

Annual Comprehensive Financial Report

Fiscal Year
Ended June 30, 2024



City of Hesperia

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CITY OF HESPERIA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

Prepared by: Finance Department



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INTRODUCTORY SECTION





City of Hesperia CALIFORNIA

December 16, 2024

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, 2024. This report provides a broad view of the City's financial activities for the 2023-24 Fiscal Year and its financial position as of June 30, 2024. Although addressed to the elected officials and citizens of the City, this report has a number of other users. Foremost among these other users are bondholders of the city's debt, financial institutions, credit rating agencies, educational institutions, and other governmental entities.

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

The ACFR consists of three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of principal officials and administrative personnel, the City's organizational chart, and the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's Fiscal Year Ended June 30, 2023 ACFR. 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, 2024 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, 2024 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 100,090 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, on November 5, 2024, the City held an election for City Council seats in districts 1 and 5. The Mayor is appointed annually by and among the members of the City Council. The governing council is responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and resolutions of the governing council and for overseeing the day-to-day operations of the government.

The City of Hesperia, including its component districts, employs approximately 203 full-time equivalent positions (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 17 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.

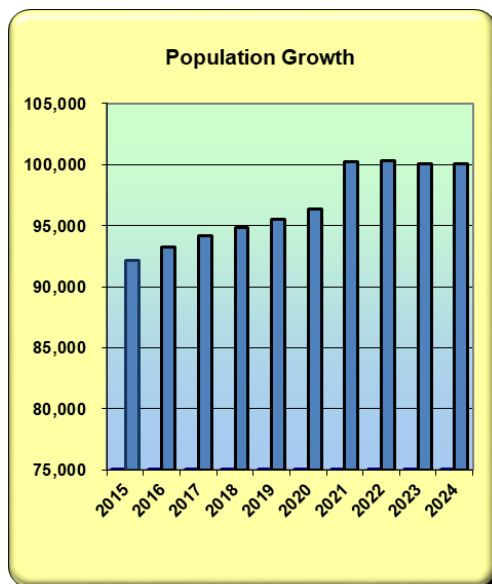
The City's budget policy is that all appropriations lapse at fiscal year-end. Outstanding encumbrance balances at fiscal year-end require re-approval by the City Council. The City Council may amend the budget at any time during the fiscal year. The City Manager may authorize budget transfers between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

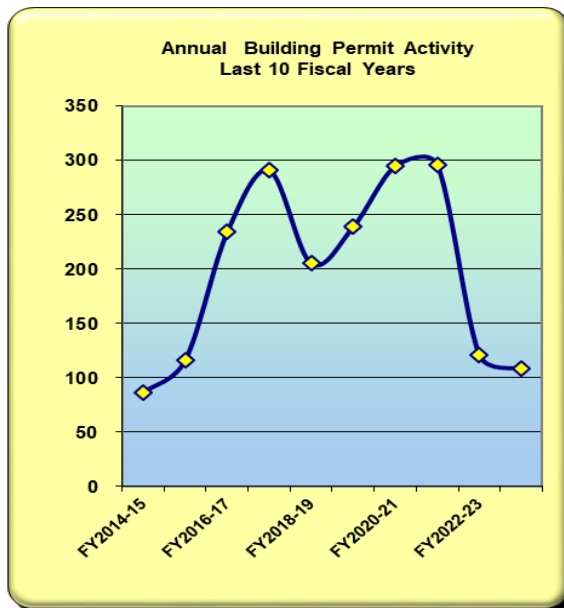
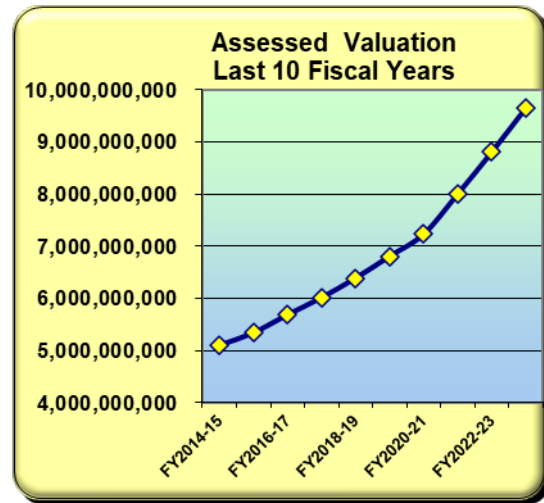
The City of Hesperia is located in the northern region of the Inland Empire, an area of Southern California with affordable undeveloped land among multiple transportation corridors. Situated at the summit of the Cajon Pass and within the interconnection of Interstate 15 and U.S. Highway 395, Hesperia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



