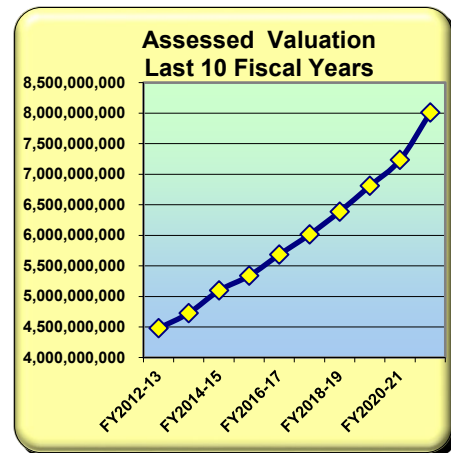
The City of Hesperia is located in the northern region of the Inland Empire, an area of Southern California with affordable undeveloped land among multiple transportation corridors. Situated at the summit of the Cajon Pass and within the interconnection of Interstate 15 and U.S. Highway 395, Hesperia offers 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 100,300 residents. Current and projected growth in Hesperia provides the City with a large and expanding workforce. Over the last ten years, Hesperia has experienced appreciable growth in its population, growing approximately 10.2%. This 10-year growth is notably higher than that of the county at 4.7%, state 2.2%, and the nation as a whole at 5.3%, for the same time period. Hesperia's 10.2% population growth over the last decade is in addition to the substantial growth Hesperia experienced over the previous decade of 28.3%. After the 2020 U.S. Census, the State revised the 2021 population estimate for Hesperia from an initial projection of 96,053 to a revised population of 100,225, as reflected in the sharp increase from 2020 to 2021 shown in the chart to the left.

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. According to data released by the California Employment Development Department (EDD), the City of Hesperia's unemployment rate in October 2022 was higher than the national average at 5.5%, but has decreased from the 8.7% unemployment rate experienced during the same month in the prior year. Although Hesperia's unemployment rate has decreased from the prior year, the 5.5% rate remains stubbornly higher than the 4.5% rate reported in 2019 prior to the pandemic. Hesperia's 5.5% unemployment rate is also higher than the 3.9% rate experienced within the overall County of San Bernardino, the 3.8% rate for the State, and the 3.7% 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 during the last ten years. Newly released data from the San Bernardino County's Assessor's Office reflects a 10.7% increase in Hesperia's assessed valuation for 2022. With this most recent announcement, the City's \$8.0 billion assessed valuation reflects an increase of \$3.5 billion during the last ten years, or 78.8%, 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.



The chart to the left shows the increase in single family residential (SFR) activity over the last ten years. It highlights the recovery from the dramatic plunge that occurred as a result of the Great Recession of 2008, during which the City experienced few to no SFR permits from FY 2009-10 to FY 2012-13. In the last six years, however, permit activity has returned to the levels that were last seen during the early 2000's, prior to the housing boom and subsequent recession. The most recent two years have remained consistent, with 296 permits issued during FY 2021-22 and 295 issued during FY 2020-21.

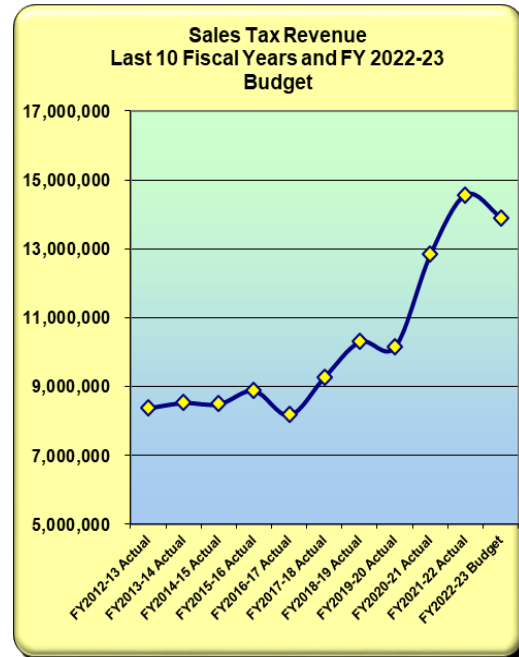
The FY 2022-23 Budget projects a reduction in SFR permits due in large part to the rise in interest rates during 2022 which has affected the affordability of home ownership, from a FY 2021-22 projection of 300 SFR permits to a FY 2022-23 projection of 240 permits. Through October 2022, 41 permits have been issued.

Commercial development activity, similar to residential development, acts as a barometer of local economic conditions. During FY 2021-22, the City added 16,709 square feet of commercial construction, which included a Raising Cane restaurant. Although commercial development activity during FY 2021-22 was not as robust the prior fiscal year, with the addition of a 1 million square foot commercial warehouse, the FY 2022-23 Budget anticipates an additional 1.7 million square feet of new commercial and industrial activity from 11 projects. Through October 2022, 1.2 million of additional square footage has been added, which includes the addition of a distribution warehouse center along the I-15 freeway.

As displayed in the chart to the right, Hesperia has seen a significant improvement in sales tax revenue during the last ten fiscal years. The City has experienced a 74% increase in sales tax revenue from \$8.4 million in FY 2012-13, to \$14.6 million in FY 2020-21.

The increases realized during this time are largely attributed to fuel sales, which is the largest sales tax producing sector of the City, as well as increasing demand of the City's consumer retail stores. Additionally, in recent years, the Sales Tax revenue received from the State and County pool has increased.

Further, when reviewing the historical trend of sales tax, one can see stark growth occurring after FY 2019-20. While many cities experienced dire negative impacts from the global pandemic, Hesperia's sales tax revenue continued to grow. The reason for this growth is directly related to the growth of sales taxes from the State and County Pool. More plainly, the increase of sales taxes is from online sales. During the pandemic, many people altered their shopping habits from visiting traditional stores to ordering online. Prior to the pandemic, the State and County Pool accounted for approximately less than 10% of all sales tax. Since 2020, the percentage has grown to 15% of all sales taxes. As restrictions have relaxed with nearly all establishments open, there has been virtually no change to the pool's percentage over the past year.



Fiscal Year 2021-22 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, 2022, 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 2022-23 Budget was adopted with the equivalent of 3.9 months of General Fund expenditures held as cash reserves.
- ❖ The Hesperia City Council provided an additional \$2.4 million of funding within Fiscal Year 2021-22 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.
- ❖ An expansion of the Park and Ride facility on Joshua Street at Highway 395, which was awarded \$782,000 in grant funding, was constructed during FY 2021-22.
- ❖ In September 2021, the Hesperia Environmental Assistance Resource Team (HEART) was established to aid existing City and community efforts in beautifying 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 report illegal dumping via the City of Hesperia mobile app, available for free on iOS and android devices.

- ❖ The City was awarded substantial funding from Federal and State grant programs to enhance infrastructure, environmental conservation, and quality of life programs:
 - The City received a combined allocation of \$192,675 through the Prop 68 Per Capita Program to fund the Golf Course Tails Project.
 - The City received \$38,802 from the Tire Amnesty 6 Grant through CalRecycle to resume Tire Amnesty Day events, in which residents can dispose of old and unwanted tires for free.
 - The City received \$136,396 from the SB 1383 Local Assistance Grant Program through CalRecycle. This grant program assists local jurisdictions with implementing regulations required through Senate Bill 1383, which aims to reduce organic waste disposal and emissions of short-lived climate pollutants.
 - The city was awarded \$250,000 as part of CalRecycle's Rubberized Pavement Grant Program to assist with repaving via rubberized asphalt. This rubberized asphalt mix will be used to provide a 2" overlay on the Ranchero Widening Project.
 - The City was awarded a \$30,191 grant from the Department of Justice Tobacco Program to monitor tobacco sale compliance by retail licensed businesses. The Hesperia Police Department will continue to conduct sting operations to investigate and reduce illegal tobacco sales to minors within Hesperia. Public education will also be funded through the grant program.
- ❖ Environmental and water conservation are leading priorities in Hesperia. The City hosted various programs during the year through grant funding and local partnerships. During FY 2021-22, these programs yielded:
 - Neighborhood beautification: 30.79 tons. This city-funded event allows residents free disposal of bulky items such as mattresses, furniture, and appliances.
 - E-Waste Disposal: 66.51 tons. This City-funded event allows residents free disposal of electronics.
 - Cleanup Day: 12.18 tons. This City-funded event organizes clean-ups with community participation at designated locations throughout the City.
 - Tire Amnesty Day: 954 tires. Funded by CalRecycle, tire Amnesty Day events were postponed after August 2021 but have resumed as of August 2022.
 - In compliance with statewide water conservation mandates, the City enacted Stage 2 of the Water Conservation Emergency Plan. Hesperia Water District customers are prohibited from wastefully using water and are required to comply with mandatory water restrictions.
- ❖ Retail development in 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 include Charley's Philly Steaks, Castaneda's Mexican Food, Los Pollos Bros, Crumbl Cookies.
 - Ace Hardware, located on the corner of Main Street and G Avenue, opened to the public in the fall of 2021.

Subsequent Goals, Efforts, and Actions

- ❖ The Hesperia City Council provided an additional \$0.2 million of funding within the Fiscal Year 2022-23 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-two years, this program has reconstructed over 321 miles of roads and 100 miles of slurry sealed roads, amounting to over \$89.9 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 2022-23 by approximately \$1.4 million, or 7% 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 five miles of Ranchero Road from two lanes 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 began during Fiscal Year 2021-22 and is scheduled to be completed during FY 2023-24. 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 2022-23 Budget to complete the update to the City's Emergency Operations Plan.
 - ❖ 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 2022-23, 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.
 - ❖ The City was awarded a \$75,000 WaterSMART Grant through the Bureau of reclamation to remove steel water lines from service by connecting residential water services to new pvc pipelines. The project sites are located along Eighth, Ninth, and Tenth Avenues from Mesa Street to Mauna Loa Street; Ash, Mission, and El Centro Streets from Eleventh Avenue to Seventh Avenue. As part of the City's 2008 Water Master Plan, this project will reduce water loss and enhance water quality.
 - ❖ Construction of Commerce Center One, along the west side of Interstate 15, continues into FY 2022-23. Once fully constructed, the industrial complex will consist of three buildings totaling 3.5 million square feet. Building One currently houses the new Modway Furniture Distribution Center, while Buildings Two and Three are being constructed.

Short-Term Outlook

The FY 2022-23 General Fund Budget for the City is structurally balanced, with operational revenue funding operational expenditures, and the difference between total resources (revenue, budgeted reserves, and transfers), and total expenditures resulting in a surplus.

The overall FY 2022-23 Budget anticipates an overall increase in resources of 14%. The General Fund revenue is projected to increase by 13%, or \$5.1 million, which is due primarily from sales tax and development-related activity. Due to an increase in water availability charges, along with the final approved annual rate increase, the Water District revenue is anticipated to increase by 11%, or \$3.4 million over the FY 2021-22 Budget.

Citywide FY 2022-23 budgeted expenditures of \$133.6 are expected to increase 2% over the FY 2021-22 Budget of \$130.8 million. The primary reason for the increase in expenditures is related to the operating budget, which is anticipated to increase by 14%. This is primarily due to salary cost of living adjustments (COLA), staffing level increases, expected increases in CalPERS pension costs (discussed further below), along with an expected increase to the law enforcement contract.

The FY 2022-23 General Fund Budget includes 3.9 months of cash reserves, which equates to approximately 14.5 million. The specific purpose of the reserves is to provide funding to meet operational appropriation requirements in the event that the City were to experience shortfalls in the level of anticipated revenues or unanticipated expenses.

Major Initiatives

Capital Improvement Program – On June 21, 2022, the City's FY 2022-23 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 2022-23 CIP program includes funding in the amount of \$54,103,094 for much needed projects in the following categories:

Streets CIP Projects	\$	43,462,945
Storm Drain Projects		2,642,149
Facilities Projects		328,000
Water Projects		3,825,000
Sewer Projects		3,845,000
Total CIP Projects	\$	54,103,094

As with most cities, street improvement projects are of significant importance to the City of Hesperia. Over the past 22 years, the City has dedicated funds to its Annual Street Improvement Program totaling \$89,933,585 and paving over 321 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 2022-23, \$0.2 million has been allocated for the effort.

Additional street improvement projects totaling \$43.3 million are also included in the FY 2022-23 Budget to address infrastructure needs such as: \$38.6 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; and \$4.7 million in other street projects of significant importance to the City.

Storm Drain CIP projects amounting to \$2.6 million are included FY 2022-23 Budget for progress needed on two retention basins and a drainage channel. Two facilities projects, including a Park and Ride project and a Golf Course Trails project, have also been included for \$0.3 million.

Water and Sewer projects amounting to \$4.6 million have been included in the FY 2022-23 Budget for the Interstate 15 infrastructure project, as well as approximately \$3.1 million for additional water and sewer improvements, including \$1.0 million to begin the design of a Wastewater Treatment Plant. The Treatment Plant will be a multi-year design-build project, starting with a request for qualifications which was released in June 2022. The City plans to use its American Rescue Plan Act (ARPA) allocation of \$22 million for the plant, in addition to other funding sources.

Employee Retirement Costs – As further addressed in the notes to the financial statements, the City is a member of the California Public Employees' Retirement system (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan for its personnel.

In anticipation of increasing rates, based upon policy actions adopted by the CalPERS Board, the City Council gradually but purposefully moved away from the City bearing the cost of the full 8% employee contribution, to placing that cost reasonably with employees. Initiated well before the California Public Employees' Pension Reform Act of 2013, this funding shift began in FY 2007-08 and by FY 2012-13, employees were paying the full 8% employee contribution.

While this step was important, the City negotiated with employees to go even further. In addition to paying the full CalPERS member contribution, employees also began paying 1% of the reportable earnings as cost sharing of the City's normal costs starting in July 2015.

Despite these steps to help mitigate the City's pension costs, CalPERS has announced additional policy changes designed to improve the plans' funded status, which will increase the City's pension costs. These policy changes include reducing the amortization period from 30 to 20 years for future unfunded liabilities and reducing the discount rate from 7.25% for FY 2018-19 to 7.00% for FY 2019-20 and again, from 7.00 to 6.80% announced in November 2021, with an expected budget impact in FY 2023-24.

To further advance the City Council's Financial Health Priority, a Section 115 Trust fund is being established with an initial deposit of \$4 million to put in place steady and consistent funding that will generate investment income, thereby reducing future long term cash flow requirements.

Financial Policies

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 2022-23 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). Consistent with this policy, the Police Department's Budget will increase in FY 2022-23 by approximately \$1.4 million, adding four new contracted law enforcement personnel: one Detective and three Deputies.

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 2022-23 Budget was adopted with the equivalent of 3.9 months of General Fund expenditures held as cash reserves.

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 'Casey Brooksher', with a long, sweeping horizontal line 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

Larry Bird, Mayor Pro Tem

Cameron Gregg, Council Member

Allison Lee, Council Member

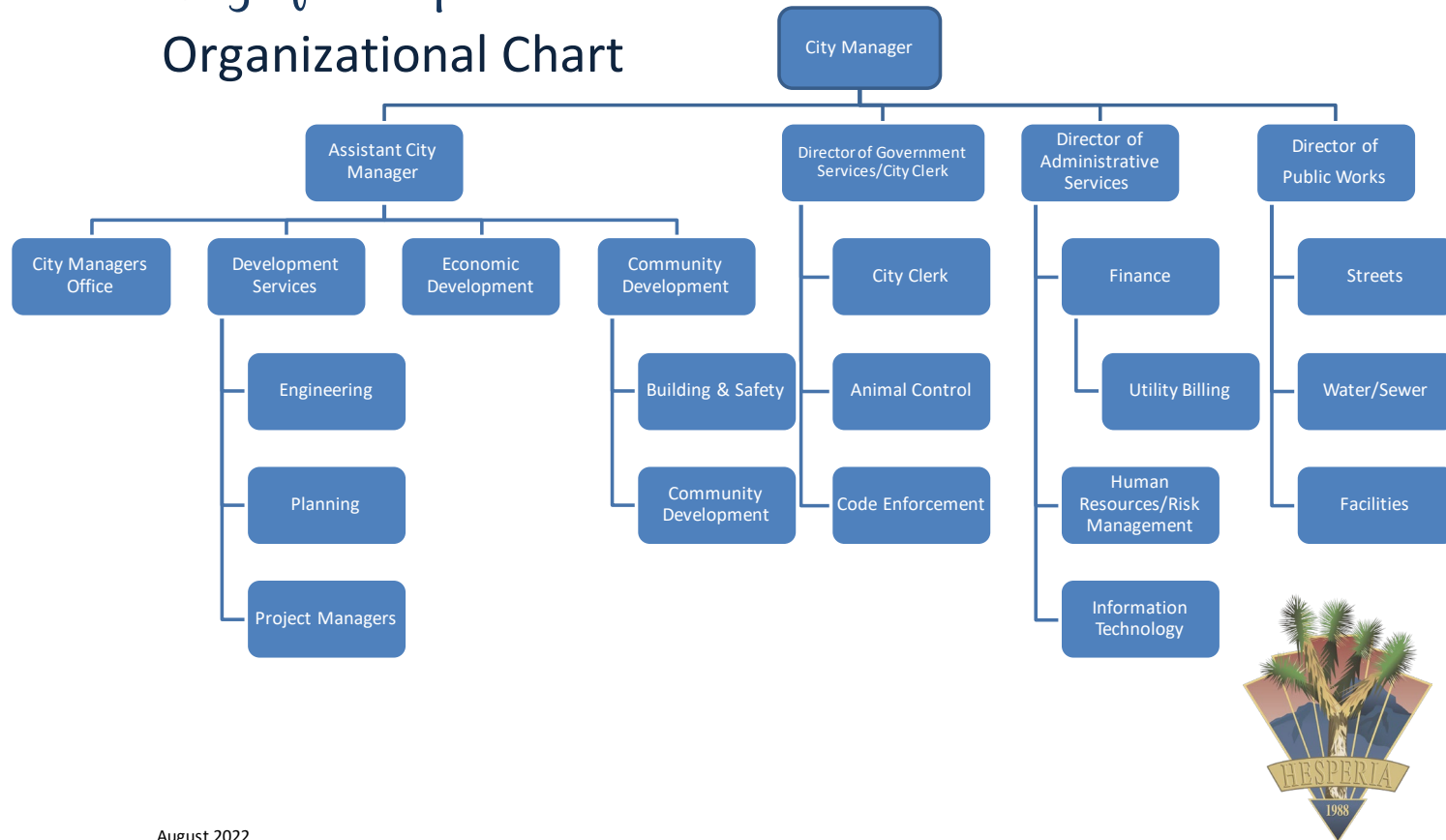
Rebekah Swanson, Council Member

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 2022



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. Merrill

Executive Director/CEO



FINANCIAL SECTION





CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Members of City Council
City of Hesperia, California

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Hesperia's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 16 to the financial statements, the City made a restatement to beginning fund balance and net position. Our opinion is not modified with respect to this matter.

Changes in Accounting Principal

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hesperia's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and Major Special Revenue Funds, the Schedules of Contributions-CalPERS Pension Plan – Miscellaneous and Safety, Schedules of Proportionate Share of the Net Pension Liability CalPERS Pension Plan – Miscellaneous and Safety, and the Schedule of Changes in Total OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hesperia's basic financial statements. The combining statements, nonmajor individual fund schedules, and budgetary schedule for the city projects major capital projects fund (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Members of City Council
City of Hesperia, California

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the City of Hesperia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hesperia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hesperia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
December 12, 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, 2022. 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, 2022, the City's (including governmental and business-type activities) assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$312.1 million (*net position*), which is \$24.8 million or 8.6% greater than the \$287.3 million total net position at June 30, 2021. One of the primary factors for this gain are increases of \$28.8 million and \$7.6 million in cash position for both governmental activities and business-type activities respectively. The increase to governmental activities is partially attributed to \$11.7 million in Federal funds received for the American Rescue Plan Act (ARPA) Grant.
- Capital assets related to Governmental activity decreased \$1.3 million during FY 2021-22. The decrease is primarily due to a net \$9.2 million increase in accumulated depreciation partially offset by a net \$6.3 million increase in construction in progress and a \$1.5 million increase in infrastructure from the completion of annual street improvement projects.
- Current and other liabilities decreased \$2.9 million to \$52.4 million from \$55.3 million for the period ending June 30, 2022. The factors contributing to the overall decrease include a \$13.7 million decrease in net pension liability and a \$3.5 million decrease in funds due to other governments that were offset by a \$13.4 million increase in unearned revenue due to the timing of grant reimbursements from City projects, a \$0.4 million increase in net OPEB liabilities, and a \$0.2 million increase in accounts payable from the timing of payments.
- Long-term debt outstanding decreased \$3.2 million during FY 2021-22 due to a total of \$2.1 million in scheduled loan payments with the San Bernardino County Transportation Authority (SBCTA) for the Ranchero Road/I-15 Interchange Project (\$1.9 million) and the California State Water Resources Control Board (\$0.2 million). Additionally, a \$1.1 million debt payment was made on the outstanding lease revenue bonds.
- At June 30, 2022, the City's governmental funds reported combined fund balances of \$99.5 million, an increase of \$14.6 million or 17.2%, from \$84.9 million at June 30, 2021. Approximately 17.5% of the \$99.5 million combined fund balance (or \$17.4 million) is available for spending at the City's discretion (*unassigned fund balance*). The main reasons for this increase is a \$4.5 million net decrease in General Fund transfers to other funds for ongoing operations, a combined \$3.7 million increase in General Fund taxes and charges for services, and a \$3.6 million increase of anticipated grant revenue and contributions related to City Capital Projects.
- As of June 30, 2022, unrestricted fund balance (the total of *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$24.7 million, or approximately 65.6% 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 19-23 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 37 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, Development Impact Fees 2018 – City Hall Facilities, American Rescue Plan Act, and City Projects Fund, which are considered major funds. Data from the other thirty-three (33) 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 24-30 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 95-97 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 32-36 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 38-39 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 43-91 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) benefits to its employees. Required supplementary information can be found on pages 95-107 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 115-159 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	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 93,357,410	\$ 122,187,932	\$ 28,317,226	\$ 35,887,340	\$ 121,674,636	\$ 158,075,272
Capital assets	170,676,786	169,365,245	98,087,118	98,356,496	268,763,904	267,721,741
Total Assets	264,034,196	291,553,177	126,404,344	134,243,836	390,438,540	425,797,013
 Total deferred outflows of resources	 6,725,570	 6,734,443	 2,075,616	 1,938,548	 8,801,186	 8,672,991
 Current and other liabilities	 37,004,232	 38,872,609	 18,281,073	 13,489,078	 55,285,305	 52,361,687
Long-term debt outstanding	46,842,127	43,997,356	6,624,361	6,299,228	53,466,488	50,296,584
Total Liabilities	83,846,359	82,869,965	24,905,434	19,788,306	108,751,793	102,658,271
 Total deferred inflows of resources	 2,333,370	 14,406,925	 837,857	 5,275,337	 3,171,227	 19,682,262
 Net Position:						
Net investment in capital assets	138,332,337	137,889,930	92,064,054	92,650,987	230,396,391	230,540,917
Restricted	68,351,276	77,321,982	385,528	385,528	68,736,804	77,707,510
Unrestricted	(22,103,576)	(14,201,182)	10,287,087	18,082,226	(11,816,489)	3,881,044
Total Net Position	\$ 184,580,037	\$ 201,010,730	\$ 102,736,669	\$ 111,118,741	\$ 287,316,706	\$ 312,129,471

The current year saw a net position increase from \$287.3 million to \$312.1 million. This increase of \$24.8 million comes, in part, from a \$36.4 million increase in net position from additional cash received through ongoing operations, grant activities, and tax revenue. Capital assets experienced a net decrease by \$1.0 million. Current and other liabilities decreased by \$2.9 million, and debt decreased by \$3.2 million largely to scheduled annual debt service and loan payments.

Current and other assets:

- Governmental current and other assets increased by \$28.8 million, or 30.9% from June 30, 2021. This increase was primarily due to the net of a \$23.1 million increase in cash. This cash increase is largely attributed to the \$11.7 million in grant funds received for the American Rescue Plan Act (ARPA) and an \$11.4 million increase in ongoing operations from the increased collection of tax-based and development-related revenues. Other contributing factors include a \$3.5 million increase in amounts due from other governmental agencies, a \$3.0 million increase in restricted assets-cash held for bond reserves, and a \$1.0 million decrease in deposits for self-insurance.
- Business-type current and other assets experienced an increase of \$7.6 million, or 26.7% during the fiscal year. The main contributing factors include a \$5.3 million increase in cash, a \$1.3 million increase in leases receivable from ongoing leases of District-owned properties, and a \$0.8 million increase in accounts receivable.

Capital assets:

- Governmental capital assets decreased by 0.8% or \$1.3 million. This decrease is primarily due to \$9.2 million in net accumulated depreciation. The decrease in capital assets was offset by a \$6.3 million net increase to construction in progress from ongoing projects, a \$1.5 million increase to infrastructure from completed capital projects, and a \$0.1 million increase from leased equipment.
- Business-type capital assets experienced an increase of \$0.3 million, net of depreciation. The main factors contributing to the increase include a \$2.5 million increase in infrastructure-sewer facilities, a \$2.2 million increase in water rights purchases, a \$2.0 million increase in infrastructure-water facilities, and a \$1.6 million increase in land. The capital asset decreases include a \$4.2 million net decrease in construction in progress from the completion of projects and a \$3.8 million increase in accumulated depreciation.

Current and other liabilities:

- Governmental current and other liabilities increased by \$1.9 million or 5.0% when compared to June 30, 2021. The change is largely due to an increase of \$10.9 million in unearned revenue primarily due to Federal grant funds received for the American Rescue Plan Act and a \$1.9 million increase in accounts payable due to the timing of payments. These increases were offset by an \$11.0 million decrease in net pension liability.
- Business-type current and other liabilities decreased by \$4.8 million or 26.2% from the June 30, 2021 total of \$18.3 million. This decrease primarily consists of a \$3.0 million decrease in money owed for wastewater collection services, a \$2.7 million decrease in net pension liabilities, and a \$1.7 million decrease in accounts payable as part of ongoing operations. These decreases were offset, in part, by a \$2.5 million increase in unearned revenue.

Long-term debt outstanding:

- Governmental long-term debt decreased by \$2.8 million from June 30, 2021. 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 \$1.1 million debt payment was made on the outstanding lease revenue bonds. These decreases in long-term debt were partially offset by a \$0.1 million increase in leased equipment.
- Business-type long-term debt outstanding activity during the fiscal year resulted in a net decrease of \$0.3 million from June 30, 2021. This decrease is primarily due to the \$0.2 million payment towards the California State Water Resources Control Board loan and a \$0.2 million decrease in claims payable.

Net investment in capital assets:

- Governmental net investment in capital assets decreased by \$0.4 million or 0.3% during the fiscal year, which is primarily due to the reduction of capital assets.
- Business-type net investment in capital assets increased by \$0.6 million or 0.6%, from the year ended June 30, 2021, due in large part to the \$0.3 million increase in capital assets and the \$0.2 million California State Water Resources Control Board loan payment.

Restricted:

- Governmental restricted net position increased by \$9.0 million from the year ending June 30, 2021. This increase is primarily due to a \$7.0 million increase in transportation-related fund balance, a \$1.3 million increase in public safety-related fund balance, and a \$0.6 million increase in economic development-related fund balance.
- Business-type restricted net position remained unchanged from FY 2020-21.

Unrestricted net position:

- Governmental unrestricted net position increased by \$7.9 million during the fiscal year due in large part to the growth in cash position.
- Business-type unrestricted net position increased by \$7.8 million, from \$10.3 million in FY 2020-21 to \$18.1 million in FY 2021-22, due to an increase in cash position from ongoing operations.

Changes in Net Position

As reflected in Table 2, the City's net position increased by \$24.8 million from the \$287.3 million of the prior fiscal year. The June 30, 2022 total Program Revenues increased by \$12.4 million. This change in total Program Revenues consists of an increase of \$8.1 million in Governmental Activities program and a \$4.3 million growth of business-type charges for services. Program revenue comprised 63.8% of total revenues and funded 82.6% of total expenses. During the fiscal year, expenses increased by \$4.4 million, or 5.6% from June 30, 2021. General government related expenses increased by \$4.1 million which is largely from funding ongoing operations. Public safety expenses increased \$0.4 million, or 2.0%, mainly due to an increase in the service contract with the San Bernardino County Sheriff's Department for law enforcement and public safety services. Development services expenses decreased by \$0.9 million due to the timing of new and ongoing projects. Water expenses increased by \$0.2 million primarily due to increases in water acquisition and production costs. Wastewater expenses also experienced a net increase of \$0.7 million compared to June 30, 2021 due to project-related spending and wastewater treatment costs.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues						
Program revenues:						
Charges for services	\$ 13,520,687	\$ 19,580,217	\$ 29,119,555	\$ 33,154,096	\$ 42,640,242	\$ 52,734,313
Operating contributions and grants	12,261,720	10,400,259	199,978	528,024	12,461,698	10,928,283
Capital contributions and grants	472,554	4,425,367	103,090	-	575,644	4,425,367
Total program revenues	26,254,961	34,405,843	29,422,623	33,682,120	55,677,584	68,087,963
General revenues:						
Taxes:						
Property taxes	11,267,340	11,951,542	482,839	508,958	11,750,179	12,460,500
Sales and use tax	13,378,248	14,642,721	-	-	13,378,248	14,642,721
Transient occupancy tax	1,798,649	2,013,412	-	-	1,798,649	2,013,412
Franchise tax	3,654,647	3,936,383	-	-	3,654,647	3,936,383
Document transfer tax	387,446	567,788	-	-	387,446	567,788
Other Taxes	702,916	544,396	-	-	702,916	544,396
Motor vehicle in-lieu	70,698	110,966	-	-	70,698	110,966
Unrestricted investment earnings	2,297,044	1,801,658	82,021	(256,590)	2,379,065	1,545,068
System improvement and replacement	-	-	2,183,081	2,428,104	2,183,081	2,428,104
Insurance Proceeds	-	30,636	-	-	-	30,636
Gain on disposal of capital assets	18,301	-	-	-	18,301	-
Other	80,180	105,033	220,158	239,804	300,338	344,837
Total general revenues	33,655,469	35,704,535	2,968,099	2,920,276	36,623,568	38,624,811
Total revenues	59,910,430	70,110,378	32,390,722	36,602,396	92,301,152	106,712,774
Expenses						
General government	7,058,422	11,109,624	-	-	7,058,422	11,109,624
Public safety	19,350,202	19,744,311	-	-	19,350,202	19,744,311
Development services	23,030,654	22,093,720	-	-	23,030,654	22,093,720
Interest on long-term debt	1,374,552	1,272,030	-	-	1,374,552	1,272,030
Water	-	-	22,071,529	22,319,170	22,071,529	22,319,170
Wastewater	-	-	5,195,651	5,901,154	5,195,651	5,901,154
Total expenses	50,813,830	54,219,685	27,267,180	28,220,324	78,081,010	82,440,009
Net position at July 1	175,483,437	184,580,037	97,613,127	102,736,669	273,096,564	287,316,706
Prior Period Adjustment	-	540,000	-	-	-	540,000
Net position at July 1, as restated	175,483,437	185,120,037	97,613,127	102,736,669	273,096,564	287,856,706
Net position at June 30	\$ 184,580,037	\$ 201,010,730	\$ 102,736,669	\$ 111,118,741	\$ 287,316,706	\$ 312,129,471

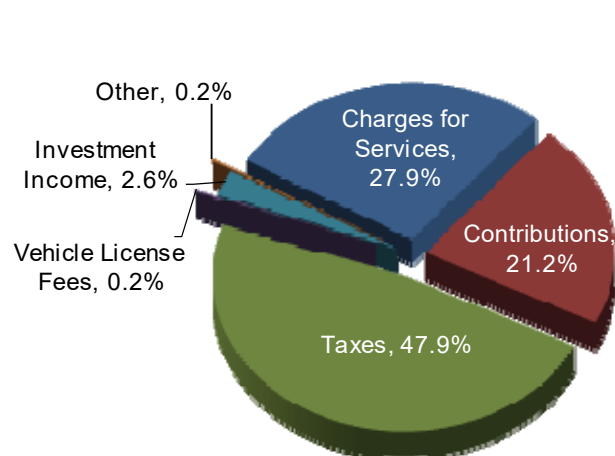
GOVERNMENTAL ACTIVITIES

As stated, Fiscal Year 2021-22 program revenues increased \$8.1 million due to a \$6.0 million rise in charges for services and a \$4.0 million in capital contributions and grants. These increases in program revenue were partially offset by a \$1.9 million decrease in operating contributions and grant revenue. The cost of all governmental activities was \$54.2 million; however, as shown in Table 2, the amount that the taxpayers ultimately financed for these activities was \$19.8 million (\$54.2 million of total expenses less \$34.4 million of total program revenues). The \$34.4 million of program revenues included about \$19.6 million of costs paid by those who directly benefited from the programs and \$10.4 million by other governments and organizations that partially funded certain programs with operating grants and contributions.

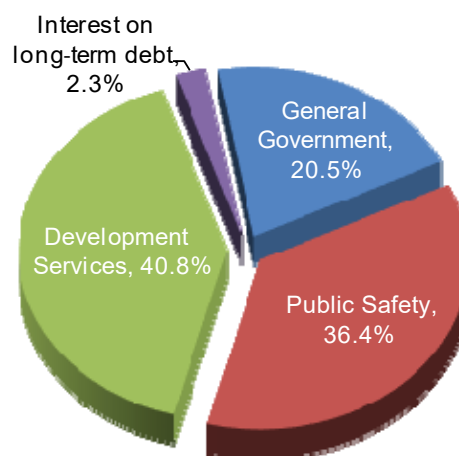
The City covered the outstanding “public benefit” portion of governmental activities using the \$35.7 million of general revenues with \$15.9 million remaining for reserves. The general revenues included taxes (some of which could only be used for certain programs) and other revenues, such as vehicle license fees.

Fiscal Year 2022 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, 2022 net position of \$111.1 million increased \$8.4 million or 8.2% from the prior fiscal year's net position of \$102.7 million. The cost of all Water District activities this year increased by \$1.0 million or 3.5% from \$27.3 million during FY 2020-21. The following details the contributing factors for the rise in expenses: \$0.8 million decrease in water acquisition costs, \$0.5 million increase in utilities costs related to water production, and \$0.5 million increase in wastewater treatment fees, a \$0.5 million increase in costs related to the water and wastewater arrearages grants, and a \$0.3 million increase in depreciation.

Total revenues increased \$4.3 million from \$29.4 million to \$33.7 million between FY 2020-21 and FY 2021-22. The most significant factor for the change is a \$4.0 million increase in operating revenue from water and sewer services, which is due to the final 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. Another factor for the increase is due to a \$0.3 million increase in operating grants.

As shown in the Changes in Net Position (Table 2), the amount paid by users of the systems was \$33.7 million, which is an increase of \$4.3 million or 14.5% from the June 30, 2021 total of \$29.4 million. This is directly attributable to the rise in water sales in all areas including residential, business, construction, and water rate surcharges along with the increase in grant-related revenue that was received in FY 2021-22. Non-operating revenues of about \$2.9 million made up the remainder of the \$36.6 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 24-25, of \$99.5 million, which is \$14.6 million or 17% more than the June 30, 2021 balance of \$84.9 million.

- At year-end, the fund balance for the General Fund increased \$9.0 million or 43.9% from \$20.5 million in FY 2020-21 to \$29.5 million in FY 2021-22. Revenues exceeded expenditures by \$9.6 million. Additionally, the General Fund transferred out a net amount of \$2.4 million to other funds, which includes \$1.4 million for debt service for the 2012 Water Rights Acquisition and \$1.0 million for PERS obligations related to the former Hesperia Fire Protection District. General Fund revenues of \$47.3 million increased by \$2.1 million due in large part to increases in sales and use tax (\$2.3 million), various development-related fees (\$1.4 million), and vehicle license fees (\$0.6 million). These increases were partially offset by a decrease in grant-related revenue of \$2.4 million due to the Coronavirus Relief funds received in FY 2020-21.
- Compared to the prior year, General Fund expenditures increased by \$4.0 million. The primary contributing factors for the increase is due to a \$1.3 million increase in insurance services, a \$1.6 million increase in development-related costs, and a \$0.6 million increase in law enforcement costs.
- The American Rescue Plan Act (ARPA) fund balance decreased \$0.1 million from June 30, 2021.
- The Development Impact Fees 2018 - City Hall Facilities fund balance increased \$0.3 million from negative \$3.7 million at June 30, 2021 to negative \$3.4 million at June 30, 2022. This decrease was primarily attributable to the increase of \$0.8 million received in cash position from charges for service for residential, commercial, and industrial permits net of the \$0.5 million decrease in advances from the General Fund loan from the prior fiscal year. The loan from the General Fund is used to help fund the debt service payment on the 2013 Refinancing of the 2005 COP bond as detailed in Note 6.
- The City Capital Projects fund balance decreased \$3.5 million to a negative \$3.7 million from a negative \$0.2 million at June 30, 2021. This decrease is primarily due to outstanding reimbursements from other agencies for project-related expenditures (\$3.1 million for the Ranchero Road Improvement Project and \$0.4 million for the Ranchero Road Aqueduct Crossing Project).

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 5 Capital Assets. At June 30, 2022, capital assets, net of depreciation, of the governmental activities totaled \$169.4 million, which reflects a decrease of \$1.3 million, from the prior year. As previously described, the decrease is primarily due to \$9.2 million in current year depreciation, which was offset by a \$6.3 million net increase to construction in progress from ongoing projects, a \$1.5 million increase to infrastructure from the completion of capital projects, and a \$0.1 million increase in leases.

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, 2022, capital assets, net of depreciation, totaled \$98.4 million, which is an increase of \$0.3 million.

This increase of \$0.3 million is primarily due a \$2.5 million increase in infrastructure-sewer facilities, a \$2.2 million increase in water rights purchases, a \$2.0 million increase in infrastructure-water facilities, and a \$1.6 million increase in land. The overall decrease was offset by a \$4.2 million net decrease in construction in progress and a net decrease of \$3.8 million for the current year depreciation.

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, 2021	Net of Accumulated Depreciation	Increases	Decreases	Current Year Depreciation	Balance at June 30, 2022	Net of Accumulated Depreciation
Governmental Activities:							
Land	\$ 6,308,419		\$ -	\$ (5,717)	\$ -	\$ 6,302,702	
Water rights	36,413,793		-	-	-	36,413,793	
Construction in progress	8,080,410		7,818,490	(1,560,771)	-	14,338,129	
Land improvements	4,265,635		-	-	(146,983)	4,118,652	
Vehicles	671,665		239,767	(268,360)	102,320	745,392	
Buildings and improvements	44,661,381		71,592	-	(984,934)	43,748,039	
Machinery and equipment	1,314,179		368,233	(386,019)	67,339	1,363,732	
Infrastructure	68,961,304		1,506,277	-	(8,230,368)	62,237,213	
Leased Equipment	-		182,696	-	(85,103)	97,593	
Sub-total Government Activities	<u>\$ 170,676,786</u>		<u>\$ 10,187,055</u>	<u>\$ (2,220,867)</u>	<u>\$ (9,277,729)</u>	<u>\$ 169,365,245</u>	
Business-type Activities:							
Land	3,266,308		1,624,821	-	-	4,891,129	
Water rights	15,611,810		2,181,600	-	-	17,793,410	
Construction in progress	4,432,225		247,445	(4,464,809)	-	214,861	
Land improvements	1		-	-	-	1	
Vehicles	629,689		205,522	(224,632)	77,987	688,566	
Buildings and improvements	218,994		-	-	(12,530)	206,464	
Machinery and equipment	984,960		219,118	(188,371)	(21,383)	994,324	
Infrastructure:							
Water facilities	70,627,562		2,003,705	-	(3,568,232)	69,063,035	
Sewer facilities	2,315,569		2,461,104	-	(310,462)	4,466,211	
Leased Equipment	-		71,082	-	(32,587)	38,495	
Sub-total Business-type Activities	<u>\$ 98,087,118</u>		<u>\$ 9,014,397</u>	<u>\$ (4,877,812)</u>	<u>\$ (3,867,207)</u>	<u>\$ 98,356,496</u>	
Total Capital Assets	<u>\$ 268,763,904</u>		<u>\$ 19,201,452</u>	<u>\$ (7,098,679)</u>	<u>\$ (13,144,936)</u>	<u>\$ 267,721,741</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.

Debt, considered a liability of government activities, decreased in FY 2021-22 by a net of \$3.2 million. This decrease is primarily due to the total combined annual debt service payments of \$3.0 million towards the 2018 San Bernardino County Transportation Authority (SBCTA) Loan and the 2012 lease revenue bonds.

Governmental Activities debt decreased by \$2.9 million largely due to the reductions of \$1.9 million payment towards the 2018 SBCTA Loan and the \$1.1 million debt payment made towards the 2012 lease revenue bonds as previously mentioned.

As stated, Business-type activities debt experienced a decrease of a net amount of \$0.3 million in FY 2021-22 primarily due to the \$0.2 million payment towards the California State Water Resources Control Board loan and the \$0.2 million reduction in claims payable.

Table 4
Outstanding Debt, at Year-end

	Principal Balance at June 30, 2021	Additions	Deductions	Principal Balance at June 30, 2022	Due Within One Year
Governmental Activities:					
Loans	\$ 13,133,683	\$ -	\$ (1,876,241)	\$ 11,257,442	\$ 1,876,240
Revenue bonds	32,480,000	-	(1,095,000)	31,385,000	1,155,000
Less deferred amounts:					
Bond premiums	80,224	-	(3,746)	76,478	-
Bond discounts	(215,775)	-	11,755	(204,020)	-
Leases	-	182,697	(84,844)	97,853	30,371
Compensated absences	801,290	549,644	(527,973)	822,961	806,502
Claims payable	562,705	231,289	(232,352)	561,642	218,938
Sub-total Government Activities	<u>\$ 46,842,127</u>	<u>\$ 963,630</u>	<u>\$ (3,808,401)</u>	<u>\$ 43,997,356</u>	<u>\$ 4,087,051</u>
Business-type Activities:					
Loans	5,881,331	-	(175,822)	5,705,509	177,581
Leases	-	71,082	(32,497)	38,585	18,134
Compensated absences	299,048	232,845	(193,251)	338,642	331,869
Claims payable	443,982	(105,206)	(122,284)	216,492	46,615
Sub-total Business-type Activities	<u>\$ 6,624,361</u>	<u>\$ 198,721</u>	<u>\$ (523,854)</u>	<u>\$ 6,299,228</u>	<u>\$ 574,199</u>
Total Outstanding Debt	<u>\$ 53,466,488</u>	<u>\$ 1,162,351</u>	<u>\$ (4,332,255)</u>	<u>\$ 50,296,584</u>	<u>\$ 4,661,250</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the FY 2022-23 Budget, the estimated revenues budgeted of \$144.0 million are a 9.5% or \$12.5 million increase over the FY 2021-22 Budget of \$131.5 million. The increase can be primarily attributed to an additional \$11.7 million in Federal grant funding from the American Rescue Plan Act (ARPA). General Fund revenues are expected to increase \$5.1 million through growth in tax-related revenues and development-related fees. Revenue for Streets and Transportation funds are anticipated to decrease \$6.3 million, largely due to the timing of

receiving grants and cooperative funding associated with the Ranchero Road Project. Water District funds related to water and sewer operations are expected to increase \$3.4 million.

The following is a discussion of budgeted revenues and expenditures for FY 2022-23:

General Fund: Budgeted revenues are expected to increase \$5.1 million due, in part, to a \$2.9 million increase in tax-related revenues such as sales and use tax and transient occupancy tax. Other factors for the revenue increase in the General Fund include increases of \$0.8 million in development-related revenues and \$0.6 million in vehicle license fees. Expenditures for the General Fund are expected to increase \$5.5 million, or 15.3%. The increase in expenditures is mainly attributed to increases related to staffing and a \$1.4 million increase to the police service contract. Other factors for the increase include insurance premiums as well as software and hardware upgrades.

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 \$3.4 million. The anticipated increase is largely attributed to water sales and water availability charges based upon the last year of the five-year annual water rate increases and an anticipated increase in consumption.

The District's expenses are expected to increase by \$5.4 million from the FY 2021-22 Budget of \$30.2 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 \$0.6 million, while electricity costs, used to pump and produce water, is expected to increase by \$0.5 million. Additionally, Sewer operating costs are anticipated to increase 16% or \$0.6 million due to wastewater treatment costs.

Transportation: \$43.5 million is budgeted toward transportation projects for FY 2022-23, which includes:

- A total of \$38.6 million budgeted toward Ranchero Road related projects, which is comprised of \$23.3 million for improvements from Seventh Avenue to Mariposa Road, \$13.2 million for the Ranchero Road Aqueduct Crossing, \$0.4 million for the Ranchero Road Improvements – Danbury to I Avenue, \$0.3 million for the Ranchero Road Undercrossing post construction mitigation, and \$1.3 million for several new traffic signals.
- \$1.0 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).
- \$2.5 million is budgeted for additional street improvement paving projects within the City.
- \$1.4 million is budgeted toward two (2) other street projects for Fiscal Year 2022-23 including a new traffic signal and traffic signalization along Main Street.

Facilities: \$0.3 million is budgeted toward a facilities project for the golf course trails project.

Storm Drainage: \$2.6 million is allotted toward storm drainage projects for FY 2022-23, which includes \$1.5 million allocated for the H-01 Retention Basin and \$1.0 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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 78,097,862	\$ 25,805,201	\$ 103,903,063
Receivables:			
Accounts	2,534,869	6,438,371	8,973,240
Allowance for Accounts Receivable	(187,359)	-	(187,359)
Accrued Interest	141,511	53,695	195,206
Due from Other Governmental Agencies	8,934,213	12,742	8,946,955
Land Held for Resale	25,580,464	-	25,580,464
Inventories	18,080	1,196,513	1,214,593
Deposits	-	36,942	36,942
Internal Balances	(136,023)	136,023	-
Restricted Assets:			
Cash Held for Bond Reserves	6,604,276	-	6,604,276
Total Current Assets	121,587,893	33,679,487	155,267,380
Noncurrent Assets:			
Other Noncurrent Assets:			
Notes Receivable	37,180,263	-	37,180,263
Allowance for Notes Receivable	(37,180,263)	-	(37,180,263)
Leases Receivable	57,138	1,330,378	1,387,516
Deposits for Self-Insurance	542,901	877,475	1,420,376
Total Other Noncurrent Assets	600,039	2,207,853	2,807,892
Capital Assets, Nondepreciable:			
Land	6,302,702	4,891,129	11,193,831
Water Rights	36,413,793	17,793,410	54,207,203
Construction in Progress	14,338,129	214,861	14,552,990
Capital Assets, Depreciable:			
Land Improvements	6,135,439	534,168	6,669,607
Buildings and Improvements	48,701,316	4,509,810	53,211,126
Equipment and Vehicles	8,818,284	7,931,907	16,750,191
Infrastructure	206,841,310	-	206,841,310
Water and Sewer Facilities	-	152,576,357	152,576,357
Leases	182,696	71,082	253,778
Less: Accumulated Depreciation and Amortization	(158,368,424)	(90,166,228)	(248,534,652)
Total Capital Assets	169,365,245	98,356,496	267,721,741
Total Noncurrent Assets	169,965,284	100,564,349	270,529,633
Total Assets	291,553,177	134,243,836	425,797,013
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	1,258,861	402,917	1,661,778
Deferred Pension Outflows	5,475,582	1,535,631	7,011,213
Total Deferred Outflows of Resources	6,734,443	1,938,548	8,672,991

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 4,175,893	\$ 4,198,343	\$ 8,374,236
Accrued Interest Payable	348,848	23,916	372,764
Deposits	1,735,289	672,821	2,408,110
Due to Other Governments	4,370	2,835	7,205
Total OPEB Liabilities	115,593	43,407	159,000
Compensated Absences	806,502	331,869	1,138,371
Claims Payable	218,938	46,615	265,553
Leases Payable	30,371	18,134	48,505
Long-Term Debt-Due Within One Year	3,031,240	177,581	3,208,821
Total Current Liabilities	<u>10,467,044</u>	<u>5,515,521</u>	<u>15,982,565</u>
Noncurrent Liabilities:			
Unearned Revenue	11,838,240	2,999,174	14,837,414
Compensated Absences	16,459	6,773	23,232
Claims Payable	342,704	169,877	512,581
Lease Liability	67,482	20,451	87,933
Loan Payable	9,381,202	5,527,928	14,909,130
Long-Term Debt-Due in More than One Year	30,102,458	-	30,102,458
Net Pension Liability	15,693,796	3,685,806	19,379,602
Total OPEB Liabilities	<u>4,960,580</u>	<u>1,862,776</u>	<u>6,823,356</u>
Total Noncurrent Liabilities	<u>72,402,921</u>	<u>14,272,785</u>	<u>86,675,706</u>
Total Liabilities	<u>82,869,965</u>	<u>19,788,306</u>	<u>102,658,271</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	1,112,862	523,351	1,636,213
Deferred Pension Inflows	13,237,161	3,450,361	16,687,522
Leases	<u>56,902</u>	<u>1,301,625</u>	<u>1,358,527</u>
Total Deferred Inflows of Resources	<u>14,406,925</u>	<u>5,275,337</u>	<u>19,682,262</u>
NET POSITION			
Net Investment in Capital Assets	137,889,930	92,650,987	230,540,917
Restricted for:			
Debt Service	6,003,541	385,528	6,389,069
Transportation	37,978,095	-	37,978,095
Air Quality	23,679	-	23,679
Public Safety	6,530,508	-	6,530,508
Economic Development	26,478,217	-	26,478,217
Other Purposes	307,942	-	307,942
Unrestricted	<u>(14,201,182)</u>	<u>18,082,226</u>	<u>3,881,044</u>
Total Net Position	<u>\$ 201,010,730</u>	<u>\$ 111,118,741</u>	<u>\$ 312,129,471</u>

See accompanying Notes to Basic Financial Statements.