The City of Hesperia is home to approximately 100,090 residents. With the ongoing construction of the Silverwood development, the projected growth in Hesperia's population will continue to provide the City with a large and expanding workforce. Over the last ten years, Hesperia has experienced appreciable growth in its population, growing approximately 6.3%. This 10-year growth is notably higher than that of the county at 3.2%, state 0.8%, and the nation as a whole at 5.1%, for the same time period. Hesperia's 6.3% population growth over the last decade is in addition to the substantial growth Hesperia experienced over the previous decade of 16.7%. After the 2020 U.S. Census, the State revised the 2021 population data 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 2024 was higher than the national average at 7.3%, and has increased from the 6.8% unemployment rate experienced during the same month in the prior year. However, the addition of retail projects such as the November 6, 2024 announcement of Sam's Club Warehouse to be located in Hesperia will aid in the effort to help reduce unemployment in the area. Further, the recent interest rate reductions by the Federal Reserve are also likely to assist in helping lower unemployment rates. In the mean time, Hesperia's 7.3% unemployment rate does register higher than the 5.3% rate experienced within the overall County of San Bernardino, the 5.4% rate for the State, and the 4.1% 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 an 8.7% increase in Hesperia's assessed valuation for 2024. With this most recent announcement, the City's \$9.7 billion assessed valuation reflects an increase of \$4.6 billion during the last ten years, or 89.6%, 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 single family residential (SFR) activity over the last ten years. The recent decline in permit activity, going from 296 permits issued in FY 2021-22 to 108 permits issued during FY 2023-24, reflects the impact that the Federal Reserve's tightening of monetary policy to curb inflation and related rate increases have had on the overall housing market.

The FY 2024-25 Budget projects an increase in SFR permits, due in large part to progress being made on Phase I of the 9,366-acre Silverwood master planned community, which will ultimately result in a projected 15,663 single family houses, town houses, and condominiums over the next twenty years. With a FY 2024-25 projection of 170 SFR permits, through October 2024, 47 SFR permits have been issued.

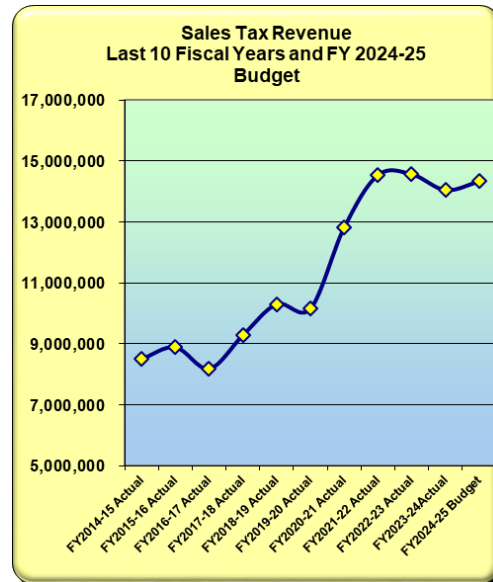
Commercial development activity, similar to residential development, acts as a barometer of local economic conditions. During FY 2023-24, the City added 473,553 square feet of combined industrial and commercial construction; 444,729 square feet of which was warehouse space. This commercial activity was lower than the 2,279,669 in square feet added during FY 2023-24,

due predominantly to two warehouse projects added during FY 2022-23 which exceeded 1 million square footage each. Further, activity projected in the FY 2024-25 Budget includes one hundred twelve (112) multi-family units, six (6) commercial projects, and two (2) industrial buildings. Through October 2024, permit activity for 15,596 in commercial square footage occurred, including a McDonald's restaurant and a Quick Quack Car Wash.

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 66% increase in sales tax revenue from \$8.5 million in FY 2014-15, to \$14.1 million in FY 2023-24.

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 contributed to the increase.

When reviewing the historical trend of the City's 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 14% of all sales taxes as of June 2024.



Fiscal Year 2023-24 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, 2024, 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 2023-24 Budget was adopted with the equivalent of 5.6 months of General Fund expenditures held as cash reserves.
- ❖ The Hesperia City Council provided an additional \$0.8 million of funding within Fiscal Year 2023-24 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.

- ❖ On March 20, 2024, the Hesperia City Council updated the City's goals; a significant step following the prior update on February 11, 2014. This proactive approach underscores the Council's commitment to adapting to our community's evolving needs and ensuring the continued growth and prosperity of Hesperia, as described below:
 - **Public Safety:** Ensure public safety resources adequately protect our community.
 - **Future Development:** Facilitate balanced growth to ensure cohesive community development and pursue economic development.
 - **Organizational Health:** Foster a high performing organization that provides opportunities for professional growth.
 - **Financial Health:** Maintain a balanced budget and adequate reserves.
 - **Capital Improvement:** Continually evaluate capital improvement priorities.

These updated goals will be instrumental in guiding the development of the City's annual budgets.