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**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 11,109,624	\$ 11,785,197	\$ 205,927	\$ -
Public Safety	19,744,311	1,440,977	757,713	742,000
Development Services	22,093,720	6,354,043	9,436,619	3,683,367
Interest on Long-Term Debt	1,272,030	-	-	-
Total Governmental Activities	54,219,685	19,580,217	10,400,259	4,425,367
BUSINESS-TYPE ACTIVITIES				
Water	22,319,170	25,469,043	445,362	-
Sewer	5,901,154	7,685,053	82,662	-
Total Business-Type Activities	28,220,324	33,154,096	528,024	-
Total	\$ 82,440,009	\$ 52,734,313	\$ 10,928,283	\$ 4,425,367

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022

Functions/Programs	Net (Expense)/Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ 881,500	\$ -	\$ 881,500
Public Safety	(16,803,621)	-	(16,803,621)
Development Services	(2,619,691)	-	(2,619,691)
Interest on Long-Term Debt	(1,272,030)	-	(1,272,030)
Total Governmental Activities	(19,813,842)	-	(19,813,842)
BUSINESS-TYPE ACTIVITIES			
Water	-	3,595,235	3,595,235
Sewer	-	1,866,561	1,866,561
Total Business-Type Activities	-	5,461,796	5,461,796
Total	(19,813,842)	5,461,796	(14,352,046)
GENERAL REVENUES			
Taxes:			
Property Taxes	11,951,542	508,958	12,460,500
Sales and Use Tax	14,642,721	-	14,642,721
Transient Occupancy Tax	2,013,412	-	2,013,412
Franchise Tax	3,936,383	-	3,936,383
Document Transfer Tax	567,788	-	567,788
Other Taxes	544,396	-	544,396
Motor Vehicle in Lieu	110,966	-	110,966
Unrestricted Investment Earnings	1,801,658	(256,590)	1,545,068
Unrestricted System Improvement and Replacement	-	2,428,104	2,428,104
Insurance Proceeds	30,636	-	30,636
Other	105,033	239,804	344,837
Total General Revenues	35,704,535	2,920,276	38,624,811
CHANGE IN NET POSITION	15,890,693	8,382,072	24,272,765
Net Position - Beginning of Year, as Previously Stated	184,580,037	102,736,669	287,316,706
Prior Period Adjustment	540,000	-	540,000
Net Position - Beginning of Year, as Restated	185,120,037	102,736,669	287,856,706
NET POSITION - END OF YEAR	<u>\$ 201,010,730</u>	<u>\$ 111,118,741</u>	<u>\$ 312,129,471</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	American Rescue Plan Act (ARPA)	Development Impact Fees 2018 - City Hall Facilities
ASSETS			
Cash and Cash Equivalents	\$ 16,940,718	\$ 11,573,494	\$ 792,003
Restricted Investments	4,000,000	-	-
Accounts Receivable	2,532,469	-	-
Allowance for Accounts Receivable	(187,359)	-	-
Accrued Interest	32,709	20,217	1,822
Notes Receivable	-	-	-
Allowance for Notes Receivable	-	-	-
Due from Other Governmental Agencies	3,004,420	-	-
Deposits for Self-Insurance	542,901	-	-
Leases Receivable	57,138	-	-
Due from Other Funds	3,415,592	-	-
Land Held for Resale	-	-	-
Inventory	18,080	-	-
Advance to Other Funds	4,173,324	-	-
Total Assets	<u>\$ 34,529,992</u>	<u>\$ 11,593,711</u>	<u>\$ 793,825</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Other			
Current Liabilities	\$ 1,777,523	\$ -	\$ -
Due to Other Governments	4,370	-	-
Deposits	1,735,289	-	-
Unearned Revenue	-	11,701,844	-
Due to Other Funds	135,801	-	-
Advances from Other Funds	-	-	4,173,324
Total Liabilities	<u>3,652,983</u>	<u>11,701,844</u>	<u>4,173,324</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	1,373,550	-	-
Leases	56,902	-	-
Total Deferred Inflows of Resources	1,430,452	-	-
FUND BALANCES			
Nonspendable:			
Deposits for Self-Insurance	542,901	-	-
Inventory	18,080	-	-
Advances to Other Funds	4,173,324	-	-
Restricted:			
Debt Service	-	-	-
Transportation	-	-	-
Air Quality	-	-	-
Public Safety	-	-	-
Economic Development	-	-	-
Other Purposes	-	-	-
Unassigned	24,712,252	(108,133)	(3,379,499)
Total Fund Balances	<u>29,446,557</u>	<u>(108,133)</u>	<u>(3,379,499)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 34,529,992</u>	<u>\$ 11,593,711</u>	<u>\$ 793,825</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	City Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 48,791,647	\$ 78,097,862
Restricted Investments	-	2,604,276	6,604,276
Accounts Receivable	-	2,400	2,534,869
Allowance for Accounts Receivable	-	-	(187,359)
Accrued Interest	-	86,763	141,511
Notes Receivable	-	37,180,263	37,180,263
Allowance for Notes Receivable	-	(37,180,263)	(37,180,263)
Due from Other Governmental Agencies	3,556,576	2,373,217	8,934,213
Deposits for Self-Insurance	-	-	542,901
Leases Receivable	-	-	57,138
Due from Other Funds	-	28,333	3,443,925
Land Held for Resale	-	25,580,464	25,580,464
Inventory	-	-	18,080
Advance to Other Funds	-	-	4,173,324
Total Assets	<u>\$ 3,556,576</u>	<u>\$ 79,467,100</u>	<u>\$ 129,941,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Other			
Current Liabilities	\$ 1,489,188	\$ 909,182	\$ 4,175,893
Due to Other Governments	-	-	4,370
Deposits	-	-	1,735,289
Unearned Revenue	-	136,396	11,838,240
Due to Other Funds	2,248,481	1,195,666	3,579,948
Advances from Other Funds	-	-	4,173,324
Total Liabilities	<u>3,737,669</u>	<u>2,241,244</u>	<u>25,507,064</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	3,538,895	-	4,912,445
Leases	-	-	56,902
Total Deferred Inflows of Resources	<u>3,538,895</u>	<u>-</u>	<u>4,969,347</u>
FUND BALANCES			
Nonspendable:			
Deposits for Self-Insurance	-	-	542,901
Inventory	-	-	18,080
Advances to Other Funds	-	-	4,173,324
Restricted:			
Debt Service	-	6,003,541	6,003,541
Transportation	-	37,978,095	37,978,095
Air Quality	-	23,679	23,679
Public Safety	-	6,530,508	6,530,508
Economic Development	-	26,478,217	26,478,217
Other Purposes	-	307,942	307,942
Unassigned	(3,719,988)	(96,126)	17,408,506
Total Fund Balances	<u>(3,719,988)</u>	<u>77,225,856</u>	<u>99,464,793</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,556,576</u>	<u>\$ 79,467,100</u>	<u>\$ 129,941,204</u>

See accompanying Notes to Basic Financial Statements.

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CITY OF HESPERIA, CALIFORNIA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2022

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

Total Fund Balances - Governmental Funds		\$ 99,464,793	
Capital assets, including leased assets, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.			169,365,245
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.			(348,848)
Revenues receivable from outside agencies are unavailable on the fund statements, but recognized on the government-wide statements.			4,912,445
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	\$ 1,258,861		
Deferred Inflow - OPEB	(1,112,862)		
Total OPEB Liability	<u>(5,076,173)</u>		(4,930,174)
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.			(43,997,356)
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	5,475,582		
Deferred Inflow	(13,237,161)		
Net Pension Liability	<u>(15,693,796)</u>		(23,455,375)
Net Position of Governmental Activities			<u>\$ 201,010,730</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, 2022

	General Fund	American Rescue Plan Act (ARPA)	Development Impact Fees 2018 - City Hall Facilities
REVENUES			
Taxes	\$ 23,814,083	\$ -	\$ -
Licenses and Permits	289,932	-	-
Fines and Forfeits	1,488,889	-	-
Use of Money and Property	(152,077)	(108,133)	(10,130)
Intergovernmental	13,165,905	-	-
Charges for Services	5,979,828	-	1,077,215
Grants	102,336	-	-
Other Revenues	2,554,671	-	-
Total Revenues	<u>47,243,567</u>	<u>(108,133)</u>	<u>1,067,085</u>
EXPENDITURES			
Current:			
General Government:			
City Council	1,102,159	-	-
City Manager	3,059,619	-	-
Management Services	6,012,945	-	-
Public Safety - Police	18,682,407	-	-
Public Safety - Fire	-	-	-
Development Services	8,080,695	-	-
Debt Service:			
Interest	622	-	16,790
Principal	84,719	-	-
Bond Administration Expense	-	-	-
Capital Outlay:			
Buildings and Improvements	71,592	-	-
Equipment and Vehicles	423,740	-	-
Infrastructure	-	-	-
Leases	178,588	-	-
Total Expenditures	<u>37,697,086</u>	<u>-</u>	<u>16,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,546,481</u>	<u>(108,133)</u>	<u>1,050,295</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	200,000	-	1,461
Transfers Out	(2,592,224)	-	(756,501)
Sale of Capital Assets	-	-	-
Insurance Proceeds	30,636	-	-
Issuance of Lease	178,588	-	-
Total Other Financing Sources (Uses)	<u>(2,183,000)</u>	<u>-</u>	<u>(755,040)</u>
NET CHANGE IN FUND BALANCES	<u>7,363,481</u>	<u>(108,133)</u>	<u>295,255</u>
Fund Balances - Beginning of Year, as Restated	<u>22,083,076</u>	<u>-</u>	<u>(3,674,754)</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,446,557</u>	<u>\$ (108,133)</u>	<u>\$ (3,379,499)</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	City Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 23,814,083
Licenses and Permits	-	-	289,932
Fines and Forfeits	-	-	1,488,889
Use of Money and Property	228	(419,500)	(689,612)
Intergovernmental	79,192	8,338,140	21,583,237
Charges for Services	-	7,443,558	14,500,601
Grants	742,000	1,849,431	2,693,767
Other Revenues	144,849	209,675	2,909,195
Total Revenues	<u>966,269</u>	<u>17,421,304</u>	<u>66,590,092</u>
EXPENDITURES			
Current:			
General Government:			
City Council	-	-	1,102,159
City Manager	-	31,642	3,091,261
Management Services	-	-	6,012,945
Public Safety - Police	-	-	18,682,407
Public Safety - Fire	-	1,007,746	1,007,746
Development Services	-	3,374,571	11,455,266
Debt Service:			
Interest	-	1,243,462	1,260,874
Principal	-	2,971,366	3,056,085
Bond Administration Expense	-	5,582	5,582
Capital Outlay:			
Buildings and Improvements	-	-	71,592
Equipment and Vehicles	-	217,050	640,790
Infrastructure	4,466,304	3,401,026	7,867,330
Leases	-	4,109	182,697
Total Expenditures	<u>4,466,304</u>	<u>12,256,554</u>	<u>54,436,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,500,035)</u>	<u>5,164,750</u>	<u>12,153,358</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	45,222	6,554,945	6,801,628
Transfers Out	(31,555)	(3,421,348)	(6,801,628)
Sale of Capital Assets	-	61,812	61,812
Insurance Proceeds	-	-	30,636
Issuance of Lease	-	4,109	182,697
Total Other Financing Sources (Uses)	<u>13,667</u>	<u>3,199,518</u>	<u>275,145</u>
NET CHANGE IN FUND BALANCES	<u>(3,486,368)</u>	<u>8,364,268</u>	<u>12,428,503</u>
Fund Balances - Beginning of Year, as Restated	<u>(233,620)</u>	<u>68,861,588</u>	<u>87,036,290</u>
FUND BALANCES - END OF YEAR	<u>\$ (3,719,988)</u>	<u>\$ 77,225,856</u>	<u>\$ 99,464,793</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, 2022

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

Net Change in Fund Balances - Total Governmental Funds	\$	12,428,503
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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	\$ 8,626,284		
Depreciation Expense	(9,808,817)		
Disposals of Assets	<u>(129,008)</u>		(1,311,541)

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.		2,435
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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.			(245,201)
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Revenues received after the availability period are recognized in the government-wide statements and unavailable in the fund statements.		3,489,650
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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.			(1,317,924)
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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	3,056,085		
Amortization of Premiums and Discounts	(8,009)		
Issuance of Lease Liabilities	(182,697)		
Changes to Compensated Absences	(21,671)		
Changes to Claims Payable	<u>1,063</u>		<u>2,844,771</u>

Change in Net Position of Governmental Activities	\$	<u><u>15,890,693</u></u>
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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 ended June 30, 2022.

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, 2022

	Water Operations and Capital	Sewer Operations and Capital	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 8,943,733	\$ 16,861,468	\$ 25,805,201
Receivables:			
Accounts	5,390,462	1,047,909	6,438,371
Accrued Interest	26,803	26,892	53,695
Due from Other Governmental Agencies	6,470	6,272	12,742
Leases	1,330,378	-	1,330,378
Deposits	14,328	22,614	36,942
Inventories	1,196,513	-	1,196,513
Due from Other Funds	92,468	44,051	136,519
Total Current Assets	<u>17,001,155</u>	<u>18,009,206</u>	<u>35,010,361</u>
Noncurrent Assets:			
Other Noncurrent Assets:			
Deposits for Self-Insurance	<u>791,796</u>	<u>85,679</u>	<u>877,475</u>
Capital Assets:			
Land	1,461,771	3,429,358	4,891,129
Water Rights	17,793,410	-	17,793,410
Construction in Progress	5,158	209,703	214,861
Land Improvements	534,168	-	534,168
Vehicles	1,938,065	345,435	2,283,500
Machinery and Equipment	5,067,190	581,217	5,648,407
Buildings and Improvements	4,509,810	-	4,509,810
Water and Sewer Facilities	142,842,845	9,733,512	152,576,357
Leased Assets, Right to Use	62,098	8,984	71,082
Less: Accumulated Depreciation	(84,300,149)	(5,833,492)	(90,133,641)
Less: Accumulated Amortization, Leases	(26,245)	(6,342)	(32,587)
Total Capital Assets	<u>89,888,121</u>	<u>8,468,375</u>	<u>98,356,496</u>
Total Noncurrent Assets	<u>90,679,917</u>	<u>8,554,054</u>	<u>99,233,971</u>
Total Assets	<u>107,681,072</u>	<u>26,563,260</u>	<u>134,244,332</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	402,917	-	402,917
Deferred Pension Outflows	1,314,493	221,138	1,535,631
Total Deferred Outflows of Resources	<u>1,717,410</u>	<u>221,138</u>	<u>1,938,548</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2022**

	Water Operations and Capital	Sewer Operations and Capital	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 3,408,587	\$ 789,756	\$ 4,198,343
Accrued Interest Payable	23,916	-	23,916
Deposits	672,821	-	672,821
Due to Other Funds	496	-	496
Due to Other Governments	-	2,835	2,835
Total OPEB Liability	43,407	-	43,407
Compensated Absences	298,230	33,639	331,869
Claims Payable	34,583	12,032	46,615
Lease Liability	15,488	2,646	18,134
Loan Payable Due within One Year	177,581	-	177,581
Total Current Liabilities	<u>4,675,109</u>	<u>840,908</u>	<u>5,516,017</u>
Noncurrent Liabilities:			
Total OPEB Liability	1,862,776	-	1,862,776
Net Pension Liability	3,155,034	530,772	3,685,806
Unearned Revenue	-	2,999,174	2,999,174
Compensated Absences	6,086	687	6,773
Claims Payable	127,989	41,888	169,877
Lease Liability	20,451	-	20,451
Loan Payable	5,527,928	-	5,527,928
Total Noncurrent Liabilities	<u>10,700,264</u>	<u>3,572,521</u>	<u>14,272,785</u>
Total Liabilities	<u>15,375,373</u>	<u>4,413,429</u>	<u>19,788,802</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	523,351	-	523,351
Deferred Pension Inflows	2,953,494	496,867	3,450,361
Leases	1,301,625	-	1,301,625
Total Deferred Inflows of Resources	<u>4,778,470</u>	<u>496,867</u>	<u>5,275,337</u>
NET POSITION			
Net Investment in Capital Assets	84,182,612	8,468,375	92,650,987
Restricted for Debt Service	385,528	-	385,528
Unrestricted	4,676,499	13,405,727	18,082,226
Total Net Position	<u>\$ 89,244,639</u>	<u>\$ 21,874,102</u>	<u>\$ 111,118,741</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, 2022

	Water Operations and Capital	Sewer Operations and Capital	Total
OPERATING REVENUES			
Water Sales	\$ 24,382,568	\$ -	\$ 24,382,568
Water Services	898,079	-	898,079
Sewer Services	-	7,663,154	7,663,154
Other	188,396	21,899	210,295
Total Operating Revenues	<u>25,469,043</u>	<u>7,685,053</u>	<u>33,154,096</u>
OPERATING EXPENSES			
General and Administrative	3,912,362	861,199	4,773,561
Engineering	974,771	169,509	1,144,280
Production	7,505,919	-	7,505,919
Distribution	2,361,032	-	2,361,032
Wastewater Collection	-	4,458,492	4,458,492
Customer Service	3,705,542	-	3,705,542
Depreciation and Amortization	3,838,493	411,939	4,250,432
Total Operating Expenses	<u>22,298,119</u>	<u>5,901,139</u>	<u>28,199,258</u>
OPERATING INCOME	<u>3,170,924</u>	<u>1,783,914</u>	<u>4,954,838</u>
NONOPERATING REVENUES (EXPENSES)			
System Improvement and Replacement Fees	2,428,104	-	2,428,104
Property Taxes	508,956	-	508,956
Property Taxes - Debt Service	2	-	2
Rent Income	239,804	-	239,804
Interest Income	(114,669)	(141,921)	(256,590)
Interest Expense	(58,285)	(15)	(58,300)
Grants Received	445,362	82,662	528,024
Gain on Disposal of Capital Assets	37,234	-	37,234
Total Nonoperating Revenues (Expenses), Net	<u>3,486,508</u>	<u>(59,274)</u>	<u>3,427,234</u>
Income Before Transfers	6,657,432	1,724,640	8,382,072
Transfers In	113,553	-	113,553
Transfers Out	<u>-</u>	<u>(113,553)</u>	<u>(113,553)</u>
CHANGE IN NET POSITION	6,770,985	1,611,087	8,382,072
Net Position - Beginning of Year	<u>82,473,654</u>	<u>20,263,015</u>	<u>102,736,669</u>
NET POSITION - END OF YEAR	<u>\$ 89,244,639</u>	<u>\$ 21,874,102</u>	<u>\$ 111,118,741</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Water Operations and Capital	Sewer Operations and Capital	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Water and Sewer Customers	\$ 24,814,140	\$ 10,009,766	\$ 34,823,906
Cash Received from Other Operating Receipts	188,396	21,899	210,295
Cash Payments for Water Purchases	(9,340,345)	-	(9,340,345)
Cash Payments for Sewer Collection and Maintenance	-	(7,278,071)	(7,278,071)
Cash Payments for Services and Supplies	(2,630,352)	-	(2,630,352)
Cash Payments to Employees for Services	(8,092,835)	(955,695)	(9,048,530)
Cash Received from Rent	239,804	-	239,804
Net Cash Provided by Operating Activities	<u>5,178,808</u>	<u>1,797,899</u>	<u>6,976,707</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received	445,362	82,662	528,024
Property Taxes Received	508,958	-	508,958
Cash Paid to Other Funds	(90,114)	(46,927)	(137,041)
Net Cash Provided by Noncapital and Related Financing Activities	<u>864,206</u>	<u>35,735</u>	<u>899,941</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,723,417)	(1,826,172)	(4,549,589)
Unrestricted System Improvement and Replacement Receipts	2,428,104	-	2,428,104
Proceeds from Sale of Assets	67,012	-	67,012
Interest Payments on Long-Term Debt	(59,022)	(15)	(59,037)
Principal Payments on Long-Term Debt	(175,822)	-	(175,822)
Net Cash Used by Capital and Related Financing Activities	<u>(463,145)</u>	<u>(1,826,187)</u>	<u>(2,289,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	(164,138)	(160,347)	(324,485)
Net Cash Used by Investing Activities	<u>(164,138)</u>	<u>(160,347)</u>	<u>(324,485)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,415,731	(152,900)	5,262,831
Cash and Cash Equivalents - Beginning of Year	<u>3,528,002</u>	<u>17,014,368</u>	<u>20,542,370</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 8,943,733</u></u>	<u><u>\$ 16,861,468</u></u>	<u><u>\$ 25,805,201</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Water Operations and Capital	Sewer Operations and Capital	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 3,170,924	\$ 1,783,914	\$ 4,954,838
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	3,838,493	411,939	4,250,432
Rent income	239,804	-	239,804
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(652,514)	(137,615)	(790,129)
(Increase) Decrease in Deposits	(39,519)	(5,812)	(45,331)
(Increase) Decrease in Inventory	(64,724)	-	(64,724)
(Increase) Decrease in Due from Other Governments	99,463	-	99,463
(Increase) Decrease in Deferred Outflows on Pension	79,206	11,232	90,438
(Increase) Decrease in Deferred Outflows on OPEB	46,630	-	46,630
Increase (Decrease) in Accounts and Claims Payable	(2,049,770)	142,950	(1,906,820)
Increase (Decrease) in Customer Deposits	111,954	-	111,954
Increase (Decrease) in Due to Other Governments	-	(2,977,321)	(2,977,321)
Increase (Decrease) in Lease Liability	35,939	2,646	38,585
Increase (Decrease) in Total OPEB Liability	(31,825)	-	(31,825)
Increase (Decrease) in Deferred Revenue	(11,082)	2,503,527	2,492,445
Increase (Decrease) in Net Pension Liability	(2,324,377)	(382,804)	(2,707,181)
Increase (Decrease) in Compensated Absences	42,703	(3,109)	39,594
Increase (Decrease) in Deferred OPEB Inflows	24,988	-	24,988
Increase (Decrease) in Deferred Inflows on Pension	2,662,515	448,352	3,110,867
Total Adjustments	2,007,884	13,985	2,021,869
Net Cash Provided by Operating Activities	<u>\$ 5,178,808</u>	<u>\$ 1,797,899</u>	<u>\$ 6,976,707</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Change in Unrealized Gain (Loss) in Fair Value of Investments	<u>\$ 192,447</u>	<u>\$ 193,085</u>	<u>\$ 385,532</u>

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, 2022

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ASSETS		
Cash and Investments	\$ 2,305,209	\$ 7,906,582
Cash and Investments with Fiscal Agent	1,453,373	22
Accounts Receivable	21,823	-
Accrued Interest	5,035	10,250
Notes Receivable, Net of Allowance	-	1,021,108
Land Held for Resale	-	2,495,015
Capital Assets:		
Vehicles and Equipment, Net of Depreciation	-	4,794
Total Assets	<u>3,785,440</u>	<u>11,437,771</u>
LIABILITIES		
Accounts Payable	317,385	-
Accrued Interest	-	1,358,897
Long-Term Liabilities:		
Due in one year	-	5,685,000
Due in more than one year	-	97,925,708
Total Liabilities	<u>317,385</u>	<u>104,969,605</u>
DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Gain on Refunding	-	810,641
NET POSITION		
Held for other organizations	3,468,055	-
Held in trust for private purpose	-	(94,342,475)
Total Net Position	<u>\$ 3,468,055</u>	<u>\$ (94,342,475)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ADDITIONS		
Taxes	\$ 1,903,572	\$ 9,813,434
Investment and Rental	36,374	(59,294)
Other	262,543	-
Total Additions	<u>2,202,489</u>	<u>9,754,140</u>
DEDUCTIONS		
Development Services	-	103,425
Administrative	339,459	-
Principal Expense	565,000	
Interest and Fiscal Expense	<u>1,273,174</u>	<u>3,623,695</u>
Total Deductions	<u>2,177,633</u>	<u>3,727,120</u>
CHANGE IN NET POSITION	24,856	6,027,020
Total Net Position - Beginning of Period	<u>3,443,199</u>	<u>(100,369,495)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 3,468,055</u></u>	<u><u>\$ (94,342,475)</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS



**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 (U.S. 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, 2022

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, 2022, 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, 2022

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 nonmajor 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 nonmajor 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 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 **American Rescue Plan Act (ARPA) Special Revenue Fund** is used to account for funds received from ARPA due to the COVID-19 pandemic.

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **City Projects Capital Projects Fund** is used to account for funds designated for various capital projects, including the acquisition and construction of major capital facilities, throughout the City.

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, 2022

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, 2022

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. Adoption of New Accounting Standards

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

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.

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.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 remaining trade and tax receivables (without an allowance) at June 30, 2022, 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.

I. Land Held for Resale

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

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The City also records the value of the intangible right-to-use assets based on the underlying leased asset.

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. The right to use the intangible asset is amortized each year for the term of the contract. 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, 2022

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, 2022, 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, 2022

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 future periods 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 Outflows 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 retiree healthcare benefits 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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- 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.
- Deferred Inflows Related to Pensions for the net difference in projected and actual earnings. These amounts are amortized over five years.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows/Inflows of Resources (Continued)

- Deferred Inflow Related to Pensions – For the 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 Inflows 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 retiree healthcare benefits through the plans.
- Deferred Inflows Related to Leases – For leases in which the City is the lessor.

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 and payables that are 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

Fund balance reported on the fund statements consists of the following categories:

- The nonspendable fund balance category typically includes inventories, prepaid items, deposits for self-insurance 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, 2022

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 City has no committed fund balance.
- 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. The City has no assigned fund balance.
- 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.

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, 2022

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, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 103,903,063
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Restricted Assets:

Cash Held for Bond Reserves	6,604,276
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Statement of Net Position - Fiduciary Funds:

Current Assets:

Cash and Investments	10,211,791
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Cash and Investments with Fiscal Agent	1,453,395
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Total Cash and Investments	<u>\$ 122,172,525</u>
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Cash and investments as of June 30, 2022 consist of the following:

Cash on Hand	\$ 15,875
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Deposits with Financial Institutions	4,090,229
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Investments	118,066,421
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Total Cash and Investments	<u>\$ 122,172,525</u>
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**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 and Money Market Funds	N/A	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, 2022

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	\$ 114,008,750	\$ 114,008,750	\$ -	\$ -	\$ -
Held by Fiscal Agent:					
Money Market Funds	4,057,671	4,057,671	-	-	-
Total	<u>\$ 118,066,421</u>	<u>\$ 118,066,421</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	\$ 114,008,750	N/A	\$ -	\$ 114,008,750
Held by Fiscal Agent:				
Money Market Funds	4,057,671	AAA	4,057,671	-
Total	<u>\$ 118,066,421</u>		<u>\$ 4,057,671</u>	<u>\$ 114,008,750</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, 2022, 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, 2022**

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, 2022, 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 U.S. GAAP. 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, 2022

NOTE 3 NOTES RECEIVABLE

Notes receivable, totaling \$37,180,263 at June 30, 2022, 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 \$37,180,263 has been established.

Notes receivable at June 30, 2022, include the following:

	June 30, 2021	Additions	Deductions	June 30, 2022
A. KDF VAH I, L.P.	\$ 7,062,309	\$ 72,020	\$ -	\$ 7,134,329
B. KDF Hesperia, L.P.	6,667,779	126,833	-	6,794,612
C. KDF Hesperia II, L.P.	7,975,566	145,102	-	8,120,668
D. PDDC San Remo I Hesperia, L.P.	4,396,077	39,557	-	4,435,634
E. PDDC San Remo II Hesperia, L.P.	6,114,945	56,661	(108,722)	6,062,884
F. Eagle Hesperia 55, L.P.	4,213,892	76,639	-	4,290,531
G. Homebuyer Assistance Program	428,554	-	(86,949)	341,605
Totals	<u>\$ 36,859,122</u>	<u>\$ 516,812</u>	<u>\$ (195,671)</u>	<u>\$ 37,180,263</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 55 years: (1) a \$2.9 million loan bearing an interest rate of 1%; (2) a \$3.0 million bearing an interest rate of 1%; and (3) a \$0.4 million loan bearing an interest rate of 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. Accrued interest on the notes through June 30, 2022, is \$800,329. The balance of the loans outstanding at June 30, 2022, was \$7,134,329. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 55 years: (1) a \$1.3 million loan bearing an interest rate of 1%, and (2) a \$3.4 million loan bearing an interest rate of 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, 2022, is \$1,733,523. The balance of the loans outstanding at June 30, 2022, was \$6,794,612. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

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 55 years: (1) a \$2.0 million loan bearing an interest rate of 1%, and (2) a \$3.9 million bearing an interest rate of 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, 2022, is \$1,950,598. The balance of the loans outstanding at June 30, 2022, was \$8,120,668. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 55 years and shall bear interest at a rate of 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, 2022, is \$479,923. The balance of the loan outstanding at June 30, 2022, was \$4,435,634. Payments on the loan are based on a percentage of the Partnership's positive cash flow. Any unpaid balance is due and payable at the maturity date.

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 55 years and shall bear interest at a rate of 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, 2022, is \$445,625 and principal and interest payment received throughout entirety of loan is \$1,268,421. The balance of the loan outstanding at June 30, 2022, was \$6,062,884.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 NOTES RECEIVABLE (CONTINUED)

F. 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 55 years, with the option of extending the term up to 24 years; the option must be exercised between the 53rd year and 54th year. The loan shall bear interest at a rate of 2%. The agreement is secured by a deed of trust on the property. Accrued interest on the note through June 30, 2022, is \$458,556. The balance of the loan outstanding at June 30, 2022, was \$4,290,531. Any unpaid balance is due and payable at the maturity date.

G. 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 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. Principal payments received during the fiscal year ended June 30, 2022 total \$86,949. At June 30, 2022, four of the five loans are outstanding with total balance of \$341,605.

NOTE 4 LEASES

The City, acting as lessor, leases parcels of land for communications towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2031, provide for renewal options in five-year increments, and have interest rates ranging from 0.83%% to 2.38%. During the year ended June 30, 2022, the City recognized \$216,047 and \$29,449 in lease revenue and interest revenue, respectively, pursuant to these contracts. Leases receivable activity and balances are as follows:

	June 30, 2021		Additions		Deductions		June 30, 2022
Leases receivable	\$ -	\$	1,574,574	\$	(187,058)	\$	1,387,516
General Fund						\$	57,138
Water Operations and Capital Enterprise Fund							1,330,378
						\$	<u>1,387,516</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS

Depreciation expense was allocated as follows for the year ended June 30, 2022:

Governmental Activities:	
General Government	\$ 89,809
Public Safety	92,335
Development Services	<u>9,541,570</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 9,723,714</u></u>
Governmental Activities:	
General Government	<u>\$ 85,103</u>
Total Amortization Expense - Governmental Activities	<u><u>\$ 85,103</u></u>
Business-Type Activities:	
Water	\$ 3,838,493
Sewer	<u>411,939</u>
Total Depreciation and Amortization Expense - Business-Type Activities	<u><u>\$ 4,250,432</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 6,308,419	\$ -	\$ (5,717)	\$ 6,302,702
Water Rights	36,413,793	-	-	36,413,793
Construction in Progress	8,080,410	7,818,490	(1,560,771)	14,338,129
Total Capital Assets, not Being Depreciated	50,802,622	7,818,490	(1,566,488)	57,054,624
Capital Assets Being Depreciated:				
Land Improvements	6,135,439	-	-	6,135,439
Vehicles	3,345,241	239,767	(268,360)	3,316,648
Buildings and Improvements	48,629,724	71,592	-	48,701,316
Machinery and Equipment	5,519,422	368,233	(386,019)	5,501,636
Infrastructure	205,335,033	1,506,277	-	206,841,310
Total Capital Assets, Being Depreciated	268,964,859	2,185,869	(654,379)	270,496,349
Less Accumulated Depreciation for:				
Land Improvements	(1,869,804)	(146,983)	-	(2,016,787)
Vehicles	(2,673,576)	(119,698)	222,018	(2,571,256)
Buildings and Improvements	(3,968,343)	(984,934)	-	(4,953,277)
Machinery and Equipment	(4,205,243)	(241,731)	309,070	(4,137,904)
Infrastructure	(136,373,729)	(8,230,368)	-	(144,604,097)
Total Accumulated Depreciation	(149,090,695)	(9,723,714)	531,088	(158,283,321)
Total Capital Assets, Being Depreciated, Net	119,874,164	(7,537,845)	(123,291)	112,213,028
Leased Assets Being Depreciated:				
Right to Use Asset - Equipment	-	182,696	-	182,696
Accumulated Amortization	-	(85,103)	-	(85,103)
Total Leased Assets, Being Depreciated, Net	-	97,593	-	97,593
Governmental-Type Activities Capital Assets, Net	\$ 170,676,786	\$ 378,238	\$ (1,689,779)	\$ 169,365,245

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
Business-Type Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 3,266,308	\$ 1,624,821	\$ -	\$ 4,891,129
Water Rights	15,611,810	2,181,600	-	17,793,410
Construction in Progress	4,432,225	247,445	(4,464,809)	214,861
Total Capital Assets, not Being Depreciated	23,310,343	4,053,866	(4,464,809)	22,899,400
Capital Assets Being Depreciated:				
Land Improvements	534,168	-	-	534,168
Vehicles	2,302,610	205,522	(224,632)	2,283,500
Machinery and Equipment	5,617,660	219,118	(188,371)	5,648,407
Buildings and Improvements	4,509,810	-	-	4,509,810
Water Facilities	140,839,140	2,003,705	-	142,842,845
Sewer Facilities	7,272,408	2,461,104	-	9,733,512
Total Capital Assets, Being Depreciated	161,075,796	4,889,449	(413,003)	165,552,242
Less Accumulated Depreciation for:				
Land Improvements	(534,167)	-	-	(534,167)
Vehicles	(1,672,921)	(129,607)	207,594	(1,594,934)
Machinery and Equipment	(4,632,700)	(197,014)	175,631	(4,654,083)
Buildings and Improvements	(4,290,816)	(12,530)	-	(4,303,346)
Water Facilities	(70,211,578)	(3,568,232)	-	(73,779,810)
Sewer Facilities	(4,956,839)	(310,462)	-	(5,267,301)
Total Accumulated Depreciation	(86,299,021)	(4,217,845)	383,225	(90,133,641)
Total Capital Assets, Being Depreciated, Net	74,776,775	671,604	(29,778)	75,418,601
Leased Assets Being Depreciated:				
Right to Use Asset - Equipment	-	71,082	-	71,082
Accumulated Amortization	-	(32,587)	-	(32,587)
Total Leased Assets, Being Depreciated, Net	-	38,495	-	38,495
Business-Type Activities Capital Assets, Net	\$ 98,087,118	\$ 4,763,965	\$ (4,494,587)	\$ 98,356,496

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT

Following is a summary of the changes in principal balance of long-term debt for the year ended June 30, 2022:

	Principal Balance at June 30, 2021	Additions	Deductions	Principal Balance at June 30, 2022	Due Within One Year
Governmental Activities:					
Direct Borrowings:					
Loans	\$ 13,133,683	\$ -	\$ (1,876,241)	\$ 11,257,442	\$ 1,876,240
Other Debt:					
Revenue Bonds	32,480,000	-	(1,095,000)	31,385,000	1,155,000
Less Deferred Amounts:					
Bond Premiums	80,224	-	(3,746)	76,478	-
Bond Discounts	(215,775)	-	11,755	(204,020)	-
Total Revenue Bonds	32,344,449	-	(1,086,991)	31,257,458	1,155,000
Leases	-	182,697	(84,844)	97,853	30,371
Other Long-Term Liabilities:					
Compensated Absences	801,290	549,644	(527,973)	822,961	806,502
Claims Payable	562,705	231,289	(232,352)	561,642	218,938
Total Governmental Activity	46,842,127	963,630	(3,808,401)	43,997,356	4,087,051
Business-Type Activities:					
Direct Borrowings:					
Loans	5,881,331	-	(175,822)	5,705,509	177,581
Other Debt:					
Leases	-	71,082	(32,497)	38,585	18,134
Other Long-Term Liabilities:					
Compensated Absences	299,048	232,845	(193,251)	338,642	331,869
Claims Payable	443,982	(105,206)	(122,284)	216,492	46,615
Total Business-Type Activity	6,624,361	198,721	(523,854)	6,299,228	574,199
Entity-Wide Total	\$ 53,466,488	\$ 1,162,351	\$ (4,332,255)	\$ 50,296,584	\$ 4,661,250

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2022, is composed of the following:

	<u>Balance at June 30, 2022</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, 2022, a total of \$1,453,395 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 \$1,434,675 during fiscal year ended June 30, 2022.	\$ 21,350,000
<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 \$863,050 during fiscal year ended June 30, 2022, and a total of \$1,150,846 was held in reserve at year-end.	10,035,000

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2022, is composed of the following (continued):

	<u>Balance at June 30, 2022</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.	
	\$ 11,257,442
Leases	97,853
Compensated Absences	822,961
Claims Payable	<u>561,642</u>
Subtotal Governmental Long-Term Debt	44,124,898
Less: Net Deferred Amounts on Bonds	<u>(127,542)</u>
Total Governmental Long-Term Debt Before Current Portion	43,997,356
Less: Current Portion – Due Within One Year	<u>(4,087,051)</u>
Total Long-Term Portion of Governmental Debt	<u>\$ 39,910,305</u>

The business-type long-term debt as of June 30, 2022, is as follows:

	<u>Balance at June 30, 2022</u>
<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.	
	\$ 5,705,509
Leases	38,585
Compensated Absences	338,642
Claims Payable	<u>216,492</u>
Subtotal Business-Type Long-Term Debt	6,299,228
Less: Current Portion – Due Within One Year	<u>(574,199)</u>
Total Long-Term Portion of Business-Type Debt	<u>\$ 5,725,029</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

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

Governmental			
Fiscal Year			
Ending	Principal	Interest	Total
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	1,395,000	990,931	2,385,931
2028 - 2032	8,080,000	4,119,391	12,199,391
2033 - 2037	9,230,000	2,287,559	11,517,559
2038 - 2042	6,295,000	840,547	7,135,547
2043	1,400,000	25,375	1,425,375
Total	<u>\$ 31,385,000</u>	<u>\$ 12,651,562</u>	<u>\$ 44,036,562</u>

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

Governmental				Business-Type			
Fiscal Year				Fiscal Year			
Ending	Principal	Interest	Total	Ending	Principal	Interest	Total
2023	\$ 1,876,240	\$ 25,892	\$ 1,902,132	2023	\$ 177,581	\$ 57,055	\$ 234,636
2024	1,876,240	21,577	1,897,817	2024	179,357	55,279	234,636
2025	1,876,240	17,261	1,893,501	2025	181,150	53,486	234,636
2026	1,876,240	12,946	1,889,186	2026	182,962	51,674	234,636
2027	1,876,240	8,631	1,884,871	2027	184,791	49,845	234,636
2028 - 2032	1,876,242	4,315	1,880,557	2028 - 2032	952,047	221,132	1,173,179
2033 - 2037	-	-	-	2033 - 2037	1,000,611	172,568	1,173,179
2038 - 2042	-	-	-	2038 - 2042	1,051,652	121,257	1,172,909
2043 - 2047	-	-	-	2043 - 2047	1,105,297	67,882	1,173,179
2048 - 2051	-	-	-	2048 - 2051	690,061	13,847	703,908
Total	<u>\$ 11,257,442</u>	<u>\$ 90,622</u>	<u>\$ 11,348,064</u>	Total	<u>\$ 5,705,509</u>	<u>\$ 864,025</u>	<u>\$ 6,569,534</u>

Rate used for the Governmental loan payable was .23%, which is equal to quarterly LAIF rate for December 2021.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

Leases

The City leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027, do not contain renewal options, and have interest rates ranging from 0.30% to 3.497%.

Total future minimum lease payments under lease agreements are as follows:

Leases			
Fiscal Year			
Ending	Principal	Interest	Total
2023	\$ 48,505	\$ 3,411	\$ 51,916
2024	21,816	2,656	24,472
2025	22,592	1,881	24,473
2026	23,395	1,078	24,473
2027	20,130	265	20,395
Total	<u>\$ 136,438</u>	<u>\$ 9,291</u>	<u>\$ 145,729</u>

The lease liability is recorded as follows:

Lease Liability by Fund	
Water Fund	\$ 35,939
Sewer Fund	2,646
Subtotal - Business-Type Activities	<u>38,585</u>
Governmental Activities	97,853
	<u>\$ 136,438</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 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, 2022:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	\$ 3,415,592	City Projects Capital Projects Fund	\$ 2,248,481
		Other Governmental Funds	1,167,111
Other Governmental Funds	28,333	General Fund	28,333
Water Operations and Capital	92,468	General Fund	92,468
Sewer Operations and Capital	44,051	General Fund	15,000
		Water Operations and Capital	496
		Other Governmental Funds	28,555
Total Due from Other Funds	<u>\$ 3,580,444</u>	Total Due to Other Funds	<u>\$ 3,580,444</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, Water Operations Fund, and Sewer Operations Fund provided temporary cash advances to the General Fund, Water Operations Fund, and Other Governmental Funds to provide temporary funds to cover operating expenses.

B. Current Interfund Transfers

Transfers Out	Amount	Transfers in	Amount
General Fund	\$ 2,592,224	Other Governmental Funds	\$ 2,592,224
Development Impact Fees 2018 - City Hall Facilities	756,501	Other Governmental Funds	756,501
City Projects Capital Projects Fund	31,555	Other Governmental Funds	31,555
Sewer Operations and Capital	113,553	Water Operations and Capital	113,553
Other Governmental Funds	3,421,348	General Fund	200,000
		Development Impact Fees 2018 - City Hall Facilities	1,461
		City Projects Capital Projects Fund	45,222
		Other Governmental Funds	3,174,665
Total Transfers Out	<u>\$ 6,915,181</u>	Total Transfers In	<u>\$ 6,915,181</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 INTERFUND TRANSACTIONS (CONTINUED)

B. Current Interfund Transfers (Continued)

The transfer of \$2,592,224 between the General Fund and Other Government Funds consists of the following: (1) Transfer of \$1,438,675 to the 2012 Water Rights Acquisition Fund was for debt service of the 2012 Water Rights Acquisition bonds; (2) Transfer of \$110,549 to the 2013 Refunding of Lease Revenue Bonds was for debt service of the 2013 Refunding of Lease Revenue Bonds; (3) Transfer of \$1,043,000 to the Fire District to fund the CalPERS obligation of the Hesperia Fire Protection District.

The transfer of \$756,501 between the Development Impact Fees 2018-City Hall Facilities Special Revenue Fund and Other Governmental Funds (2013 Refunding of Lease Revenue Bonds) was for debt service of the 2013 Refunding of Lease Revenue Bonds.

The transfer of \$31,555 from the City Projects Capital Projects Fund to the Other Governmental Funds (Development Impact Fees – Storm Drain) for capital projects.

The transfer of \$113,553 between the Sewer and Water Operations Capital funds for capital projects.

The transfer of \$200,000 between the Other Governmental Funds (AB 3229 State COPS Program Fund) and General Fund to offset some of the cost for Deputy Sheriffs.

The transfer of \$1,461 between the Other Governmental Funds (Development Impact Fees – Public Services) and the Development Impact Fees 2018 – City Hall Facilities fund to move the residual balance of certain fees.

The transfer of \$45,222 between the Other Governmental Funds (Article 8) and the City Projects Capital Projects Fund for capital projects.

The transfer of \$2,859,565 between the Other Governmental Funds (Measure I Renewal Fund for \$2,011,000 and Gas Tax Fund for \$845,865) to the Other Governmental Fund (Streets Maintenance Fund) was for local street maintenance costs.

The transfer of \$315,100 between the Other Governmental Funds (Hesperia Housing Authority) and the Other Governmental Fund (Neighborhood Stabilization Program) for administrative costs and rental income.

C. Advances

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).

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 INTERFUND TRANSACTIONS (CONTINUED)

C. Advances (Continued)

To meet this requirement, in addition to funds loaned in previous years, the General Fund loaned \$470,000 to the DIF 2018 – City Hall Facilities fund during the fiscal year ended June 30, 2022. 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, 2022, had a rate of 0.75%. Through June 30, 2022, the DIF 2018 – City Hall Facilities fund has paid \$16,792 of interest to the General Fund. The total at June 30, 2022, is \$4,173,324.