- ❖ The City was awarded funding from Federal and State grant programs to enhance infrastructure, environmental conservation, and quality of life programs:
 - A \$75,000 WaterSMART grant was received from the Bureau of Reclamation as a result of the completion of the FY 2019-20 Water Service Line Relocation Project during FY 2023-24. The project, which replaced older steel water lines from service by connecting residential water services to newly installed pvc pipelines. The project sites are located along Eight, Ninth, and Tenth Avenues, from Mesa Street to Mauna Loa Street; Ash, Mission, and El Centro Streets from Eleventh Avenue to Seventh Avenue. As a part of the City's 2008 Water Master Plan, this project will reduce water loss and enhance water quality.
 - The City received \$38,802 from the Tire Amnesty 7 Grant through CalRecycle to resume Tire Amnesty Day events, in which residents can dispose of old and unwanted tires for free.
 - The City received \$267,124 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 received \$25,342 from Cal Recycle to aid in beverage container recycling and litter clean-up activities.
- ❖ 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 2023-24, these programs yielded:
 - Neighborhood beautification: 59.61 tons. This City-funded event allows residents free disposal of bulky items such as mattresses, furniture, and appliances.
 - Cleanup Day: 6.18 tons. This City-funded event organizes clean-ups with community participation at designated locations throughout the City.
 - Tire Amnesty Day: 1,404 tires or 14 tons. Due to available funds by CalRecycle, one Tire Amnesty Event was held in FY 2023-24.
 - HEART Program: 574.14 tons. The Hesperia Environmental Assistance Response Team (HEART) was formed through a partnership between the City and Advance Disposal, involving a comprehensive sweep of the City to collect trash and debris from neighborhoods throughout Hesperia.

- ❖ Hesperia welcomed several new businesses during FY 2023-24:
 - Golden Chopsticks on Main Street
 - Wing Stop on Main Street
 - La Carniceria Meat Market on Main Street
 - Slice Godz Pizzeria on Bear Valley Road
 - Mediterranean Island on Bear Valley Road
 - Toyma Fresh Grill Teriyaki on Main Street
 - Dairy Queen on Bear Valley Road
 - Rosa Maria's on Bear Valley Road
 - Carnes y Mariscos Luis on Bear Valley Road
 - Panera Bread on Bear Valley Road
 - Maersk Warehouse & Distribution on Caliente Road

Subsequent Goals, Efforts, and Actions

- ❖ The FY 2024-25 Budget was adopted with a \$33.8 million budget for capital improvement projects, including \$26.9 million for streets projects, \$2.8 million for storm drainage projects, \$0.5 million for facilities projects, \$0.7 million for water projects, and \$2.9 million for sewer projects.
- ❖ Consistent with the City Council's Budgeting Policy to ensure funding for law enforcement services at 53% of a three-year average of the General Fund audited operating expenditures, the Police Department's budget will increase in FY 2024-25 by approximately \$0.7 million, or 3% 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 will continue through FY 2024-25. 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.
- ❖ Funding in the amount of \$57,000 has been included in the FY 2024-25 Budget to update the City's Strategic Plan, which serves to articulate the City Council's goals by prioritizing key objectives and creating a comprehensive, long-term vision for the future of the City.



- ❖ The FY 2024-25 Budget includes \$0.8 million in funding to continue an update to the City's General Plan and General Plan Environmental Impact Report. The total cost of this project is \$1.0 million, of which \$0.2 million was included in the FY 2023-24 Revised Budget. This process is completed every ten to fifteen years.
- ❖ Previously awarded grants that will be used in the upcoming year:
 - The City received \$80,000 from the California Energy Commission to implement an automated online permitting solution for processing solar energy permit applications.
 - The City received \$20,379 from the Tire Cleanup Grant 19 through CalRecycle, which allows Code Enforcement to clean up tires throughout the City. Funds were extended through April 2025.
 - The City received \$224,000 from the Rubberized Pavement Grant Program through CalRecycle.
 - The City received \$20,000 from the Raymond Pryke Foundation for use at the Hesperia Animal Shelter.
 - 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.
 - The City was awarded a \$0.9 million Federal Highway Safety Improvement Program grant for a traffic signal at the intersection of Main Street and Timberlane Avenue. The project will install a traffic signal, widen the roadway to accommodate left turn pockets, and install sidewalks, crosswalks, and lighting. The intersection was identified as a safety priority, with the cost of the project at \$1.5 million, supplemented with \$0.9 million in grant funding.
 - The City was awarded \$3.9 million as part of the California Transportation Commission's SB1 Local Partnership Program for the Ranchero Widening Project, which will widen five miles of Ranchero Road from two to five lanes and include features such as construction of a new bridge over the aqueduct, installation of signals and construction of a rail crossing.
 - The City was awarded \$192,675 from the Prop 68 Per Capita Grant for the design of a 4.5-mile recreational trail around the Hesperia Golf Course.
 - The City was awarded \$750,000 Prop 1 Grant funding in cooperation with the Mojave Water Agency for the installation of a retention basin south of the H-01 storm drain pipe that will regulate the flow of storm water and allow the sediment to settle into the basin rather than dispersing into the storm drainpipe. Subsequently, the retention basin will significantly reduce the cost of maintenance and improve storm water quality.