NOTE 8 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 five years of services. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five 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, 2022

NOTE 8 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, 2022, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	Fire (1) Prior to January 1, 2013	On or After January 1, 2013
Hire Date			
Benefit Formula	2.7% <u>@55</u>	2% <u>@55</u>	2% <u>@62</u>
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 - 63+	52 - 67+
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.4% to 2.4%	1.0% to 2.5%
Required Employee Contribution Rates (1)	7.956%	0.000%	6.750%
Required Employer Contribution Rates: Normal Cost Rate	14.020%	0.000%	7.590%
	Safety		
Benefit Formula	2% <u>@50</u>		
Benefit Vesting Schedule	5 Years of Service		
Benefit Payments	Monthly for Life		
Retirement Age	50 - 55+		
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%		
Required Employee Contribution Rates (1)	0.000%		
Required Employer Contribution Rates: Normal Cost Rate	0.000%		
Payment of Unfunded Liability	\$	983,846	

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 \$3,222,939 and \$983,846 to the miscellaneous and safety plan, respectively.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

As of June 30, 2022, 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	\$ 9,735,358	\$ 3,685,806	\$ 136,931	\$ 13,558,095
Safety	-	-	5,821,507	5,821,507
Total Net Pension Liability	<u>\$ 9,735,358</u>	<u>\$ 3,685,806</u>	<u>\$ 5,958,438</u>	<u>\$ 19,379,602</u>

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, 2021, 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, 2020, rolled forward to June 30, 2021, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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

	Miscellaneous	Safety
Proportion - June 30, 2020	0.55941%	0.14243%
Proportion - June 30, 2021	0.71403%	0.16588%
Change - Increase (Decrease)	0.15462%	0.02345%

The City recognized pension expense of \$5,156,362 and \$862,470 for the fiscal year ended June 30, 2022, for miscellaneous and safety plans, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous - City		Miscellaneous - Water District		Miscellaneous - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 2,319,567	\$ -	\$ 879,472	\$ -	\$ 23,900	\$ -
Differences Between Actual and Expected Experience	1,091,718	-	413,323	-	15,355	-
Change in Employer's Proportion	46,597	(34,896)	242,836	-	-	(19,510)
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	(6,122)	(292,881)	-	(232,847)	6,122	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(8,498,452)	-	(3,217,514)	-	(119,534)
Total	<u>\$ 3,451,760</u>	<u>\$ (8,826,229)</u>	<u>\$ 1,535,631</u>	<u>\$ (3,450,361)</u>	<u>\$ 45,377</u>	<u>\$ (139,044)</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

	Total (Miscellaneous)		Safety - Fire		Total (Miscellaneous and Safety)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,222,939	\$ -	\$ 983,846	\$ -	\$ 4,206,785	\$ -
Differences Between Actual and Expected Experience	1,520,396	-	994,599	-	2,514,995	-
Change in Employer's Proportion	289,433	(54,406)	-	(254,389)	289,433	(308,795)
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(525,728)	-	(552,583)	-	(1,078,311)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(11,835,500)	-	(3,464,916)	-	(15,300,416)
Total	\$ 5,032,768	\$ (12,415,634)	\$ 1,978,445	\$ (4,271,888)	\$ 7,011,213	\$ (16,687,522)

\$4,206,785 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, 2023. 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				Safety - Fire
	City	Water District	Fire District	Total	
2023	\$ (1,629,079)	\$ (573,806)	\$ (27,595)	\$ (2,230,480)	\$ (746,875)
2024	(1,755,976)	(619,692)	(28,231)	(2,403,899)	(759,295)
2025	(1,960,447)	(711,550)	(28,708)	(2,700,705)	(817,624)
2026	(2,348,534)	(889,154)	(33,033)	(3,270,721)	(953,495)
2027	-	-	-	-	-
Thereafter	-	-	-	-	-

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Actuarial Assumptions

The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
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, 2.50% thereafter.

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

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 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)
Public 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 ACFR, 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, 2022**

NOTE 8 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	\$ 18,861,257	\$ 7,275,170	\$ 214,164	\$ 10,222,508
Current Discount Rate	7.15%	7.15%	7.15%	7.15%
Net Pension Liability	\$ 9,735,358	\$ 3,685,806	\$ 136,931	\$ 5,821,507
1% Increase	8.15%	8.15%	8.15%	8.15%
Net Pension Liability	\$ 2,191,107	\$ 718,530	\$ 73,083	\$ 2,206,629

Pension Plan Fiduciary Net Position

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

Subsequent Event for Pension Plan

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

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Subsequent Event for Pension Plan (Continued)

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

C. Payables to the Pension Plan

At June 30, 2022, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 9 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, 2021, 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	49
Inactive Employees Entitled to but Not Yet	
Receiving Benefits	64
Active Employees	154
Total	<u><u>267</u></u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Benefit Payments

Benefit payment requirements are established by City policy and may be amended by the City Council. For the year ended June 30, 2022, the City made \$79,891 contributions in the form of premium payments, \$86,091 in implicit subsidy benefit payments and administrative expense of \$821 for a total benefits paid of \$166,803.

Total OPEB Liability

The City's OPEB liability of \$6,982,356 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021, 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, 2021
Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.16%
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 2.16%.

Change in Assumption

Discount rate was changed from 2.21 % to 2.16%.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Changes in Total OPEB Liability

The change in total OPEB liability are as follows:

Balance at June 30, 2020 (Measurement Date)	\$ 6,460,026
Changes in the Year:	
Service Cost	468,717
Interest on the Total OPEB Liability	151,372
Changes in Assumptions	60,943
Benefit Payments	<u>(158,702)</u>
Net Changes	<u>522,330</u>
Balance at June 30, 2021 (Measurement Date)	<u><u>\$ 6,982,356</u></u>

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 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 8,383,098	\$ 6,982,356	\$ 5,897,068

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 one percentage point lower or one 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	\$ 5,675,642	\$ 6,982,356	\$ 8,734,407

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$451,796. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Benefits Paid Subsequent to Measurement Date	\$ 166,803	\$ -
Differences Between Actual and Expected Experience	-	(598,009)
Change in Proportion	322,215	(322,215)
Change in Assumptions	1,172,760	(715,989)
Total	<u>\$ 1,661,778</u>	<u>\$ (1,636,213)</u>

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

\$166,803 reported as deferred outflows of resources resulting from City's contributions subsequent to measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023. 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
2023	\$ (169,056)
2024	(169,056)
2025	(169,056)
2026	(76,915)
2027	171,753
Thereafter	271,092
Total	<u>\$ (141,238)</u>

NOTE 10 FUND DISCLOSURE

Development Impact Fees 2018 – City Hall Facilities has a year ending negative fund balance of \$3,379,499, 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 \$95,641, which will be eliminated during FY 21-22. The City Projects Capital Projects Fund has a deficit of \$3,719,988 at year-end from projects that will be reimbursed when completed. The American Rescue Plan Act (ARPA) Special Revenue Fund has a year ending deficit of \$108,133, that will be funded with future grant revenues.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 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.

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 Public Risk Innovation Solutions and Management (PRISM) 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 PRISM CSAC Excess Insurance Authority (CSAC-EIA) by PERMA on behalf of the City.

Property

The City is self-insured for the first \$10,000 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 Alliant Property Insurance Programs.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 SELF-INSURANCE RISK POOL (CONTINUED)

Auto Physical Damage

The City is self-insured for the first \$5,000 for each occurrence for all vehicles and the difference between the City's \$5,000 self-insurance retention and the lesser of \$100,000 or the insurable value is covered by Hanover Insurance Co.

Special Events

The City is insured up to \$500,000 for each occurrence covered by Alliant Insurance Services, Inc.

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 Howden Insurance Broker Limited.

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 Alliant Insurance Services, Inc..

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, 2022 and 2021, is as follows:

	Year Ended June 30, 2021	Year Ended June 30, 2022
Unpaid Claims, Beginning of Fiscal Year	\$ 3,422,838	\$ 1,006,687
Incurred Claims and changes in estimated claims liabilities	(2,006,786)	126,083
Claim Payments	(409,365)	(354,636)
Unpaid Claims, End of Fiscal Year	<u>\$ 1,006,687</u>	<u>\$ 778,134</u>

The unpaid claims above are a component of long-term debt (Note 5).

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS

Victor Valley Wastewater Reclamation Authority

The City is a member of the Victor Valley Wastewater Reclamation Authority (VWRA), 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 VWRA is made up of representatives from each significant participant in VWRA. Budgeting and financing are the responsibility of VWRA. The audited financial statements of VWRA can be obtained by request from P.O. Box 1481, Victorville, CA 92393.

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 and 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.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 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, 2022, the reserve funds equal \$1,429,425. At June 30, 2022, principal amount due on the bonds is \$14,865,000.

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.

Assessment District 20-02 (Tapestry Phase I)

On May 24, 2022, the City for and on behalf of Assessment District No. 20-02 (Tapestry Phase I) issued the Statewide Community Infrastructure Program Revenue Bonds, Series 2022 for \$8,345,000. The bonds were issued for the purpose of financing the Ranchero Road improvements and providing a reserve. 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 5.900%, with maturities through 2052 ranging from \$120,000 to \$565,000. 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, 2022, the reserve funds equal \$600,488. At June 30, 2022, principal amount due on the bonds is \$8,345,000.

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.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 13 SPECIAL ASSESSMENT BONDS WITHOUT GOVERNMENT COMMITMENT
(CONTINUED)**

Assessment District 21-03 (Topaz)

On August 25, 2021, the City for and on behalf of Assessment District No. 21-03 (Topaz) issued the Statewide Community Infrastructure Program Revenue Bonds, Series 2022 for \$1,028,000. The bonds were issued for the purpose of financing the Topaz development project Ranchero Road improvements and providing a reserve. 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 4.000%, with maturities through 2051 ranging from \$19,000 to \$491,000. 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. The District is one of numerous entities included in this \$21,255,000 debt issuance. All entities are responsible for the reserve requirement. At June 30, 2022, principal amount due on the bonds is \$1,028,000.

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 14 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	\$ 59,962,058
Less: Costs Incurred in 2021-22	<u>(8,074,963)</u>
Remaining Contractual Obligations	<u><u>\$ 51,887,095</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 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 \$2,138,847 for half the construction costs of the Civic Park Plaza. Through June 30, 2022, the amount owed has been reduced by \$1,17,739 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, 2022:

	Principal Balance at June 30, 2021	Additions	Deductions	Principal Balance at June 30, 2022	Due Within One Year
Other Debt:					
2018 Series A	\$ 70,640,000	\$ -	\$ -	\$ 70,640,000	\$ -
Premium	8,662,818	-	(537,236)	8,125,582	-
2018 Series B	30,585,000	-	(5,520,000)	25,065,000	5,685,000
Discount	(289,309)	69,435	-	(219,874)	-
Total	<u>\$ 109,598,509</u>	<u>\$ 69,435</u>	<u>\$ (6,057,236)</u>	<u>\$ 103,610,708</u>	<u>\$ 5,685,000</u>

2018 Tax Allocation Bonds Series A and 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 have a reserve requirement of \$9,799,44 and is satisfied by a reserve policy with a statement amount of \$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 fiscal year ending 2038. Principal and interest payments outstanding at June 30, 2022, amounted to \$131,118,056. Annual debt service payments on the bonds and the related administration are expected to require 100% of the RPTTF funds. For the year ended June 30, 2022, total tax increment received by the Successor Agency was \$9,813,434 and debt service requirements for the year ended June 30, 2022 was \$9,713,182.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED)

2018 Tax Allocation Bonds Series A and 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
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	2,725,000	3,235,944	5,960,944
2028 - 2032	28,965,000	12,280,719	41,245,719
2033 - 2037	32,085,000	4,752,406	36,837,406
2038	6,865,000	115,847	6,980,847
Total	<u>\$ 70,640,000</u>	<u>\$ 33,601,192</u>	<u>\$ 104,241,192</u>

2018 Tax Allocation Refunding Bonds Series B			
Fiscal Year Ending	Principal	Interest	Total
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>\$ 25,065,000</u>	<u>\$ 1,811,864</u>	<u>\$ 26,876,864</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 RESTATEMENT

	General Fund	Other Governmental Funds
Fund Balance, July 1, 2021, as Previously Reported	\$ 20,480,168	\$ 68,141,588
Restatement to record the deposit for self-insurance in the fund financial statements instead of an adjustment for the government-wide financial statements.	1,602,908	-
Restatement to remove prior expensing of land that should be recorded as a land held for resale asset.	-	540,000
Fund Balance, July 1, 2021, as Restated	<u>\$ 22,083,076</u>	<u>\$ 68,681,588</u>
	Governmental Activities	
Net Position, July 1, 2021, as Previously Reported	\$ 184,580,037	
Restatement to remove prior expensing of land that should be recorded as a land held for resale asset.	540,000	
Net Position, July 1, 2021, as Restated	<u>\$ 185,120,037</u>	

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REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE - BEGINNING OF YEAR	\$ 22,083,076	\$ 22,083,076	\$ 22,083,076	\$ -
RESOURCES (INFLOWS)				
Taxes	19,349,341	19,349,341	23,814,083	4,464,742
Licenses and Permits	289,140	289,140	289,932	792
Fines and Forfeitures	911,800	911,800	1,488,889	577,089
Use of Money and Property	54,555	54,555	(152,077)	(206,632)
Intergovernmental	12,885,437	12,885,437	13,165,905	280,468
Charges for Services	3,127,943	3,378,515	5,979,828	2,601,313
Grants	86,330	69,899	102,336	32,437
Other Revenues	2,537,884	2,537,884	2,554,671	16,787
Transfers from Other Funds	200,000	200,000	200,000	-
Insurance Proceeds	-	-	30,636	30,636
Issuance of Lease	-	-	178,588	178,588
Amount Available for Appropriations	39,442,430	39,676,571	47,652,791	7,976,220
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
General Government:				
City Council	796,307	796,307	1,102,159	(305,852)
City Manager	3,156,642	3,156,744	3,059,619	97,125
Management Services	5,077,613	5,052,613	6,012,945	(960,332)
Public Safety - Police	19,101,558	19,101,152	18,682,407	418,745
Development Services	7,769,948	7,955,346	8,080,695	(125,349)
Debt Service:				
Interest	-	-	84,719	(84,719)
Principal	-	-	622	(622)
Capital Outlay:				
Buildings and Improvements	-	76,028	71,592	4,436
Equipment and Vehicles	295,770	331,436	423,740	(92,304)
Leases	-	-	178,588	(178,588)
Transfers to Other Funds	3,462,224	7,462,224	2,592,224	4,870,000
Total Charges to Appropriations	39,660,062	43,931,850	40,289,310	3,642,540
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	(217,632)	(4,255,279)	7,363,481	11,618,760
FUND BALANCE - END OF YEAR	\$ 21,865,444	\$ 17,827,797	\$ 29,446,557	\$ 11,618,760

See accompanying Notes to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
AMERICAN RESCUE PLAN ACT (ARPA)
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Use of Money and Property	\$ -	\$ -	\$ (108,133)	\$ (108,133)
Intergovernmental		(11,701,844)	-	11,701,844
Total Revenues	-	(11,701,844)	(108,133)	11,593,711
NET CHANGE IN FUND BALANCE	-	(11,701,844)	(108,133)	11,593,711
FUND BALANCE - END OF YEAR	\$ -	\$ (11,701,844)	\$ (108,133)	\$ 11,593,711

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, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE - BEGINNING OF YEAR	\$ (3,674,754)	\$ (3,674,754)	\$ (3,674,754)	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	1,076	1,076	(10,130)	(11,206)
Charges for Services	1,040,677	1,040,677	1,077,215	36,538
Transfers from Other Funds	870,000	870,000	1,461	(868,539)
Amount Available for Appropriations	1,911,753	1,911,753	1,068,546	(843,207)
EXPENDITURES				
Debt Service:				
Interest	85,000	85,000	16,790	68,210
Transfers to Other Funds	756,501	1,156,501	756,501	400,000
Total Charges to Appropriations	841,501	1,241,501	773,291	468,210
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	1,070,252	670,252	295,255	(374,997)
FUND BALANCE - END OF YEAR	\$ (2,604,502)	\$ (3,004,502)	\$ (3,379,499)	\$ (374,997)

See accompanying Notes to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - MISCELLANEOUS
LAST 10 FISCAL YEARS**

Fiscal Year-End	2022	2021	2020	2019
Contractually Required Contribution (Actuarial Determined)	\$ 3,222,939	\$ 2,889,664	\$ 2,705,456	\$ 2,388,602
Contributions in Relation to the Contractually Required Contribution	(3,222,939)	(2,889,664)	(2,705,456)	(2,388,602)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll ²	\$ 11,139,996	\$ 10,022,379	\$ 11,478,590	\$ 11,080,687
Contributions as a Percentage of Covered Payroll ²	28.93%	28.83%	23.57%	21.56%

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	\$ 2,319,567	\$ 2,061,293	\$ 2,023,150	\$ 1,799,266
Fire	23,900	23,253	21,006	20,748
Water and Sewer	879,472	805,118	661,300	568,588
Total	\$ 3,222,939	\$ 2,889,664	\$ 2,705,456	\$ 2,388,602

Contributions in Relation to the Contractually Required Contribution

City	\$ (2,319,567)	\$ (2,061,293)	\$ (2,023,150)	\$ (1,799,266)
Fire	(23,900)	(23,253)	(21,006)	(20,748)
Water and Sewer	(879,472)	(805,118)	(661,300)	(568,588)
Total	\$ (3,222,939)	\$ (2,889,664)	\$ (2,705,456)	\$ (2,388,602)

Covered Payroll²

City	\$ 7,823,659	\$ 6,862,047	\$ 8,164,228	\$ 7,966,756
Fire	-	-	-	-
Water and Sewer	3,316,337	3,160,332	3,314,362	3,113,931
Total	\$ 11,139,996	\$ 10,022,379	\$ 11,478,590	\$ 11,080,687

Contributions as a Percentage of Covered Payroll²

City	2.41%	3.35%	3.62%	3.30%
Fire	0.00%	0.00%	0.00%	0.00%
Water and Sewer	26.52%	25.48%	19.95%	18.26%
Total	28.93%	28.83%	23.57%	21.56%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016
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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	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.00% (3)	7.00% (3)	7.15% (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 eight years are shown.

See accompanying Notes to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN – MISCELLANEOUS (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year-End	2018	2017	2016	2015¹
Contractually Required Contribution (Actuarial Determined)	\$ 2,034,131	\$ 1,972,969	\$ 1,849,543	\$ 1,879,384
Contributions in Relation to the Contractually Required Contribution	(2,668,659)	(2,323,999)	(2,141,473)	(2,113,264)
Contribution Deficiency (Excess)	<u>\$ (634,528)</u>	<u>\$ (351,030)</u>	<u>\$ (291,930)</u>	<u>\$ (233,880)</u>
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	17,023	13,160	12,044	11,216
Water and Sewer	486,669	458,173	413,694	407,848
Total	<u>\$ 2,034,131</u>	<u>\$ 1,972,969</u>	<u>\$ 1,849,543</u>	<u>\$ 1,879,384</u>

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 and Sewer	(486,669)	(458,173)	(413,694)	(407,848)
Total	<u>\$ (2,668,659)</u>	<u>\$ (2,323,999)</u>	<u>\$ (2,141,473)</u>	<u>\$ (2,113,264)</u>

Covered Payroll²

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

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 and Sewer	15.85%	15.68%	14.48%	14.13%
Total	<u>24.90%</u>	<u>22.40%</u>	<u>20.86%</u>	<u>20.01%</u>

Notes to Schedule:

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

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
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 eight 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 - MISCELLANEOUS
LAST TEN MEASUREMENT PERIODS

Measurement Period Fiscal Year-End	<u>June 30, 2021</u> <u>June 30, 2022</u>	<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)	0.71%	0.56%	0.55%	0.54%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 13,558,095	\$ 23,596,414	\$ 21,906,224	\$ 20,228,817
City's Covered Payroll ²	\$ 10,022,379	\$ 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	135.28%	205.57%	197.70%	188.78%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	90.49%	77.71%	77.73%	77.69%
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.				
Fiscal Year-End	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability/(Asset)				
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City	0.51%	0.40%	0.40%	0.39%
Fire	0.01%	0.00%	0.01%	0.01%
Water and Sewer	0.19%	0.15%	0.14%	0.14%
Total	0.71%	0.56%	0.55%	0.54%
City's Proportionate Share of the Net Pension Liability/(Asset)				
City	\$ 9,735,358	\$ 17,003,541	\$ 15,902,106	\$ 14,804,711
Fire	136,931	199,886	201,457	196,972
Water and Sewer	3,685,806	6,392,987	5,802,661	5,227,134
Total	\$ 13,558,095	\$ 23,596,414	\$ 21,906,224	\$ 20,228,817
City's Covered-Employee Payroll²				
City	\$ 6,862,047	\$ 8,164,228	\$ 7,966,756	\$ 7,644,473
Fire	-	-	-	-
Water and Sewer	3,160,332	3,314,362	3,113,931	3,070,918
Total	\$ 10,022,379	\$ 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	18.65%	12.68%	11.35%	18.57%
Fire	0.00%	0.00%	0.00%	0.00%
Water and Sewer	116.63%	192.89%	186.35%	170.21%
Total	135.28%	205.57%	197.70%	188.78%
Totals for CalPERS Miscellaneous Cost Sharing Plan				
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Miscellaneous Total Pension Liability	\$ 19,964,594,105	\$ 18,920,437,526	\$ 17,984,188,264	\$ 16,891,153,209
Miscellaneous Fiduciary Net Position	18,065,791,524	14,702,361,183	13,979,687,268	13,122,440,092
Miscellaneous Net Pension Liability	1,898,802,581	4,218,076,343	4,004,500,996	3,768,713,117

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN – MISCELLANEOUS (CONTINUED)
LAST TEN MEASUREMENT PERIODS

Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Fiscal Year-End	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability/(Asset)	0.53%	0.52%	0.53%	0.49%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 20,776,324	\$ 18,027,190	\$ 14,616,628	\$ 12,033,610
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	200.21%	175.63%	138.43%	110.42%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	75.39%	75.87%	79.89%	81.15%

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.

Fiscal Year-End	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	0.39%	0.38%	0.40%	0.38%
Fire	0.01%	0.01%	0.01%	0.01%
Water and Sewer	0.13%	0.13%	0.12%	0.10%
Total	0.53%	0.52%	0.53%	0.49%

City's Proportionate Share of the Net Pension Liability/(Asset)				
City	\$ 15,286,280	\$ 13,359,519	\$ 11,061,479	\$ 9,365,868
Fire	204,946	186,324	161,400	136,344
Water and Sewer	5,285,098	4,481,347	3,393,749	2,531,398
Total	\$ 20,776,324	\$ 18,027,190	\$ 14,616,628	\$ 12,033,610

City's Covered-Employee Payroll²				
City	\$ 7,455,214	\$ 7,408,225	\$ 7,672,349	\$ 7,950,880
Fire	-	-	-	-
Water and Sewer	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	19.34%	18.73%	20.85%	24.53%
Fire	0.00%	0.00%	0.00%	0.00%
Water and Sewer	180.87%	156.90%	117.58%	85.90%
Total	200.21%	175.63%	138.43%	110.42%

Totals for CalPERS Miscellaneous Cost Sharing Plan				
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Miscellaneous Total Pension Liability	\$ 16,016,547,402	\$ 14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
Miscellaneous Fiduciary Net Position	12,074,499,781	10,923,476,287	10,896,036,068	10,639,461,174
Miscellaneous Net Pension Liability	3,942,047,621	3,473,877,243	2,743,467,016	2,471,487,278

See accompanying Notes to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - SAFETY
LAST TEN FISCAL YEARS**

Fiscal Year-End	2022	2021	2020	2019
Contractually Required Contribution (Actuarial Determined)	\$ 983,846	\$ 952,741	\$ 853,504	\$ 777,035
Contributions in Relation to the Contractually Required Contribution	(983,846)	(952,741)	(853,504)	(777,035)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll ²	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Payroll ²	n/a	n/a	n/a	n/a

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 Plan was previously closed and, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016
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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	Fair Value
Inflation	2.50%	2.50%	2.50%	2.50%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.00% (3)	7.15% (3)	7.15% (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 eight 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 - SAFETY
LAST TEN MEASUREMENT PERIODS

Fiscal Year-End	2018	2017	2016	2015¹
Contractually Required Contribution (Actuarial Determined)	\$ 634,528	\$ 351,030	\$ 291,930	\$ 233,880
Contributions in Relation to the Contractually Required Contribution	(634,528)	(351,030)	(291,930)	(233,880)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll ²	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Payroll ²	n/a	n/a	n/a	n/a

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 Plan was previously closed and, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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 eight 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 - SAFETY
LAST TEN MEASUREMENT PERIODS

Measurement Period	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Fiscal Year-End	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability/(Asset)	0.17%	0.14%	0.15%	0.15%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,821,507	\$ 9,489,179	\$ 9,099,019	\$ 8,769,919
City's Covered Payroll ²	n/a	n/a	n/a	n/a
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	n/a	n/a	n/a	n/a
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	86.61%	73.12%	73.37%	73.39%

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

²The Plan was previously closed and, therefore, there is no covered payroll.