Short-Term Outlook

The FY 2024-25 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 2024-25 Budget anticipates an overall decrease in resources of 11%, largely due to Other City Related funds and Streets Related revenues. The change in Other City Related funds is predominately a result of the FY 2022-23 close-out of the Neighborhood Stabilization Program (NSP), in which existing funds serve as program income for HUD approved CDBG grant activities. The change in revenue from Developer Impact Fees (DIF) is related to outstanding projects that have been completed and move toward occupancy. This combined decrease is offset, in part, by an anticipated 9%, or \$4.1 million, increase in General Fund revenues of from Vehicle License Fees, General and Administrative Recovery, and Other General Fund Revenues. Water District revenues are anticipated to remain relatively unchanged from FY 2023-24.

Citywide FY 2024-25 budgeted expenditures of \$123.0 are an expected 10% decrease from the FY 2023-24 Budget of \$137.0 million. The primary reason for the decrease in expenditures is attributable to non-operating expenditures, which are anticipated to decrease by 34%. This is primarily due to a 32% reduction in Capital Improvement Program budgeted expenditures, from a FY 2023-24 Budget of \$49.5 million to a FY 2024-25 Budget of \$33.8 million, as progress is being made on the Ranchero Corridor projects. The decrease in non-operating expenditures is partially offset by an increase in FY 2024-25 operating expenditures of 8%, largely related to an increase in the City's liability insurance, law enforcement contract, and salaries and benefit increases resulting from lingering inflationary factors, specifically attributable to the average 4.7% Consumer Price Index (CPI) increase for the Riverside-San Bernardino-Ontario Metro Service Area.

The FY 2024-25 General Fund Budget includes 5.3 months of cash reserves, which equates to approximately \$23.1 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 18, 2024, the City's FY 2024-25 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 2024-25 CIP program includes funding in the amount of \$33,804,875 for much needed projects in the following categories:

Streets CIP Projects	\$	26,920,132
Storm Drain Projects		2,755,023
Facilities Projects		500,000
Water Projects		725,000
Sewer Projects		2,904,720
Total CIP Projects	\$	33,804,875

As with most cities, street improvement projects are of significant importance to the City of Hesperia. Over the past 16 years, the City has dedicated funds to its Annual Street Improvement Program totaling \$53,140,651 and paving over 95 miles of road. These funds are used to enhance streets throughout the City and are in addition to the ongoing Street Maintenance Program.

As noted above, street improvement projects totaling \$26.9 million are included in the FY 2024-25 Budget to address infrastructure needs such as: \$12.8 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 \$14.1 million in other street projects of significant importance to the City.

Storm Drain CIP projects amounting to \$2.8 million are included in the FY 2024-25 Budget for progress needed on three retention basins and two drainage channels.

Facilities projects amounting to \$0.5 million have been included in the FY 2024-25 CIP Budget for an Animal Shelter Play Yard (\$0.3 million) and the design of a recreational Golf Course Trail (\$0.2 million).

Water and Sewer projects amounting to \$3.6 million have been included in the FY 2024-25 Budget for the Interstate 15 infrastructure project (\$1.5 million), as well as approximately \$2.1 million for additional water and sewer improvements, including \$1.4 for the Maple Avenue Sewer

Line Replacement project, \$0.6 million to Recoat Exterior Water Tank at Plant 23, and \$0.1 million for Roofing Replacement & Repairs at Plants 5 & 18.

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 announced additional policy changes designed to improve the plans’ funded status, resulting in increased pension costs to the City. These policy changes included 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.

To further advance the City Council’s Financial Health Goals Statement, Section 115 Trust funds were established during FY 2022-23 to address both the City’s pension and Other Post-Employment Benefit (OPEB) obligations. On May 16, 2023, the City Council approved an initial deposit of \$3.4 million for the City’s Pension Stabilization 115 Trust and \$0.6 million for the City’s OPEB 115 Trust. Further, with the adoption of the FY 2023-24 Budget, the City Council approved a policy to annually contribute a minimum of five percent of the annual CalPERS required employer unfunded liability payment into the City’s Pension Stabilization Trust fund, and contribute a minimum of 15% of the annual OPEB billing from CalPERS into the OPEB Trust fund in order to put in place steady and consistent funding that will generate investment income, thereby reducing future long term cash flow requirements. For FY 2024-25, the City’s budgeted contributions are \$166,000 and \$11,209 respectively.

Actions were also taken to address the pension and OPEB obligations of the Hesperia Water District. On June 18, 2024, the Board of Directors for the Water District authorized the establishment of Section 115 Trust funds to address the Water District’s pensions and OPEB obligations as well. For FY 2023-24, the Board authorized \$750,000 in initial funding to the Water District’s Pension Stabilization Trust fund. Further, with the adoption of the FY 2024-25 Budget, the Board authorized an additional \$500,000 contribution to the District’s Pension Stabilization Trust fund, and \$250,000 to the District’s OPEB Trust fund.