Fiscal Year-End	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability/(Asset)				
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Fire	<u>0.17%</u>	<u>0.14%</u>	<u>0.15%</u>	<u>0.15%</u>
City's Proportionate Share of the Net Pension Liability/(Asset)				
Fire	<u>\$ 5,821,507</u>	<u>\$ 9,489,179</u>	<u>\$ 9,099,019</u>	<u>\$ 8,769,919</u>
Totals for CalPERS Safety Cost Sharing Plan				
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Safety Total Pension Liability	\$ 26,210,348,159	\$ 24,782,493,361	\$ 23,442,265,225	\$ 22,053,702,155
Safety Fiduciary Net Position	22,700,862,352	18,120,140,152	17,199,726,799	16,186,149,467
Safety Net Pension Liability	3,509,485,807	6,662,353,209	6,242,538,426	5,867,552,688

See accompanying Notes to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN – SAFETY (CONTINUED)
LAST TEN MEASUREMENT PERIODS

Measurement Period	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Fiscal Year-End	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
City's Proportion of the Net Pension Liability/(Asset)	0.15%	0.15%	0.15%	0.13%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,710,094	\$ 7,711,540	\$ 6,084,632	\$ 4,864,517
City's Covered Payroll ²	n/a	n/a	n/a	n/a
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	n/a	n/a	n/a	n/a
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	71.74%	72.69%	77.27%	78.83%

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

²The Plan was previously closed and, therefore, there is no covered payroll.

Fiscal Year-End	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability/(Asset)				
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Fire	<u>0.15%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>0.13%</u>
City's Proportionate Share of the Net Pension Liability/(Asset)				
Fire	<u>\$ 8,710,094</u>	<u>\$ 7,711,540</u>	<u>\$ 6,084,632</u>	<u>\$ 4,864,517</u>
Totals for CalPERS Safety Cost Sharing Plan				
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Safety Total Pension Liability	\$ 21,144,800,930	\$ 18,961,274,094	\$ 18,131,714,318	\$ 17,719,018,179
Safety Fiduciary Net Position	15,169,595,595	13,782,056,004	14,011,269,803	13,968,041,341
Safety Net Pension Liability	5,975,205,335	5,179,218,090	4,120,444,515	3,750,976,838

See accompanying Notes to Required Supplementary Information.

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

Fiscal Year-End	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2021</u>	<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	\$ 468,717	\$ 322,876	\$ 288,411	\$ 460,080	\$ 525,744
Interest on Total OPEB Liability	151,372	178,984	173,575	218,560	180,260
Changes in Assumptions	60,943	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	(158,702)	(147,004)	(133,972)	(141,079)	(105,112)
Net Change in Total OPEB Liability	522,330	1,595,583	600,750	(1,451,782)	(136,234)
Total OPEB Liability - Beginning of Year	6,460,026	4,864,443	4,263,693	5,715,475	5,851,709
Total OPEB Liability - End of Year (a)	<u>\$ 6,982,356</u>	<u>\$ 6,460,026</u>	<u>\$ 4,864,443</u>	<u>\$ 4,263,693</u>	<u>\$ 5,715,475</u>
Covered-Employee Payroll	\$ 10,022,379	\$ 11,478,590	\$ 11,080,687	\$ 10,715,391	\$ 10,377,283
Net OPEB Liability as Percentage of Covered-Employee Payroll	69.67%	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%

From Fiscal Year 2021 to 2022:

Discount rate was changed from 2.21% to 2.16%

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

See accompanying Notes to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

The City adopts budgets for the general, special revenue, debt service, and capital projects funds on a basis consistent with accounting principles generally accepted in the United States of America each year. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The exception is the Community Development Commission Special Revenue Fund (Other Governmental) that did not have a legally adopted budget. 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.

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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.

SB 1383 Local Assistance Grant – To account for the City's SB 1383 funding to reduce organic waste.

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.

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
ASSETS					
Cash and Cash Equivalents	\$ 3,079,675	\$ 7,579,526	\$ 1,135,165	\$ 942,161	\$ 2,239,328
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	5,228	13,397	1,620	1,527	3,965
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	1,070,999	290,464	127,081	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 3,084,903</u>	<u>\$ 8,663,922</u>	<u>\$ 1,427,249</u>	<u>\$ 1,070,769</u>	<u>\$ 2,243,293</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ 187,110	\$ -	\$ -	\$ 1,147
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	28,555	-	-	-
Total Liabilities	<u>-</u>	<u>215,665</u>	<u>-</u>	<u>-</u>	<u>1,147</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	8,448,257	1,427,249	1,070,769	2,242,146
Air Quality	-	-	-	-	-
Public Safety	3,084,903	-	-	-	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>3,084,903</u>	<u>8,448,257</u>	<u>1,427,249</u>	<u>1,070,769</u>	<u>2,242,146</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,084,903</u>	<u>\$ 8,663,922</u>	<u>\$ 1,427,249</u>	<u>\$ 1,070,769</u>	<u>\$ 2,243,293</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	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	\$ 2,443,031	\$ -	\$ 365,847	\$ 147,960	\$ 23,638
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	3,973	5,332	639	288	41
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	348,785	535,808	-	-	-
Due from Other Funds	-	2,285	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 2,795,789</u>	<u>\$ 543,425</u>	<u>\$ 366,486</u>	<u>\$ 148,248</u>	<u>\$ 23,679</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ 72,628	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	566,438	-	-	-
Total Liabilities	<u>-</u>	<u>639,066</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	2,795,789	-	366,486	-	-
Air Quality	-	-	-	-	23,679
Public Safety	-	-	-	148,248	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	(95,641)	-	-	-
Total Fund Balances	<u>2,795,789</u>	<u>(95,641)</u>	<u>366,486</u>	<u>148,248</u>	<u>23,679</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,795,789</u>	<u>\$ 543,425</u>	<u>\$ 366,486</u>	<u>\$ 148,248</u>	<u>\$ 23,679</u>

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
ASSETS					
Cash and Cash Equivalents	\$ 595,400	\$ 43,664	\$ 239,282	\$ 3,191,603	\$ 349,389
Restricted Investments	-	-	-	-	-
Accounts Receivable	104	-	2,296	-	-
Accrued Interest	1,169	76	404	-	609
Notes Receivable	-	-	-	-	14,257,945
Allowance for Notes Receivable	-	-	-	-	(14,257,945)
Due from Other Governmental Agencies	41	-	39	-	-
Due from Other Funds	25,942	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	<u>\$ 622,656</u>	<u>\$ 43,740</u>	<u>\$ 242,021</u>	<u>\$ 3,191,603</u>	<u>\$ 349,998</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 168,445	\$ -	\$ 3,515	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>168,445</u>	<u>-</u>	<u>3,515</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	454,211	-	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	43,740	-	-	-
Economic Development	-	-	-	3,191,603	349,998
Other Purposes	-	-	238,506	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>454,211</u>	<u>43,740</u>	<u>238,506</u>	<u>3,191,603</u>	<u>349,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 622,656</u>	<u>\$ 43,740</u>	<u>\$ 242,021</u>	<u>\$ 3,191,603</u>	<u>\$ 349,998</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	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	\$ 1,052,120	\$ 3,066,728	\$ 1,426,122	\$ 285	\$ -
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	1,839	5,211	2,491	1	2
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	7,144,000	-	-	-	-
Total Assets	<u>\$ 8,197,959</u>	<u>\$ 3,071,939</u>	<u>\$ 1,428,613</u>	<u>\$ 286</u>	<u>\$ 2</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 2,721	\$ 17,461	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>2,721</u>	<u>17,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	8,195,238	3,054,478	-	-	2
Air Quality	-	-	-	-	-
Public Safety	-	-	1,428,613	286	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>8,195,238</u>	<u>3,054,478</u>	<u>1,428,613</u>	<u>286</u>	<u>2</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,197,959</u>	<u>\$ 3,071,939</u>	<u>\$ 1,428,613</u>	<u>\$ 286</u>	<u>\$ 2</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	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	\$ 8,821,431	\$ 1,481,863	\$ 1,596,060	\$ 205,203	\$ 69,316
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	15,745	2,553	2,764	350	120
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 8,837,176	\$ 1,484,416	\$ 1,598,824	\$ 205,553	\$ 69,436
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 456,048	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	456,048	-	-	-	-
Deferred Inflows of Resources:					
Unavailable Revenues	-	-	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	8,381,128	1,484,416	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	-	1,598,824	205,553	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	69,436
Unassigned	-	-	-	-	-
Total Fund Balances	8,381,128	1,484,416	1,598,824	205,553	69,436
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,837,176	\$ 1,484,416	\$ 1,598,824	\$ 205,553	\$ 69,436

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	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	\$ 20,306	\$ 57,855	\$ 3,291,156	\$ 1,800,412	\$ -
Restricted Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	35	71	6,044	3,214	-
Notes Receivable	-	-	22,922,318	-	-
Allowance for Notes Receivable	-	-	(22,922,318)	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	106	-	-
Land Held for Resale	-	-	6,870,000	-	11,566,464
Total Assets	<u>\$ 20,341</u>	<u>\$ 57,926</u>	<u>\$ 10,167,306</u>	<u>\$ 1,803,626</u>	<u>\$ 11,566,464</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ 107	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Due to Other Funds	-	-	-	-	600,673
Total Liabilities	<u>-</u>	<u>-</u>	<u>107</u>	<u>-</u>	<u>600,673</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	57,926	-	-	-
Air Quality	-	-	-	-	-
Public Safety	20,341	-	-	-	-
Economic Development	-	-	10,167,199	1,803,626	10,965,791
Other Purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>20,341</u>	<u>57,926</u>	<u>10,167,199</u>	<u>1,803,626</u>	<u>10,965,791</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,341</u>	<u>\$ 57,926</u>	<u>\$ 10,167,306</u>	<u>\$ 1,803,626</u>	<u>\$ 11,566,464</u>

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds	Debt Service		
	SB 1383 Local Assistance Grant	2012 Water Rights Acquisition	2013 Refunding of Lease Revenue Bonds	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 135,833	\$ 1,605,233	\$ 1,786,055	\$ 48,791,647
Restricted Investments	-	1,453,410	1,150,866	2,604,276
Accounts Receivable	-	-	-	2,400
Accrued Interest	78	4,020	3,957	86,763
Notes Receivable	-	-	-	37,180,263
Allowance for Notes Receivable	-	-	-	(37,180,263)
Due from Other Governmental Agencies	-	-	-	2,373,217
Due from Other Funds	-	-	-	28,333
Land Held for Resale	-	-	-	25,580,464
Total Assets	<u>\$ 135,911</u>	<u>\$ 3,062,663</u>	<u>\$ 2,940,878</u>	<u>\$ 79,467,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ -	\$ 909,182
Unearned Revenues	136,396	-	-	136,396
Due to Other Funds	-	-	-	1,195,666
Total Liabilities	<u>136,396</u>	<u>-</u>	<u>-</u>	<u>2,241,244</u>
Deferred Inflows of Resources:				
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Debt Service	-	3,062,663	2,940,878	6,003,541
Transportation	-	-	-	37,978,095
Air Quality	-	-	-	23,679
Public Safety	-	-	-	6,530,508
Economic Development	-	-	-	26,478,217
Other Purposes	-	-	-	307,942
Unassigned	(485)	-	-	(96,126)
Total Fund Balances	<u>(485)</u>	<u>3,062,663</u>	<u>2,940,878</u>	<u>77,225,856</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 135,911</u>	<u>\$ 3,062,663</u>	<u>\$ 2,940,878</u>	<u>\$ 79,467,100</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
REVENUES					
Use of Money and Property	\$ (27,745)	\$ (69,691)	\$ (8,687)	\$ (8,361)	\$ (20,344)
Intergovernmental	-	4,023,743	1,525,158	750,210	82,465
Charges for Services	-	-	-	-	-
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	<u>(27,745)</u>	<u>3,954,052</u>	<u>1,516,471</u>	<u>741,849</u>	<u>62,121</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	1,007,746	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	668,097	-	-	5,598
Leases	-	-	-	-	-
Total Expenditures	<u>1,007,746</u>	<u>668,097</u>	<u>-</u>	<u>-</u>	<u>5,598</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(1,035,491)	3,285,955	1,516,471	741,849	56,523
OTHER FINANCING SOURCES (USES)					
Transfers In	1,043,000	-	-	-	-
Transfers Out	-	(2,011,000)	(848,565)	-	(45,222)
Sale of Capital Assets	-	-	-	-	-
Issuance of Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,043,000</u>	<u>(2,011,000)</u>	<u>(848,565)</u>	<u>-</u>	<u>(45,222)</u>
NET CHANGE IN FUND BALANCES	7,509	1,274,955	667,906	741,849	11,301
Fund Balances - Beginning of Year, as Restated	<u>3,077,394</u>	<u>7,173,302</u>	<u>759,343</u>	<u>328,920</u>	<u>2,230,845</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,084,903</u>	<u>\$ 8,448,257</u>	<u>\$ 1,427,249</u>	<u>\$ 1,070,769</u>	<u>\$ 2,242,146</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Gas Tax - RMRA	Community Development Block Grant	CDBG Revolving Loan	AB 3229 State COPS Program	Air Quality Management District
REVENUES					
Use of Money and Property	\$ (22,014)	\$ (30,841)	\$ (3,282)	\$ (1,532)	\$ (212)
Intergovernmental	1,956,564	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	-	1,536,005	-	236,939	-
Other Revenues	-	375	-	-	-
Total Revenues	1,934,550	1,505,539	(3,282)	235,407	(212)
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	188,791	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	-	-	-	-	-
Infrastructure	615	1,393,062	-	-	-
Leases	-	-	-	-	-
Total Expenditures	615	1,581,853	-	-	-
Excess (Deficiencies) of Revenues Over (Under) Expenditures	1,933,935	(76,314)	(3,282)	235,407	(212)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(200,000)	-
Sale of Capital Assets	-	-	-	-	-
Issuance of Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(200,000)	-
NET CHANGE IN FUND BALANCES	1,933,935	(76,314)	(3,282)	35,407	(212)
Fund Balances - Beginning of Year, as Restated	861,854	(19,327)	369,768	112,841	23,891
FUND BALANCES - END OF YEAR	\$ 2,795,789	\$ (95,641)	\$ 366,486	\$ 148,248	\$ 23,679

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
REVENUES					
Use of Money and Property	\$ (5,820)	\$ (392)	\$ (2,126)	\$ 2,942	\$ (3,139)
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	-	-	51,735	(1,230)	25,982
Other Revenues	14,038	-	13,267	-	-
Total Revenues	8,218	(392)	62,876	1,712	22,843
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	31,642	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	3,084,653	-	-	-	-
Debt Service:					
Interest	23	-	-	-	-
Principal	126	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	186,832	-	-	-	-
Infrastructure	-	-	-	-	-
Leases	4,109	-	-	-	-
Total Expenditures	3,275,743	-	31,642	-	-
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(3,267,525)	(392)	31,234	1,712	22,843
OTHER FINANCING SOURCES (USES)					
Transfers In	2,859,565	-	-	315,100	-
Transfers Out	-	-	-	-	-
Sale of Capital Assets	61,812	-	-	-	-
Issuance of Leases	4,109	-	-	-	-
Total Other Financing Sources (Uses)	2,925,486	-	-	315,100	-
NET CHANGE IN FUND BALANCES	(342,039)	(392)	31,234	316,812	22,843
Fund Balances - Beginning of Year, as Restated	796,250	44,132	207,272	2,874,791	327,155
FUND BALANCES - END OF YEAR	\$ 454,211	\$ 43,740	\$ 238,506	\$ 3,191,603	\$ 349,998

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	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					
Use of Money and Property	\$ (9,413)	\$ (26,709)	\$ (12,789)	\$ 8	\$ 4
Intergovernmental	-	-	-	-	-
Charges for Services	12,885	1,702	1,884	546	1,459
Grants	-	-	-	-	-
Other Revenues	3,367	-	-	-	-
Total Revenues	6,839	(25,007)	(10,905)	554	1,463
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	-	-	-	23,330	-
Infrastructure	24,076	-	-	-	-
Leases	-	-	-	-	-
Total Expenditures	24,076	-	-	23,330	-
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(17,237)	(25,007)	(10,905)	(22,776)	1,463
OTHER FINANCING SOURCES (USES)					
Transfers In	-	31,555	-	-	-
Transfers Out	-	-	-	-	(1,461)
Sale of Capital Assets	-	-	-	-	-
Issuance of Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	-	31,555	-	-	(1,461)
NET CHANGE IN FUND BALANCES	(17,237)	6,548	(10,905)	(22,776)	2
Fund Balances - Beginning of Year, as Restated	8,212,475	3,047,930	1,439,518	23,062	-
FUND BALANCES - END OF YEAR	\$ 8,195,238	\$ 3,054,478	\$ 1,428,613	\$ 286	\$ 2

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	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					
Use of Money and Property	\$ (81,642)	\$ (13,905)	\$ (15,223)	\$ (1,855)	\$ (664)
Intergovernmental	-	-	-	-	-
Charges for Services	5,066,812	943,081	1,189,117	79,120	52,621
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	<u>4,985,170</u>	<u>929,176</u>	<u>1,173,894</u>	<u>77,265</u>	<u>51,957</u>
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Interest	40,714	-	-	-	-
Principal	1,876,240	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	-	-	-	-	-
Infrastructure	1,309,578	-	-	-	-
Leases	-	-	-	-	-
Total Expenditures	<u>3,226,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	1,758,638	929,176	1,173,894	77,265	51,957
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Issuance of Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,758,638	929,176	1,173,894	77,265	51,957
Fund Balances - Beginning of Year, as Restated	<u>6,622,490</u>	<u>555,240</u>	<u>424,930</u>	<u>128,288</u>	<u>17,479</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,381,128</u>	<u>\$ 1,484,416</u>	<u>\$ 1,598,824</u>	<u>\$ 205,553</u>	<u>\$ 69,436</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	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					
Use of Money and Property	\$ (196)	\$ (78)	\$ (12,101)	\$ (16,511)	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	20,551	73,780	-	-	-
Grants	-	-	-	-	-
Other Revenues	-	-	178,628	-	-
Total Revenues	20,355	73,702	166,527	(16,511)	-
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	5,415	57,033	-	38,679
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Bond Administration Expense	-	-	-	-	-
Capital Outlay:					
Equipment and Vehicles	6,888	-	-	-	-
Infrastructure	-	-	-	-	-
Leases	-	-	-	-	-
Total Expenditures	6,888	5,415	57,033	-	38,679
Excess (Deficiencies) of Revenues Over (Under) Expenditures	13,467	68,287	109,494	(16,511)	(38,679)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(315,100)	-	-
Sale of Capital Assets	-	-	-	-	-
Issuance of Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(315,100)	-	-
NET CHANGE IN FUND BALANCES	13,467	68,287	(205,606)	(16,511)	(38,679)
Fund Balances - Beginning of Year, as Restated	6,874	(10,361)	10,372,805	1,820,137	11,004,470
FUND BALANCES - END OF YEAR	\$ 20,341	\$ 57,926	\$ 10,167,199	\$ 1,803,626	\$ 10,965,791

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Special Revenue Fund	Debt Service		
	SB 1383 Local Assistance Grant	2012 Water Rights Acquisition	2013 Refunding of Lease Revenue Bonds	Total Other Governmental Funds
REVENUES				
Use of Money and Property	\$ (485)	\$ (13,173)	\$ (13,524)	\$ (419,500)
Intergovernmental	-	-	-	8,338,140
Charges for Services	-	-	-	7,443,558
Grants	-	-	-	1,849,431
Other Revenues	-	-	-	209,675
Total Revenues	(485)	(13,173)	(13,524)	17,421,304
EXPENDITURES				
Current:				
General Government:				
City Manager	-	-	-	31,642
Public Safety - Fire	-	-	-	1,007,746
Development Services	-	-	-	3,374,571
Debt Service:				
Interest	-	734,675	468,050	1,243,462
Principal	-	700,000	395,000	2,971,366
Bond Administration Expense	-	2,542	3,040	5,582
Capital Outlay:				
Equipment and Vehicles	-	-	-	217,050
Infrastructure	-	-	-	3,401,026
Leases	-	-	-	4,109
Total Expenditures	-	1,437,217	866,090	12,256,554
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(485)	(1,450,390)	(879,614)	5,164,750
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,438,675	867,050	6,554,945
Transfers Out	-	-	-	(3,421,348)
Sale of Capital Assets	-	-	-	61,812
Issuance of Leases	-	-	-	4,109
Total Other Financing Sources (Uses)	-	1,438,675	867,050	3,199,518
NET CHANGE IN FUND BALANCES	(485)	(11,715)	(12,564)	8,364,268
Fund Balances - Beginning of Year, as Restated	-	3,074,378	2,953,442	68,861,588
FUND BALANCES - END OF YEAR	\$ (485)	\$ 3,062,663	\$ 2,940,878	\$ 77,225,856

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ (27,745)	\$ (27,745)
EXPENDITURES			
Current:			
Public Safety - Fire	1,042,420	1,007,746	34,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,042,420)	(1,035,491)	6,929
OTHER FINANCING SOURCES			
Transfers In	1,043,000	1,043,000	-
NET CHANGE IN FUND BALANCE	580	7,509	6,929
Fund Balance - Beginning of Year	3,077,394	3,077,394	-
FUND BALANCE - END OF YEAR	<u>\$ 3,077,974</u>	<u>\$ 3,084,903</u>	<u>\$ 6,929</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 21,847	\$ (69,691)	\$ (91,538)
Intergovernmental	3,566,400	4,023,743	457,343
Total Revenues	<u>3,588,247</u>	<u>3,954,052</u>	<u>365,805</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>1,848,987</u>	<u>668,097</u>	<u>1,180,890</u>
Excess of Revenues Over Expenditures	1,739,260	3,285,955	1,546,695
OTHER FINANCING USES			
Transfers Out	<u>(1,750,000)</u>	<u>(2,011,000)</u>	<u>(261,000)</u>
NET CHANGE IN FUND BALANCE	(10,740)	1,274,955	1,285,695
Fund Balance - Beginning of Year	<u>7,173,302</u>	<u>7,173,302</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 7,162,562</u></u>	<u><u>\$ 8,448,257</u></u>	<u><u>\$ 1,285,695</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 662	\$ (8,687)	\$ (9,349)
Intergovernmental	1,551,249	1,525,158	(26,091)
Total Revenues	<u>1,551,911</u>	<u>1,516,471</u>	<u>(35,440)</u>
OTHER FINANCING USES			
Transfers Out	<u>(1,109,565)</u>	<u>(848,565)</u>	<u>261,000</u>
NET CHANGE IN FUND BALANCE	442,346	667,906	225,560
Fund Balance - Beginning of Year	<u>759,343</u>	<u>759,343</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,201,689</u></u>	<u><u>\$ 1,427,249</u></u>	<u><u>\$ 225,560</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, 2022**