2023 Refunding Lease Revenue Bonds

In the administration of the City’s debt, market conditions are monitored for opportunities to lower debt costs through refinancing. At the June 6, 2023 City Council meeting, the Council authorized the issuance of the Hesperia Joint Public Finance Authority 2023 Refunding Lease Revenue bonds (Refinancing of the 2013 Civic Plaza Refunding Lease Revenue Bonds) with a closing date of July 11, 2023. The 2023 refinancing resulted in \$2,264,150 in gross savings, with a true interest cost of 3.37%. The net present value savings of \$674,109 is 7.0% of the refunded bonds.

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 2024-25 Budget.

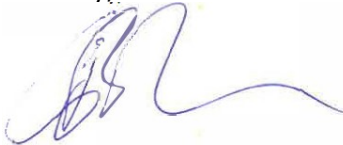
To ensure adequate funding for law enforcement services, the City Council’s Budgeting Policy further stipulates that the annual Police Department budget shall equal or not exceed 53% of a three-year average of the General Fund audited operating expenditures (comprised of all expenditures less transfers out, debt service, and capital outlay). Consistent with this policy, the Police Department’s Budget will increase in FY 2024-25 by 3%, or approximately \$0.7 million, in order to fund the FY 2024-25 law enforcement contract.

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 2024-25 Budget was adopted with the equivalent of 5.3 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,



Casey Brooksher
Assistant City Manager

CITY OF HESPERIA

LIST OF PRINCIPAL OFFICIALS

(At Date of Issuance)

ELECTED OFFICIALS

Allison Lee, Mayor

Cameron Gregg, Mayor Pro Tem

Brigit Bennington, Council Member

Chris Ochoa, Council Member

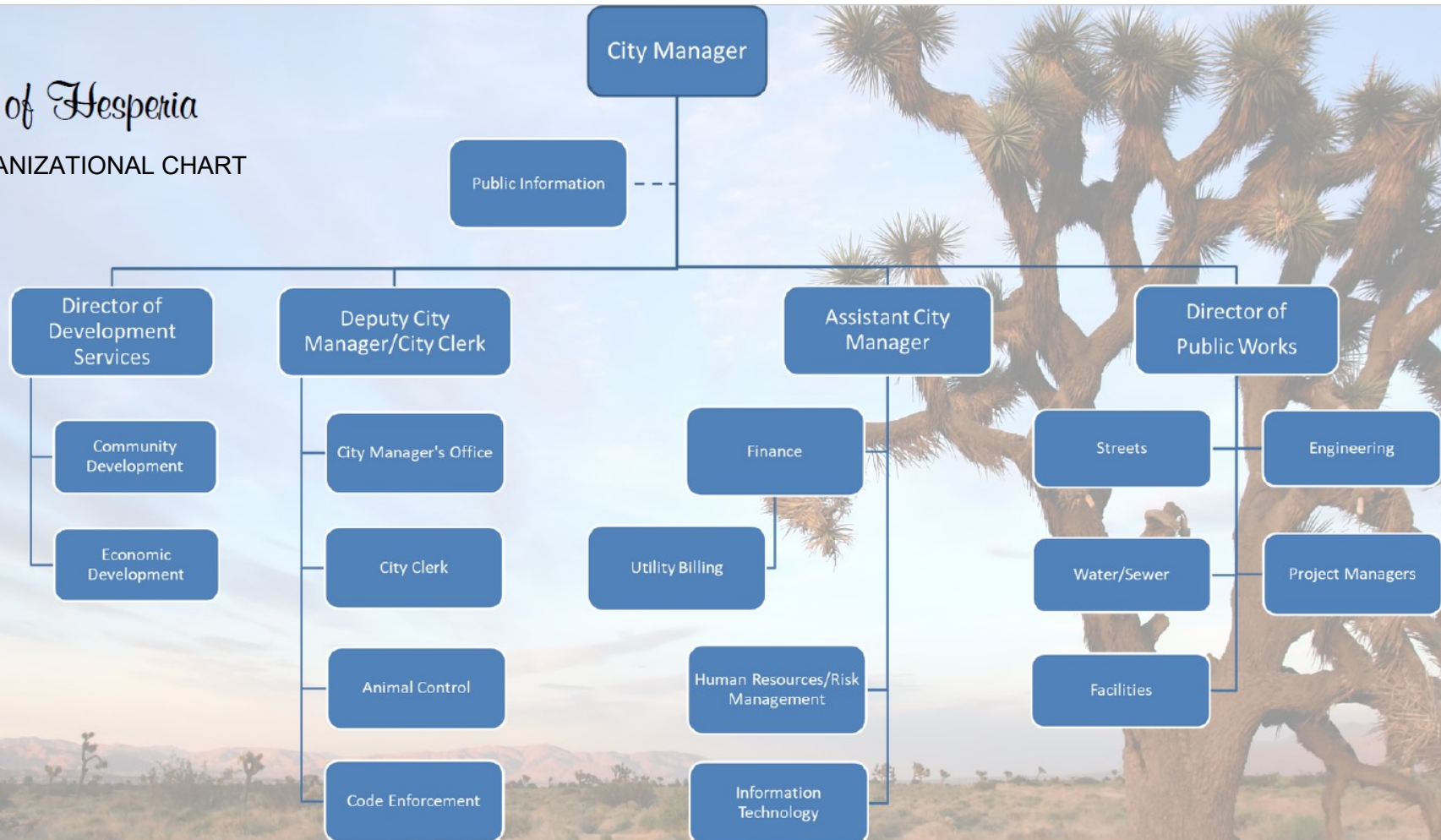
Josh Pullen, Council Member

ADMINISTRATIVE STAFF

Rachel Molina City Manager
Casey Brooksher Assistant City Manager
Melinda Sayre Deputy City Manager/City Clerk
Cassandra Sanchez Director of Public Works/City Engineer
Nathan Freeman Director of Development Services
Jeremy Dean Police Captain

City of Hesperia

ORGANIZATIONAL CHART



July 2024



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, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





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, 2024, 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, 2024, 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.

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, the Schedule of Changes in Total/Net OPEB Liability and Related Ratios, and Schedule of Contributions OPEB, 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 16, 2024 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 16, 2024

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, 2024. 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, 2024, the City's (including governmental and business-type activities) assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$391.9 million (*net position*), which is \$35.2 million or 9.9% greater than the \$356.7 million total net position at June 30, 2023. One primary factor for this gain are increases of \$14.7 million and \$4.4 million in cash position for both governmental activities and business-type activities, respectively. The increase to governmental activities is partially attributed to a combined increase of \$10.3 million in cash position in the development impact fee funds.
- Capital assets related to Governmental activity increased \$11.1 million during FY 2023-24. The increase is primarily due to a net \$17.2 million increase in construction in progress from ongoing projects, an \$1.7 million increase in land from the purchase of properties during the year, and a \$1.4 million increase to infrastructure from the completion of capital projects, a \$0.2 million net increase in vehicles, and a \$0.2 million increase in machinery and equipment, which is partially offset by a net \$9.6 million increase in accumulated depreciation.
- Current and other liabilities decreased \$1.2 million to \$86.6 million from \$87.8 million for the period ending June 30, 2024. The main factors for the overall decrease include a \$2.1 million decrease in unearned revenue, a \$0.9 million decrease in net OPEB liability, and a \$0.5 million decrease in deposits that were partially offset by a \$2.3 million increase in net pension liability.
- Long-term debt outstanding decreased \$1.7 million during FY 2023-24 primarily due the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds, and the annual debt service principal payments made on the revenue bonds. Additionally, a \$0.2 million debt payment was made on the California State Water Resources Control Board loan.
- At June 30, 2024, the City's governmental funds reported combined fund balances of \$116.6 million, an increase of \$13.4 million or 13.0%, from \$103.2 million at June 30, 2023. Approximately 11.8% of the \$116.6 million combined fund balance, or \$13.8 million, is available for spending at the City's discretion, and designated as *unassigned fund balance*. The main reason for this increase is a combined increase of \$10.0 million in development impact fee-related fund balances from fees collected for ongoing development projects. Another factor is a \$2.0 million increase in in General Fund intergovernmental revenue related to vehicle license fees and administrative services.
- As of June 30, 2024, unrestricted fund balance (the total of *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$31.7 million, or approximately 70.5% 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.

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, American Rescue Plan Act, Development Impact Fees 2018 – City Hall Facilities, Development Impact Fees – Streets, Development Impact Fees 2018 – Streets and City Projects Fund, which are considered major funds. Data from the other thirty-three (31) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The 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 the Budgetary Comparison Schedules within 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.

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.

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.

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.

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.

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	
	2023	2024	2023	2024	2023	2024
Current and other assets	\$ 152,866,052	\$ 168,737,247	\$ 47,344,375	\$ 53,618,069	\$ 200,210,427	\$ 222,355,316
Capital assets	176,588,707	187,679,331	96,817,180	95,791,864	273,405,887	283,471,195
Total Assets	329,454,759	356,416,578	144,161,555	149,409,933	473,616,314	505,826,511
Total deferred outflows of resources	14,617,002	13,570,089	3,742,665	3,680,142	18,359,667	17,250,231
Current and other liabilities	68,454,583	66,747,253	19,310,504	19,855,339	87,765,087	86,602,592
Long-term debt outstanding	33,059,208	31,789,745	6,431,098	5,997,909	39,490,306	37,787,654
Total Liabilities	101,513,791	98,536,998	25,741,602	25,853,248	127,255,393	124,390,246
Total deferred inflows of resources	5,338,654	4,342,051	2,728,696	2,436,643	8,067,350	6,778,694
Net Position:						
Net investment in capital assets	144,131,366	157,674,071	90,486,643	89,123,932	234,618,009	246,798,003
Restricted for:						
Debt service	6,048,710	5,016,600	385,528	385,528	6,434,238	5,402,128
Transportation	41,774,168	53,501,881	-	-	41,774,168	53,501,881
Air Quality	24,142	25,314	-	-	24,142	25,314
Public Safety	6,937,421	8,644,905	-	-	6,937,421	8,644,905
Economic development	26,513,843	28,141,208	-	-	26,513,843	28,141,208
Other purposes	386,968	474,414	-	-	386,968	474,414
Unrestricted	11,402,698	13,629,225	28,561,751	35,290,724	39,964,449	48,919,949
Total Net Position	\$ 237,219,316	\$ 267,107,618	\$ 119,433,922	\$ 124,800,184	\$ 356,653,238	\$ 391,907,802