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 3	\$ (8,361)	\$ (8,364)
Intergovernmental	851,253	750,210	(101,043)
Total Revenues	<u>851,256</u>	<u>741,849</u>	<u>(109,407)</u>
NET CHANGE IN FUND BALANCE	851,256	741,849	(109,407)
Fund Balance - Beginning of Year	<u>328,920</u>	<u>328,920</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,180,176</u>	<u>\$ 1,070,769</u>	<u>\$ (109,407)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 8,250	\$ (20,344)	\$ (28,594)
Intergovernmental	871,265	82,465	(788,800)
Total Revenues	<u>879,515</u>	<u>62,121</u>	<u>(817,394)</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>457,000</u>	<u>5,598</u>	<u>451,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	422,515	56,523	(365,992)
OTHER FINANCING USES			
Transfers Out	<u>-</u>	<u>(45,222)</u>	<u>(45,222)</u>
NET CHANGE IN FUND BALANCE	422,515	11,301	(411,214)
Fund Balance - Beginning of Year	<u>2,230,845</u>	<u>2,230,845</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,653,360</u></u>	<u><u>\$ 2,242,146</u></u>	<u><u>\$ (411,214)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 2,193	\$ (22,014)	\$ (24,207)
Intergovernmental	1,883,365	1,956,564	73,199
Total Revenues	<u>1,885,558</u>	<u>1,934,550</u>	<u>48,992</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>2,000,000</u>	<u>615</u>	<u>1,999,385</u>
NET CHANGE IN FUND BALANCE	(114,442)	1,933,935	2,048,377
Fund Balance - Beginning of Year	<u>861,854</u>	<u>861,854</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 747,412</u></u>	<u><u>\$ 2,795,789</u></u>	<u><u>\$ 2,048,377</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ (30,841)	\$ (30,841)
Grants	2,322,566	1,536,005	(786,561)
Other Revenues	300	375	75
Total Revenues	<u>2,322,866</u>	<u>1,505,539</u>	<u>(817,327)</u>
EXPENDITURES			
Current:			
Development Services	326,277	188,791	137,486
Capital Outlay:			
Infrastructure	<u>1,977,150</u>	<u>1,393,062</u>	<u>584,088</u>
Total Expenditures	<u>2,303,427</u>	<u>1,581,853</u>	<u>721,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,439	(76,314)	(95,753)
Fund Balance (Deficit) - Beginning of Year	<u>(19,327)</u>	<u>(19,327)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ 112</u></u>	<u><u>\$ (95,641)</u></u>	<u><u>\$ (95,753)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,351	\$ (3,282)	\$ (4,633)
Fund Balance - Beginning of Year	<u>369,768</u>	<u>369,768</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 371,119</u></u>	<u><u>\$ 366,486</u></u>	<u><u>\$ (4,633)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 549	\$ (1,532)	\$ (2,081)
Grants	200,000	236,939	36,939
Total Revenues	<u>200,549</u>	<u>235,407</u>	<u>34,858</u>
OTHER FINANCING USES			
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	549	35,407	34,858
Fund Balance - Beginning of Year	<u>112,841</u>	<u>112,841</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 113,390</u></u>	<u><u>\$ 148,248</u></u>	<u><u>\$ 34,858</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 87	\$ (212)	\$ (299)
Fund Balance - Beginning of Year	<u>23,891</u>	<u>23,891</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 23,978</u></u>	<u><u>\$ 23,679</u></u>	<u><u>\$ (299)</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, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 2,157	\$ (5,820)	\$ (7,977)
Other Revenues	5,388	14,038	8,650
Total Revenues	<u>7,545</u>	<u>8,218</u>	<u>673</u>
EXPENDITURES			
Current:			
Development Services	3,245,033	3,084,653	160,380
Debt Service:			
Interest	-	23	(23)
Principal	-	126	(126)
Capital Outlay:			
Equipment and Vehicles	229,700	186,832	42,868
Leases	-	4,109	(4,109)
Total Expenditures	<u>3,474,733</u>	<u>3,275,743</u>	<u>198,990</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,467,188)	(3,267,525)	199,663
OTHER FINANCING SOURCES			
Transfers In	2,859,565	2,859,565	-
Sale of Capital Assets	30,850	61,812	30,962
Issuance of Leases	-	4,109	4,109
Total Other Financing Sources	<u>2,890,415</u>	<u>2,925,486</u>	<u>35,071</u>
NET CHANGE IN FUND BALANCE	(576,773)	(342,039)	234,734
Fund Balance - Beginning of Year	<u>796,250</u>	<u>796,250</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 219,477</u>	<u>\$ 454,211</u>	<u>\$ 234,734</u>

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 160	\$ (392)	\$ (552)
Fund Balance - Beginning of Year	<u>44,132</u>	<u>44,132</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 44,292</u></u>	<u><u>\$ 43,740</u></u>	<u><u>\$ (552)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 664	\$ (2,126)	\$ (2,790)
Grants	42,750	51,735	8,985
Other Revenues	-	13,267	13,267
Total Revenues	<u>43,414</u>	<u>62,876</u>	<u>19,462</u>
EXPENDITURES			
Current:			
General Government:			
City Manager	<u>61,890</u>	<u>31,642</u>	<u>30,248</u>
NET CHANGE IN FUND BALANCE	(18,476)	31,234	49,710
Fund Balance - Beginning of Year	<u>207,272</u>	<u>207,272</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 188,796</u></u>	<u><u>\$ 238,506</u></u>	<u><u>\$ 49,710</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 8,931	\$ 2,942	\$ (5,989)
Grants	<u>-</u>	<u>(1,230)</u>	<u>(1,230)</u>
Total Revenues	8,931	1,712	(7,219)
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>315,100</u>	<u>315,100</u>
NET CHANGE IN FUND BALANCE	8,931	316,812	307,881
Fund Balance - Beginning of Year	<u>2,874,791</u>	<u>2,874,791</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,883,722</u></u>	<u><u>\$ 3,191,603</u></u>	<u><u>\$ 307,881</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,109	\$ (3,139)	\$ (4,248)
Grants	21,013	25,982	4,969
Total Revenues	<u>22,122</u>	<u>22,843</u>	<u>721</u>
 Fund Balance - Beginning of Year	 <u>327,155</u>	 <u>327,155</u>	 <u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 349,277</u></u>	<u><u>\$ 349,998</u></u>	<u><u>\$ 721</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, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 11,432	\$ (9,413)	\$ (20,845)
Charges for Services	77,677	12,885	(64,792)
Other Revenues	-	3,367	3,367
Total Revenues	<u>89,109</u>	<u>6,839</u>	<u>(82,270)</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	565,050	24,076	540,974
Total Expenditures	<u>565,050</u>	<u>24,076</u>	<u>540,974</u>
NET CHANGE IN FUND BALANCE	(475,941)	(17,237)	458,704
Fund Balance - Beginning of Year	<u>8,212,475</u>	<u>8,212,475</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 7,736,534</u></u>	<u><u>\$ 8,195,238</u></u>	<u><u>\$ 458,704</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, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 11,170	\$ (26,709)	\$ (37,879)
Charges for Services	10,259	1,702	(8,557)
Total Revenues	<u>21,429</u>	<u>(25,007)</u>	<u>(46,436)</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>391,315</u>	<u>-</u>	<u>391,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,886)	(25,007)	344,879
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>31,555</u>	<u>31,555</u>
NET CHANGE IN FUND BALANCE	(369,886)	6,548	376,434
Fund Balance - Beginning of Year	<u>3,047,930</u>	<u>3,047,930</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,678,044</u></u>	<u><u>\$ 3,054,478</u></u>	<u><u>\$ 376,434</u></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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 5,170	\$ (12,789)	\$ (17,959)
Charges for Services	11,358	1,884	(9,474)
Total Revenues	<u>16,528</u>	<u>(10,905)</u>	<u>(27,433)</u>
 Fund Balance - Beginning of Year	 <u>1,439,518</u>	 <u>1,439,518</u>	 <u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,456,046</u></u>	<u><u>\$ 1,428,613</u></u>	<u><u>\$ (27,433)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 70	\$ 8	\$ (62)
Charges for Services	3,298	546	(2,752)
Total Revenues	<u>3,368</u>	<u>554</u>	<u>(2,814)</u>
EXPENDITURES			
Capital Outlay:			
Equipment and Vehicles	<u>23,330</u>	<u>23,330</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,962)	(22,776)	(2,814)
Fund Balance - Beginning of Year	<u>23,062</u>	<u>23,062</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,100</u></u>	<u><u>\$ 286</u></u>	<u><u>\$ (2,814)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ 4	\$ 4
Charges for Services	8,794	1,459	(7,335)
Total Revenues	<u>8,794</u>	<u>1,463</u>	<u>(7,331)</u>
OTHER FINANCING USES			
Transfers Out	<u>(1,461)</u>	<u>(1,461)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	7,333	2	(7,331)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 7,333</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ (7,331)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 19,507	\$ (81,642)	\$ (101,149)
Charges for Services	10,542,564	5,066,812	(5,475,752)
Total Revenues	<u>10,562,071</u>	<u>4,985,170</u>	<u>(5,576,901)</u>
EXPENDITURES			
Current:			
Debt Service:			
Interest	394,010	40,714	353,296
Principal	1,876,240	1,876,240	-
Capital Outlay:			
Buildings and Improvements	177,250	-	177,250
Infrastructure	<u>9,681,198</u>	<u>1,309,578</u>	<u>8,371,620</u>
Total Expenditures	<u>12,128,698</u>	<u>3,226,532</u>	<u>8,902,166</u>
NET CHANGE IN FUND BALANCE	(1,566,627)	1,758,638	3,325,265
Fund Balance - Beginning of Year	<u>6,622,490</u>	<u>6,622,490</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,055,863</u></u>	<u><u>\$ 8,381,128</u></u>	<u><u>\$ 3,325,265</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,592	\$ (13,905)	\$ (15,497)
Charges for Services	904,065	943,081	39,016
Total Revenues	<u>905,657</u>	<u>929,176</u>	<u>23,519</u>
 NET CHANGE IN FUND BALANCE	 905,657	 929,176	 23,519
 Fund Balance - Beginning of Year	 <u>555,240</u>	 <u>555,240</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 1,460,897</u></u>	 <u><u>\$ 1,484,416</u></u>	 <u><u>\$ 23,519</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,256	\$ (15,223)	\$ (16,479)
Charges for Services	1,144,818	1,189,117	44,299
Total Revenues	<u>1,146,074</u>	<u>1,173,894</u>	<u>27,820</u>
NET CHANGE IN FUND BALANCE	1,146,074	1,173,894	27,820
Fund Balance - Beginning of Year	<u>424,930</u>	<u>424,930</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,571,004</u>	<u>\$ 1,598,824</u>	<u>\$ 27,820</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 515	\$ (1,855)	\$ (2,370)
Charges for Services	<u>61,542</u>	<u>79,120</u>	<u>17,578</u>
Total Revenues	<u>62,057</u>	<u>77,265</u>	<u>15,208</u>
 NET CHANGE IN FUND BALANCE	 62,057	 77,265	 15,208
 Fund Balance - Beginning of Year	 <u>128,288</u>	 <u>128,288</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 190,345</u>	 <u>\$ 205,553</u>	 <u>\$ 15,208</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, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 51	\$ (664)	\$ (715)
Charges for Services	50,869	52,621	1,752
Total Revenues	<u>50,920</u>	<u>51,957</u>	<u>1,037</u>
NET CHANGE IN FUND BALANCE	50,920	51,957	1,037
Fund Balance - Beginning of Year	<u>17,479</u>	<u>17,479</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 68,399</u>	<u>\$ 69,436</u>	<u>\$ 1,037</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, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 23	\$ (196)	\$ (219)
Charges for Services	19,658	20,551	893
Total Revenues	<u>19,681</u>	<u>20,355</u>	<u>674</u>
EXPENDITURES			
Capital Outlay:			
Equipment and Vehicles	6,889	6,888	1
Total Expenditures	<u>6,889</u>	<u>6,888</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	12,792	13,467	675
Fund Balance - Beginning of Year	<u>6,874</u>	<u>6,874</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 19,666</u></u>	<u><u>\$ 20,341</u></u>	<u><u>\$ 675</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 166	\$ (78)	\$ (244)
Charges for Services	316,173	73,780	(242,393)
Total Revenues	<u>316,339</u>	<u>73,702</u>	<u>(242,637)</u>
EXPENDITURES			
Current:			
Development Services	<u>400,000</u>	<u>5,415</u>	<u>394,585</u>
NET CHANGE IN FUND BALANCE	(83,661)	68,287	151,948
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>(10,361)</u>	<u>10,361</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (83,661)</u></u>	<u><u>\$ 57,926</u></u>	<u><u>\$ 162,309</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 49,120	\$ (12,101)	\$ (61,221)
Other Revenues	381,178	178,628	(202,550)
Total Revenues	<u>430,298</u>	<u>166,527</u>	<u>(263,771)</u>
EXPENDITURES			
Current:			
Development Services	<u>66,650</u>	<u>57,033</u>	<u>9,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	363,648	109,494	(254,154)
OTHER FINANCING USES			
Transfers Out	<u>(305,588)</u>	<u>(315,100)</u>	<u>(9,512)</u>
NET CHANGE IN FUND BALANCE	58,060	(205,606)	(263,666)
Fund Balance - Beginning of Year	<u>10,372,805</u>	<u>10,372,805</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 10,430,865</u></u>	<u><u>\$ 10,167,199</u></u>	<u><u>\$ (263,666)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 10,000	\$ (16,511)	\$ (26,511)
Fund Balance - Beginning of Year	<u>1,820,137</u>	<u>1,820,137</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,830,137</u></u>	<u><u>\$ 1,803,626</u></u>	<u><u>\$ (26,511)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 500	\$ (13,173)	\$ (13,673)
EXPENDITURES			
Debt Service:			
Interest	734,675	734,675	-
Principal	700,000	700,000	-
Bond Administration Expense	4,000	2,542	1,458
Total Expenditures	<u>1,438,675</u>	<u>1,437,217</u>	<u>1,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,438,175)	(1,450,390)	(12,215)
OTHER FINANCING SOURCES			
Transfers In	<u>1,438,675</u>	<u>1,438,675</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	500	(11,715)	(12,215)
Fund Balance - Beginning of Year	<u>3,074,378</u>	<u>3,074,378</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,074,878</u></u>	<u><u>\$ 3,062,663</u></u>	<u><u>\$ (12,215)</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, 2022

	Marks-Roos Revenue Bonds		
	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 400	\$ (13,524)	\$ (13,924)
EXPENDITURES			
Debt Service:			
Interest	468,050	468,050	-
Principal	395,000	395,000	-
Bond Administration Expense	4,000	3,040	960
Total Expenditures	867,050	866,090	960
Excess (Deficiency) of Revenues Over (Under) Expenditures	(866,650)	(879,614)	(12,964)
OTHER FINANCING SOURCES			
Transfers In	867,050	867,050	-
NET CHANGE IN FUND BALANCE	400	(12,564)	(12,964)
Fund Balance - Beginning of Year	2,953,442	2,953,442	-
FUND BALANCE - END OF YEAR	<u>\$ 2,953,842</u>	<u>\$ 2,940,878</u>	<u>\$ (12,964)</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
CITY PROJECTS CAPITAL PROJECTS FUND – MAJOR FUND
YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 300	\$ 228	\$ (72)
Intergovernmental	18,988,543	79,192	(18,909,351)
Grants	4,682,000	742,000	(3,940,000)
Other Revenues	10,419,731	144,849	(10,274,882)
Total Revenues	<u>34,090,574</u>	<u>966,269</u>	<u>(33,124,305)</u>
EXPENDITURES			
Capital Outlay:			
Land	84,678	-	84,678
Infrastructure	36,359,428	4,466,304	31,893,124
Total Expenditures	<u>36,444,106</u>	<u>4,466,304</u>	<u>31,977,802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,353,532)	(3,500,035)	(1,146,503)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	45,222	45,222
Transfers Out	-	(31,555)	(31,555)
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,667</u>	<u>13,667</u>
NET CHANGE IN FUND BALANCE	(2,353,532)	(3,486,368)	(1,132,836)
Fund Balance - Beginning of Year	<u>(233,620)</u>	<u>(233,620)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (2,587,152)</u></u>	<u><u>\$ (3,719,988)</u></u>	<u><u>\$ (1,132,836)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

	Assessment District 91-1 Fund	Rancho Las Flores	Community Facilities District 2005-1 Fund	HFPD	Total
ASSETS					
Cash and Investments	\$ 368,218	\$ 20,777	\$ 1,598,829	\$ 317,385	\$ 2,305,209
Cash and Investments with Fiscal Agent	-	-	1,453,373	-	1,453,373
Accounts Receivable	-	-	21,823	-	21,823
Accrued Interest	643	36	4,356	-	5,035
Total Assets	<u>368,861</u>	<u>20,813</u>	<u>3,078,381</u>	<u>317,385</u>	<u>3,785,440</u>
LIABILITIES					
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,385</u>	<u>317,385</u>
NET POSITION					
Held for Other Organizations	<u>\$ 368,861</u>	<u>\$ 20,813</u>	<u>\$ 3,078,381</u>	<u>\$ -</u>	<u>\$ 3,468,055</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2022

	Assessment District 91-1 Fund	Rancho Las Flores	Community Facilities District 2005-1 Fund	HFPD	Total
ADDITIONS					
Taxes	\$ -	\$ -	\$ 1,903,572	\$ -	\$ 1,903,572
Investment and Rental	(3,302)	(188)	(14,977)	54,841	36,374
Other	-	-	-	262,543	262,543
Total Additions	<u>(3,302)</u>	<u>(188)</u>	<u>1,888,595</u>	<u>317,384</u>	<u>2,202,489</u>
DEDUCTIONS					
Payments to others	-	-	22,075	317,384	339,459
Principal Expense	-	-	565,000	-	565,000
Interest and Fiscal Expense	-	-	1,273,174	-	1,273,174
Total Deductions	<u>-</u>	<u>-</u>	<u>1,860,249</u>	<u>317,384</u>	<u>2,177,633</u>
CHANGE IN NET POSITION	(3,302)	(188)	28,346	-	24,856
Total Net Position - Beginning of Year	<u>372,163</u>	<u>21,001</u>	<u>3,050,035</u>	<u>-</u>	<u>3,443,199</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 368,861</u>	<u>\$ 20,813</u>	<u>\$ 3,078,381</u>	<u>\$ -</u>	<u>\$ 3,468,055</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			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 199,998,092	\$ 196,334,806	\$ 194,674,329	\$ 177,890,141
Restricted	4,716,324	3,491,444	3,490,014	2,603,522
Unrestricted	57,116,661	56,929,048	38,258,568	46,998,283
Total governmental activities net position	<u>\$ 261,831,077</u>	<u>\$ 256,755,298</u>	<u>\$ 236,422,911</u>	<u>\$ 227,491,946</u>
Business-type activities:				
Net investment in capital assets	\$ 73,201,861	\$ 84,373,971	\$ 82,701,051	\$ 81,151,492
Restricted	1,890,305	1,888,888	1,888,888	1,888,888
Unrestricted	3,194,673	2,588,449	1,289,583	1,747,965
Total business-type activities net position	<u>\$ 78,286,839</u>	<u>\$ 88,851,308</u>	<u>\$ 85,879,522</u>	<u>\$ 84,788,345</u>
Primary government:				
Net investment in capital assets	\$ 273,199,953	\$ 280,708,777	\$ 277,375,380	\$ 259,041,633
Restricted	6,606,629	5,380,332	5,378,902	4,492,410
Unrestricted	60,311,334	59,517,497	39,548,151	48,746,248
Total primary government net position	<u>\$ 340,117,916</u>	<u>\$ 345,606,606</u>	<u>\$ 322,302,433</u>	<u>\$ 312,280,291</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 174,609,141	\$ 151,028,156	\$ 147,642,747	\$ 141,327,961	\$ 138,332,337	\$ 137,889,930
2,605,920	2,612,221	2,678,741	64,049,344	68,351,276	77,321,982
40,510,364	38,038,045	24,741,800	(29,893,868)	(22,103,576)	(14,201,182)
<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>	<u>\$ 201,010,730</u>
\$ 82,779,673	\$ 84,750,254	\$ 88,640,263	\$ 87,867,127	\$ 92,064,054	\$ 92,650,987
1,888,901	1,893,896	1,889,131	394,734	385,528	385,528
527,087	1,749,587	1,535,393	9,351,266	10,287,087	18,082,226
<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>	<u>\$ 111,118,741</u>
\$ 257,388,814	\$ 235,778,410	\$ 236,283,010	\$ 229,195,088	\$ 230,396,391	\$ 230,540,917
4,494,821	4,506,117	4,567,872	64,444,078	68,736,804	77,707,510
41,037,451	39,787,632	26,277,193	(20,542,602)	(11,816,489)	3,881,044
<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>	<u>\$ 312,129,471</u>

**CITY OF HESPERIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2013	2014	2015	2016
Expenses:				
Governmental activities:				
General government	\$ 6,952,050	\$ 8,305,493	\$ 7,268,741	\$ 7,867,596
Public safety	21,849,650	24,063,447	25,164,286	25,512,637
Development services	21,179,809	20,376,539	18,290,886	17,558,931
Interest on long-term debt	1,056,514	1,783,967	1,530,538	1,453,069
Total governmental activities expenses	51,038,023	54,529,446	52,254,451	52,392,233
Business-type activities:				
Water	17,675,402	19,014,005	17,285,767	17,886,564
Wastewater	2,851,639	2,944,634	2,912,437	3,039,080
Total business-type activities expenses	20,527,041	21,958,639	20,198,204	20,925,644
Total primary government expenses	71,565,064	76,488,085	72,452,655	73,317,877
Program revenues:				
Governmental activities:				
Charges for services:				
General government	4,748,681	4,696,201	4,348,094	4,645,281
Public safety	3,717,361	4,531,678	4,741,715	3,712,048
Transportation	-	18,488	25,230	3,156
Development services	1,120,325	867,793	1,124,106	1,439,939
Operating grants and contributions	6,810,068	7,199,155	6,717,219	6,697,290
Capital grants and contributions	10,047,639	2,506,222	150,598	172,319
Total governmental activities program revenues	26,444,074	19,819,537	17,106,962	16,670,033
Business-type activities:				
Charges for services:				
Water	16,664,347	16,243,222	15,783,240	14,822,201
Wastewater	3,499,280	3,513,751	3,608,367	3,633,380
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	20,163,627	19,756,973	19,391,607	18,455,581
Total primary government program revenues	46,607,701	39,576,510	36,498,569	35,125,614
Net revenues (expenses):				
Governmental activities	(24,593,949)	(34,709,909)	(35,147,489)	(35,722,200)
Business-type activities	(363,414)	(2,201,666)	(806,597)	(2,470,063)
Total net revenues (expenses)	(24,957,363)	(36,911,575)	(35,954,086)	(38,192,263)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 8,943,760	\$ 30,713,526	\$ 8,494,441	\$ 9,330,386	\$ 7,058,422	\$ 11,109,624
27,464,389	28,466,268	21,296,961	18,719,485	19,350,202	19,744,311
24,649,500	22,696,810	21,632,184	23,152,577	23,030,654	22,093,720
1,406,880	1,849,905	1,574,360	1,676,057	1,374,552	1,272,030
62,464,529	83,726,509	52,997,946	52,878,505	50,813,830	54,219,685
18,142,253	20,079,455	18,121,295	20,486,895	22,071,529	22,319,170
3,315,505	4,022,677	4,669,067	4,569,157	5,195,651	5,901,154
21,457,758	24,102,132	22,790,362	25,056,052	27,267,180	28,220,324
83,922,287	107,828,641	75,788,308	77,934,557	78,081,010	82,440,009
5,706,695	7,516,909	6,779,059	7,831,796	9,708,286	11,785,197
3,605,671	4,032,694	1,137,749	693,224	727,213	1,440,977
2,724	14,774	-	-	-	-
2,196,396	4,359,582	3,642,909	4,121,886	3,085,188	6,354,043
8,680,855	7,276,975	8,850,246	9,958,227	12,261,720	10,400,259
256,246	140,020	16,827	44,515	472,554	4,425,367
20,448,587	23,340,954	20,426,790	22,649,648	26,254,961	34,405,843
15,727,618	17,197,681	18,318,640	20,078,639	23,749,559	25,469,043
3,679,006	4,206,723	4,538,000	4,867,404	5,369,996	7,685,053
-	-	1,689,083	2,896,118	199,978	528,024
213,722	-	-	-	103,090	-
19,620,346	21,404,404	24,545,723	27,842,161	29,422,623	33,682,120
40,068,933	44,745,358	44,972,513	50,491,809	55,677,584	68,087,963
(42,015,942)	(60,385,555)	(32,571,156)	(30,228,857)	(24,558,869)	(19,813,842)
(1,837,412)	(2,697,728)	1,755,361	2,786,109	2,155,443	5,461,796
(43,853,354)	(63,083,283)	(30,815,795)	(27,442,748)	(22,403,426)	(14,352,046)