The current year saw a net position increase from \$356.7 million to \$391.9 million. This increase of \$35.2 million comes, in part, from a \$22.1 million increase in net position from additional cash received through ongoing operations, grant activities, and tax revenue. Capital assets experienced a net increase by \$10.1 million. Current and other liabilities decreased by \$1.2 million, and long-term debt outstanding decreased by \$1.7 million largely due to the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds and annual debt service payments of the revenue bonds.

Current and other assets:

- Governmental current and other assets increased by \$15.9 million, or 10.4% from June 30, 2023. This increase was primarily due to a net \$14.7 million increase in cash, which, as described is, attributed to development impact fees on new commercial, industrial, and residential projects. Other contributing factors for the increase in current and other assets include a \$3.2 million increase in accounts receivable, a \$1.9 million increase in amounts due from other governmental agencies, and a \$1.1 million increase in restricted assets-cash and investments in pension trust. These increases were partially offset by a \$4.3 million decrease in land held for resale and a \$1.1 million decrease in restricted assets-cash held for bond reserves.
- Business-type current and other assets experienced an increase of \$6.3 million, or 13.3% during the fiscal year. The main contributing factors include a \$4.4 million increase in cash from investment income and ongoing operations, a \$0.8 million increase in accounts

receivable, a \$0.8 million increase in inventory, and a \$0.2 million increase in funds due from governmental activities.

Capital assets:

- Governmental capital assets increased by 6.3% or \$11.1 million. This increase is primarily due to a \$17.2 million net increase to construction in progress from ongoing projects, a \$1.7 million increase in land, a \$1.4 million increase to infrastructure from completed capital projects, and a \$0.4 million increase in equipment and vehicles. The increase in capital assets was offset by \$9.6 million in net accumulated depreciation.
- Business-type capital assets experienced a decrease of \$1.0 million, net of depreciation. The main factors contributing to the decrease include a \$1.7 million increase in construction in progress, a \$1.3 million increase in equipment and vehicles, and a \$0.3 million increase in water and sewer facilities partially offset by a \$3.8 million increase in accumulated depreciation, and a \$0.5 million decrease in Subscription-Based Information Technology Agreements (SBITAs).

Current and other liabilities:

- Governmental current and other liabilities decreased by \$1.7 million or 2.5% when compared to June 30, 2023. The change is largely due to a decrease of \$2.7 million in unearned revenue primarily due to payments received for capital projects, a \$0.7 million decrease in net OPEB liabilities, and a \$0.6 million decrease in deposits. These increases were partially offset by a \$1.7 million increase in net pension liability, and a \$0.7 million increase in accounts payable due to the timing of payments.
- Business-type current and other liabilities increased by \$0.5 million or 2.8% from the June 30, 2023 total of \$19.3 million. This increase primarily consists of a \$0.6 million increase in net pension liabilities and a \$0.5 million increase in unearned revenue partially offset by a \$0.6 million decrease in accounts payable due to the timing of payments.

Long-term debt outstanding:

- Governmental long-term debt decreased by \$1.3 million from June 30, 2023. This is mainly attributable to a \$2.1 net decrease in long-term debt from the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds and annual debt service payments made on the 2013 Refunding Lease Revenue Bonds and the 2012 lease revenue bonds. Additionally, SBITA liabilities decreased by \$0.2 million from ongoing operations. These decreases in long-term debt were partially offset by a \$1.0 increase in claims liability.
- Business-type long-term debt outstanding activity during the fiscal year resulted in a net decrease of \$0.4 million from June 30, 2023. This decrease is due to a \$0.3 million decrease in subscription-based agreements and a \$0.2 million decrease for the payment towards the California State Water Resources Control Board loan partially offset by a \$0.1 million increase in compensated absences.

Net investment in capital assets:

- Governmental net investment in capital assets increased by \$13.5 million or 9.4% during the fiscal year, which is the net increase of capital assets, and is further discussed in the Capital Assets section.
- Business-type net investment in capital assets decreased by \$1.4 million or 1.5%, from the year ended June 30, 2023, due in large part to the \$1.0 million net decrease in capital assets and the \$0.2 million California State Water Resources Control Board loan payment.

Restricted:

- Governmental restricted net position increased by \$14.1 million from the year ending June 30, 2023. This increase is primarily due to a \$11.7 million increase in transportation-related fund balance, a \$1.7 million increase in public safety-related fund balance, and a \$1.6 million increase in economic development-related funds balance partially offset by a \$1.0 million decrease in in debt service fund balance.
- Business-type restricted net position remained unchanged from FY 2022-23.

Unrestricted net position:

- Governmental unrestricted net position increased by \$2.2 million during the fiscal year due in large part to the growth in cash position.
- Business-type unrestricted net position increased by \$6.7 million, from \$28.6 million in FY 2022-23 to \$35.3 million in FY 2023-24, 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 \$35.2 million from the \$356.7 million of the prior fiscal year. The June 30, 2024 total Program Revenues decreased by \$0.9 million. This change in total Program Revenues consists of a decrease of \$1.1 million in Governmental Activities program offset, in part, by a \$0.2 million increase of business-type program revenue. Program revenue comprised 67.0% of total revenues and funded 91.1% of total expenses.

During the fiscal year, expenses increased by \$10.4 million, or 11.8% from June 30, 2023. General government related expenses increased by \$2.5 million, which is largely from the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds. Public safety expenses increased \$3.8 million, or 19.2%, 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 remained relatively unchanged. Water expenses increased by \$2.5 million primarily due to an overall decrease in ongoing operations costs. Wastewater expenses increased \$1.7 million from June 30, 2023 largely due to an increase in wastewater treatment costs.

Table 2
Changes in Net Position

	Governmental Activities			Business-type Activities			Total		
	2023	2024	Change	2023	2024	Change	2023	2024	Change
Revenues									
Program revenues:									
Charges for services	\$ 31,112,395	\$ 31,481,567	\$ 369,172	\$ 32,354,740	\$ 32,444,477	\$ 89,737	\$ 63,467,135	\$ 63,926,044	\$ 458,909
Operating contributions and grants	13,658,179	15,432,640	1,774,461	-	74,550	74,550	13,658,179	15,507,190	1,849,011
Capital contributions and grants	13,428,649	10,220,396	(3,208,253)	-	-	-	13,428,649	10,220,396	(3,208,253)
Total program revenues	58,199,223	57,134,603	(1,064,620)	32,354,740	32,519,027	164,287	90,553,963	89,653,630	(900,333)
General revenues:									
Taxes:									
Property taxes	13,210,009	14,623,575	1,413,566	717,089	1,136,372	419,283	13,927,098	15,759,947	1,832,849
Sales and use tax	15,453,623	14,062,321	(1,391,302)	-	-	-	15,453,623	14,062,321	(1,391,302)
Transient occupancy tax	1,899,895	1,513,544	(386,351)	-	-	-	1,899,895	1,513,544	(386,351)
Franchise tax	4,188,869	4,315,329	126,460	-	-	-	4,188,869	4,315,329	126,460
Document transfer tax	346,286	330,361	(15,925)	-	-	-	346,286	330,361	(15,925)
Other Taxes	402,200	78,579	(323,621)	-	-	-	402,200	78,579	(323,621)
Motor vehicle in-lieu	102,834	123,572	20,738	-	-	-	102,834	123,572	20,738
Unrestricted investment earnings	2,580,969	3,553,226	972,257	621,878	2,052,153	1,430,275	3,202,847	5,605,379	2,402,532
Unrestricted System improvement and replacement	-	-	-	2,172,386	1,444,256	(728,130)	2,172,386	1,444,256	(728,130)
Insurance Proceeds	-	-	-	-	-	-	-	-	-
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-
Other	133,294	592,135	458,841	232,488	234,175	1,687	365,782	826,310	460,528
Total general revenues	38,317,979	39,192,642	874,663	3,743,841	4,866,956	1,123,115	42,061,820	44,059,598	1,997,778
Total revenues	96,517,202	96,327,245	(189,957)	36,098,581	37,385,983	1,287,402	132,615,783	133,713,228	1,097,445
Expenses									
General government	11,235,610	13,715,537	2,479,927	-	-	-	11,235,610	13,715,537	2,479,927
Public safety	20,033,730	23,874,494	3,840,764	-	-	-	20,033,730	23,874,494	3,840,764
Development services	27,571,092	27,581,348	10,256	-	-	-	27,571,092	27,581,348	10,256
Interest on long-term debt	1,468,184	1,267,564	(200,620)	-	-	-	1,468,184	1,267,564	(200,620)
Water	-	-	-	21,834,936	24,335,949	2,501,013	21,834,936	24,335,949	2,501,013
Wastewater	-	-	-	5,948,464	7,683,772	1,735,308	5,948,464	7,683,772	1,735,308
Total expenses	60,308,616	66,438,943	6,130,327	27,783,400	32,019,721	4,236,321	88,092,016	98,458,664	10,366,648
Net position at July 1	201,010,730	237,219,316	36,208,586	111,118,741	119,433,922	8,315,181	312,129,471	356,653,238	44,523,767
Net position at June 30	\$ 237,219,316	\$ 267,107,618	\$ 29,888,302	\$ 119,433,922	\$ 124,800,184	\$ 5,366,262	\$ 356,653,238	\$