CITY OF HESPERIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2013	2014	2015	2016
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 6,745,176	\$ 7,301,566	\$ 6,651,348	\$ 7,136,879
Sales and use tax	9,916,642	10,124,237	10,042,299	10,455,912
Transient occupancy tax	852,692	1,040,271	1,163,434	1,148,212
Franchise tax	2,708,952	2,978,024	3,196,630	3,257,019
Document transfer tax	141,089	147,482	231,387	209,218
Other	-	-	-	-
Vehicle license fees	5,977,260	6,194,705	6,534,189	7,044,997
Income from property and investments	404,833	1,745,715	1,839,817	1,936,799
Gain/(loss) on disposal of capital assets	-	-	-	-
Special Item - Loss on exchange of capital assets	-	-	-	(303,550)
Insurance Proceeds	-	-	-	-
Unrestricted capital contributions	-	-	-	-
Other general revenues and transfers	69,873	66,929	534,129	302,988
Gain on sale / exchange of asset	-	35,201	-	-
Total governmental activities before extraordinary gain/(loss) and special item	26,816,517	29,634,130	30,193,233	31,188,474
Extraordinary gain/(loss)	(26,855,890)	-	-	(4,061,284)
Total governmental activities	(39,373)	29,634,130	30,193,233	27,127,190
Business-type activities:				
Property taxes	285,575	320,722	287,410	320,590
Unrestricted investment earnings	14,569	14,717	13,743	28,609
Unrestricted system improvement and replacement	157,211	306,762	414,951	575,453
Proceeds from loan payable	-	-	-	-
Gain on sale / exchange of asset	-	-	-	-
Other revenues and transfers	932,374	394,474	341,505	454,234
Grants received	-	-	-	-
Gain on disposal of capital assets	-	-	-	-
Total business-type revenues and transfers	1,389,729	1,036,675	1,057,609	1,378,886
Total primary government	1,350,356	30,670,805	31,250,842	28,506,076
Changes in net position:				
Governmental activities	(24,633,322)	(5,075,779)	(4,954,256)	(8,595,010)
Business-type activities	1,026,315	(1,164,991)	251,012	(1,091,177)
Total primary government	<u><u>\$ (23,607,007)</u></u>	<u><u>\$ (6,240,770)</u></u>	<u><u>\$ (4,703,244)</u></u>	<u><u>\$ (9,686,187)</u></u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 7,657,562	\$ 8,334,572	\$ 10,219,038	\$ 10,642,798	\$ 11,267,340	\$ 11,951,542
10,390,005	11,565,238	10,305,375	10,969,697	13,378,248	14,642,721
1,101,101	1,295,192	1,399,842	1,389,038	1,798,649	2,013,412
3,231,198	3,359,697	3,500,687	3,565,576	3,654,647	3,936,383
269,704	302,093	280,853	283,585	387,446	567,788
-	-	37,686	290,022	702,916	544,396
7,417,786	7,913,637	45,518	76,266	70,698	110,966
2,274,694	2,644,205	2,969,540	2,975,216	2,297,044	1,801,658
-	1,444	17,320	-	18,301	-
-	-	-	-	-	-
-	-	-	-	-	30,636
70,935	-	-	-	-	-
133,435	322,495	1,207,065	456,808	80,180	105,033
-	-	-	-	-	-
32,546,420	35,738,573	29,982,924	30,649,006	33,655,469	35,704,535
-	-	(7,945,330)	-	-	-
32,546,420	35,738,573	22,037,594	30,649,006	33,655,469	35,704,535
357,298	370,292	465,594	512,114	482,839	508,958
59,225	152,775	260,854	227,763	82,021	(256,590)
1,321,835	965,385	976,249	1,806,811	2,183,081	2,428,104
-	-	-	-	-	-
43,725	-	11,938	-	-	-
462,646	251,670	201,054	215,543	220,158	239,804
-	1,941,740	-	-	-	-
-	2,816,417	-	-	-	-
2,244,729	6,498,279	1,915,689	2,762,231	2,968,099	2,920,276
34,791,149	42,236,852	23,953,283	33,411,237	36,623,568	38,624,811
(9,469,522)	(24,646,982)	(10,533,562)	420,149	9,096,600	15,890,693
407,317	3,800,551	3,671,050	5,548,340	5,123,542	8,382,072
<u>\$ (9,062,205)</u>	<u>\$ (20,846,431)</u>	<u>\$ (6,862,512)</u>	<u>\$ 5,968,489</u>	<u>\$ 14,220,142</u>	<u>\$ 24,272,765</u>

CITY OF HESPERIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2013	2014	2015	2016
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ 844,842
Assigned	150,000	150,000	150,000	150,000
Unassigned	12,737,884	12,701,103	10,697,900	9,819,579
Total General Fund	<u>\$ 12,887,884</u>	<u>\$ 12,851,103</u>	<u>\$ 10,847,900</u>	<u>\$ 10,814,421</u>
 Other Governmental Funds:				
Nonspendable	\$ 23,473,585	\$ 9,762,337	\$ -	\$ -
Restricted	17,209,534	16,684,194	51,360,979	60,910,649
Committed	11,403,713	25,767,388	-	-
Assigned	1,054,216	1,012,802	574,819	554,861
Unassigned	(710,853)	(523,597)	(514,947)	(1,619,962)
Total Other Governmental Funds	<u>\$ 52,430,195</u>	<u>\$ 52,703,124</u>	<u>\$ 51,420,851</u>	<u>\$ 59,845,548</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					
2017	2018	2019	2020	2021	2022
\$ 1,520,637	\$ 2,155,417	\$ 2,666,290	\$ 3,161,033	\$ 3,720,877	\$ 4,734,305
150,000	150,000	150,000	150,000	-	-
6,300,468	5,921,940	10,264,097	12,581,274	16,759,291	24,712,252
<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>	<u>\$ 29,446,557</u>
\$ 7,380	\$ 8,045	\$ -	\$ -	\$ -	\$ -
58,598,260	62,362,451	59,015,436	64,049,344	68,351,276	77,321,982
-	-	-	-	-	-
-	-	-	-	-	-
(1,663,421)	(3,105,516)	(2,641,156)	(3,693,317)	(3,938,062)	(7,303,746)
<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>	<u>\$ 70,018,236</u>

CITY OF HESPERIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2013	2014	2015	2016
Revenues:				
Taxes	\$ 24,185,906	\$ 25,810,277	\$ 24,857,082	\$ 25,753,020
Licenses and permits	254,140	274,845	249,645	218,187
Fines and forfeits	1,000,528	1,078,299	730,759	611,892
Use of money and property	385,822	305,202	336,889	279,643
Intergovernmental	10,339,295	10,570,236	10,956,809	11,569,248
Charges for services	4,507,550	5,244,644	6,021,914	6,236,834
Grants	10,097,612	3,069,915	1,640,455	1,447,056
Other revenues	1,343,397	3,259,028	2,406,483	2,462,075
Total revenues	52,114,250	49,612,446	47,200,036	48,577,955
Expenditures:				
Noncapital Expenditures:				
Current:				
General government	5,685,578	6,307,766	5,884,810	6,133,879
Public safety	20,985,359	23,297,100	24,521,949	24,612,969
Development services	13,530,819	12,756,306	10,780,744	11,755,745
Debt service:				
Interest	320,722	1,174,686	1,439,244	1,421,297
Principal	1,250,000	1,705,000	1,605,000	5,385,000
Debt issuance costs	194,352	193,035	-	29,808
Bond administration expense	348,433	277,518	91,441	-
Total noncapital expenditures	42,315,263	45,711,411	44,323,188	49,338,698
Capital outlay	44,304,198	5,196,460	6,162,324	5,611,919
Total Expenditures	86,619,461	50,907,871	50,485,512	54,950,617
Excess (deficiency) of revenues over (under) expenditures	(34,505,211)	(1,295,425)	(3,285,476)	(6,372,662)
Other financing sources (uses):				
Transfers in	6,432,019	20,618,002	8,521,039	6,025,208
Transfers out	(6,432,019)	(20,618,002)	(8,521,039)	(6,025,208)
Proceeds from sale of capital assets	-	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	-	-	-
Issuance of Lease	-	-	-	-
Total other financing sources (uses)	26,650,977	266,573	-	-
Extraordinary gain/(loss)				
Prior period adjustment	-	-	1,265,000	18,825,164
Extraordinary gain/(loss)	-	-	-	(4,061,284)
Dissolution of redevelopment agency	(26,855,890)	-	-	-
Total extraordinary gain/(loss)	(26,855,890)	-	1,265,000	14,763,880
Special Item				
Transfer of fire operations to County				
Net change in fund balances	\$ (34,710,124)	\$ (1,028,852)	\$ (2,020,476)	\$ 8,391,218
Debt service as a percentage of noncapital expenditures	3.7%	6.3%	6.9%	13.8%

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					
2017	2018	2019	2020	2021	2022
\$ 25,563,592	\$ 28,537,419	\$ 21,428,029	\$ 22,429,824	\$ 25,956,341	\$ 23,814,083
202,800	232,351	255,400	284,948	262,816	289,932
692,958	909,468	915,427	1,366,432	1,146,202	1,488,889
379,097	597,499	1,079,055	805,626	254,069	(689,612)
11,953,716	13,882,165	14,093,235	15,156,612	16,992,701	21,583,237
7,563,827	9,969,438	6,871,809	7,504,000	7,968,395	14,500,601
3,501,501	1,866,437	801,206	1,464,577	3,872,015	2,693,767
2,623,371	2,599,648	3,629,490	4,095,295	3,127,613	2,909,195
52,480,862	58,594,425	49,073,651	53,107,314	59,580,152	66,590,092
7,067,037	8,368,684	7,472,245	7,955,874	8,984,752	10,206,365
25,992,896	27,323,573	21,054,779	18,194,122	19,056,450	19,690,153
16,720,178	12,983,892	11,260,824	12,378,534	13,297,148	11,455,266
1,401,158	1,386,595	1,810,909	1,761,458	1,451,193	1,260,874
830,000	875,000	2,806,240	2,861,240	2,916,240	3,056,085
-	-	-	-	-	-
4,450	10,382	7,950	5,450	4,380	5,582
52,015,719	50,948,126	44,412,947	43,156,678	45,710,163	45,674,325
6,211,788	5,277,993	2,293,404	2,615,561	5,485,370	8,762,409
58,227,507	56,226,119	46,706,351	45,772,239	51,195,533	54,436,734
(5,746,645)	2,368,306	2,367,300	7,335,075	8,384,619	12,153,358
6,735,501	7,067,580	7,240,886	8,546,770	14,714,714	6,801,628
(6,735,501)	(7,067,580)	(7,240,886)	(8,546,770)	(14,714,714)	(6,801,628)
-	210,707	17,677	175,683	18,301	61,812
-	-	1,563,517	-	-	30,636
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	182,697
-	210,707	1,581,194	175,683	18,301	275,145
-	-	(294,603)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(294,603)	-	-	-
		(1,691,561)	-	-	-
\$ (5,746,645)	\$ 2,579,013	\$ 1,962,330	\$ 7,510,758	\$ 8,402,920	\$ 12,428,503
4.3%	4.4%	10.4%	10.7%	9.6%	9.5%

CITY OF HESPERIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	City				Redevelopment Agency ¹				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
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%
2022	7,105,755	199,301	(75,184)	7,229,872	-	-	-	-	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>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>	<u>2022</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
Hesperia Fire Protection District	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
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>
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
ERAF	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
County Free Library	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
Victor Valley Community College	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
CSA 60 - Victorville	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
Hesperia Park District	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
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>

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

Source: County of San Bernardino Assessor's Office

**CITY OF HESPERIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE FISCAL YEARS AGO**

Taxpayer	2022		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Aemerge Redpak Services Southern Cal	\$ 44,689,885	0.69%	\$ -	0.00%
West Main Villas LLC	41,468,072	0.64%	-	0.00%
10200 Armargosa Partners LLC	30,266,320	0.47%	-	0.00%
Hesperia Apartments LLC	29,963,012	0.46%	-	0.00%
Target Corporation	28,608,168	0.44%	24,228,383	0.55%
Best Way Disposal Company, Inc.	28,177,004	0.44%	-	0.00%
Walmart Stores, Inc.	27,952,234	0.43%	-	0.00%
WLPX Hesperia LLC.	27,094,535	0.42%	20,672,030	0.47%
RIM Properties	26,037,859	0.40%	13,926,984	0.32%
Carl E. Ross Trust	24,848,606	0.38%	51,432,533	1.18%
Hesperia Venture I LLC.	-	0.00%	18,919,580	0.43%
Moradi Family Trust	-	0.00%	16,091,493	0.37%
Villas 154 LP	-	0.00%	16,076,901	0.37%
Dr. Prem Family Foundation	-	0.00%	14,116,575	0.32%
TNP SRT Topaz Marketplace LLC	-	0.00%	12,234,780	0.28%
Charter Communications	-	0.00%	12,157,802	0.28%
	<u>\$ 309,105,695</u>	4.78%	<u>\$ 199,857,061</u>	4.57%

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
2013	4,240,895	4,016,467	95%	106,736	4,123,203	97%
2014	4,312,226	4,073,475	94%	94,378	4,167,854	97%
2015	4,303,341	4,265,574	99%	32,578	4,298,152	100%
2016	4,466,513	4,300,003	96%	120,386	4,420,390	99%
2017	4,543,086	4,388,374	97%	115,095	4,503,469	99%
2018	4,429,662	4,183,822	94%	18,121	4,201,943	95%
2019	500,280	484,203	97%	16,076	500,280	100%
2020	919,877	896,493	0%	15,763	912,256	99%
2021	938,839	933,597	99%	-	933,597	99%
2022	961,018	956,899	100%	-	956,899	100%

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	
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
2022	-	-	-	31,257,458	11,257,442	-	42,514,900

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
11,918,481	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
-	-	5,705,509	5,705,509	48,220,409	2.53%	502

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 Value¹	Per Capita
	Tax Allocation Bonds	Water General Obligation Bonds	Total Governmental Activities		
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%	-
2022	-	-	-	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 6/30/22	Percentage Applicable ⁽¹⁾	Net Bonded Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Overlapping debt:			
Victor Valley Joint Community College District	154,371,987	19.952%	30,800,299
Mojave Water Agency	1,685,000	17.316%	291,775
California Statewide Community Development Authority Assessment Districts	9,373,000	100.000%	9,373,000
City of Hesperia Community Facilities District No. 2005-1	14,865,000	100.000%	14,865,000
Total Overlapping Tax and Assessment Debt			\$ 55,330,074
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
Direct debt:			
City of Hesperia 2018 San Bernardino County Transportation Authority Loan	11,257,442	100.000%	11,257,442
City of Hesperia 2013 Refunding of 2005 Certificates of Participation	10,035,000	100.000%	10,035,000
City of Hesperia 2012 Revenue Bonds Water Rights Acquisition	21,350,000	100.000%	21,350,000
Net deferred amounts on bonds	(143,560)	100.000%	(127,542)
Sub-total Direct Debt			42,514,900
Overlapping debt:			
San Bernardino County General Fund Obligations	188,035,000	2.745%	5,161,561
San Bernardino County Pension Obligations	119,835,000	2.745%	3,289,471
San Bernardino County Flood Control District General Fund Obligations	44,780,000	2.745%	1,229,211
Hesperia Unified School District General Fund Obligations	12,085,000	84.671%	10,232,490
Snowline Joint Union High School District General Fund Obligations	62,100,000	2.586%	1,605,906
Sub-total Overlapping Debt			21,518,639
Total Gross Direct And Overlapping General Fund Obligation Debt			\$ 64,033,539
<u>OVERLAPPING TAX INCREMENT DEBT</u>	397,014,925	3.415-100.000%	\$ 116,503,182
COMBINED TOTAL DEBT			\$ 235,866,795
Direct Debt:			
General Fund Obligation Debt			31,257,458
Sub-total Direct Debt			31,257,458
Overlapping Debt:			
Tax and Assessment Debt			55,330,074
General Fund Obligation Debt			21,518,639
Tax Increment Debt			116,503,182
Sub-total Overlapping Debt			193,351,895
COMBINED TOTAL DEBT			\$ 224,609,353

- (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	76.00%
Combined Direct Debt (\$31,385,000)	43.00%
Combined Total Debt	4.17%

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				
	2013	2014	2015	2016	2017
Total assessed value of all real and personal property	\$ 4,209,284,000	\$ 4,396,333,389	\$ 4,643,554,000	\$ 5,014,130,000	\$ 5,248,890,000
Debt limit percentage (1)	15.00%	15.00%	15.00%	15.00%	15.00%
Total debt limit	631,392,600	659,450,008	696,533,100	752,119,500	787,333,500
Amount of debt applicable to debt limit	5,855,000	5,235,000	4,590,000	-	-
Legal debt margin	\$ 625,537,600	\$ 654,215,008	\$ 691,943,100	\$ 752,119,500	\$ 787,333,500
Percent of Debt Limit Authorized	0.93%	0.79%	0.66%	0.00%	0.00%

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				
2018	2019	2020	2021	2022
\$ 5,598,267,000	\$ 5,931,327,000	\$ 6,385,010,000	\$ 6,804,840,000	\$ 7,305,056,000
15.00%	15.00%	15.00%	15.00%	15.00%
839,740,050	889,699,050	957,751,500	1,020,726,000	1,095,758,400
-	-	-	-	-
\$ 839,740,050	\$ 889,699,050	\$ 957,751,500	\$ 1,020,726,000	\$ 1,095,758,400
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					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	29,422,623	27,267,180	2,155,443	5,535,000	4,535	0.39
2022	33,682,120	23,948,826	9,733,294	-	-	-

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	
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

**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⁾
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%
2022	100,324	2,109,412	21,026	5.1%

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**

	2022		2013
	Number Of	Percent of Total	Number Of
	Employees	Employment	Employees
Hesperia Unified School District*	2,910	7.70%	1,931
County of San Bernardino	547	1.45%	501
Wal-Mart Supercenter	425	1.12%	0
Stater Brothers Markets (3 locations) **	331	0.88%	408
Super Target	275	0.73%	233
Arizona Pipeline Company	226	0.60%	255
City of Hesperia***	166	0.44%	184
In-N-Out (2 locations)	161	0.43%	124
Robar Enterprises	135	0.36%	127
Hesperia Recreation & Park District**	130	0.34%	137
Wood Grill Buffet	0	0.00%	110
Total Top Employers	5,306	14.04%	4,010
 Total City Employment (1)	 37,800		

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, 2022									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	38.86	37.86	36.86	36.86	34.74	35.74	35.56	35.54	33.59	37.19
Public safety										
Police ¹	72.50	73.00	73.00	77.00	78.00	78.00	78.00	72.00	75.00	75.00
Fire ²	48.40	66.73	67.60	58.75	58.83	58.81	0.00	0.00	0.00	0.00
Development services										
Community Development	16.03	15.95	14.76	15.68	15.38	16.38	16.42	16.42	14.86	15.72
Code Compliance	23.78	23.78	23.92	23.92	25.28	25.74	25.74	25.74	24.74	29.79
Public works	34.36	34.36	33.66	34.36	35.30	35.76	35.26	34.64	33.03	23.23
Water	68.77	69.23	67.98	68.58	65.84	66.30	61.21	61.88	60.15	57.60
Wastewater	4.50	4.50	4.50	5.20	5.20	5.20	9.39	9.44	9.53	9.37
Total	<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>	<u>247.90</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 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Arrests	3,115	2,988	2,774	2,575	2,779	2,679	2,633	2,341	2,432	2,300
Citations issued	4,454	3,688	2,755	3,205	3,216	3,724	4,113	3,812	3,824	3,250
Calls for service	61,718	61,729	84,868	85,685	85,656	86,975	87,677	84,906	84,977	84,160
Fire:										
Number of emergency calls	10,157	12,244	13,457	10,619	19,960	20,280	N/A	N/A	N/A	N/A
Inspections	591	545	578	623	583	979	N/A	N/A	N/A	N/A
Public works:										
Street resurfacing (miles)	1.0	1.9	3.4	1.6	3.8	4.6	2.7	1.5	1.5	1.1
Potholes filled	10,000	19,086	21,945	24,583	28,000	22,128	32,358	33,500	17,000	30,000
Water:										
New connections	10	55	60	110	135	240	215	160	274	236
Average daily consumption (thousands of gallons)	12,130	12,035	11,695	10,090	10,832	11,283	10,802	10,621	11,578	11,326
Old steel waterlines replaced ¹ (miles of pipeline)	4.0	4.5	3.6	5.0	5.0	4.8	1.4	1.0	-	-
Sewer: ²										
Wastewater lines cleaned (mi.)	28	38	63	38	62	17	53	41	33	50
Manholes maintained	86	722	1,115	736	1,200	275	1,091	951	647	800

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	3	3	3	3	3
Public works:										
Streets (miles)	545.0	545.0	545.0	545.0	549.0	549.0	550.6	550.6	550.6	525.0
Traffic Signals	26	26	26	26	27	27	27	27	27	27
Water:										
Water mains (miles)	574.0	574.0	574.0	574.0	589.0	589.0	591.0	592.0	592.0	616.0
Maximum daily demand (millions of gallons)	22.8	24.4	21.1	21.5	21.8	20.8	22.1	18.5	19.5	19.4
Old steel waterlines replaced ¹ (miles of pipeline)	4.0	4.5	3.6	5.0	5.0	4.8	1.4	1.0	-	-
Sewer: ²										
Sanitary sewers (miles)	115	115	115	128	128	128	129	129	130	138
Average Daily Demand (millions of gallons)	2.03	2.03	1.63	1.50	1.89	1.76	1.94	2.00	2.09	2.21

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

CITY OF HESPERIA
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(IN MILLION OF GALLONS)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Type of Customer:										
Residential	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	3,557.4
Industrial	4.2	5.4	4.3	2.9	3.2	-	-	-	-	-
Commercial	296.0	296.9	268.7	274.2	288.5	294.5	286.7	269.1	274.5	289.1
Government	308.0	304.8	305.2	249.3	297.9	302.5	281.2	275.0	280.4	287.6
Total	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	4,134.1

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

Source: Hesperia Water District

**CITY OF HESPERIA
WATER RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Bi-Monthly Meter Charge	Bi-Monthly Usage Tiers			
		Rate Per	Rate Per	Rate Per	Rate Per
		0 - 10 HCF	11 - 40 HCF	41 - 80 HCF	Over 80 HCF
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	Rate Per	Rate Per	
		0-14 HCF	14-35 HCF	Over 35 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 Jan 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 Jan 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 Jan 1 - Jun 30)
2022	\$ 63.09	\$ 1.30	\$ 2.07	\$ 2.69	(for the period of Jan 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

**CITY OF HESPERIA
WATER CUSTOMERS
CURRENT YEAR AND NINE FISCAL YEARS AGO**

	2022		2013	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
HESPERIA UNIFIED SCHOOL DISTRICT	\$ 434,501	3.85%	\$ 342,552	3.50%
HESPERIA PARK & REC	169,816	1.51%	151,711	1.55%
CITY OF HESPERIA	47,645	0.42%	38,317	0.39%
SPRING STREET ASSOCIATES LP	42,044	0.37%	60,124	0.61%
HESPERIA SPEEDWASH	35,545	0.32%	-	0.00%
HESPERIA COMMUNITY CHURCH	33,730	0.30%	56,073	0.57%
WILLOW OAKS PARK LLC	24,581	0.22%	30,060	0.31%
CEMX	-	0.00%	28,830	0.29%
MESA LINDA APARTMENTS	24,585	0.22%	-	0.00%
FOREMOST HEALTH CARE CENTER	-	0.00%	23,814	0.24%
SANTA FE APARTMENTS	-	0.00%	22,764	0.23%
RIVERSIDE CONSTRUCTION CO.	-	0.00%	20,871	0.21%
KDF HESPERIA	20,519	0.18%	-	0.00%
THE VILLAS AT HESPERIA LP	18,332	0.16%	-	0.00%

Note:

Information prior to 2006-07 is not available.

Source: Hesperia Water District

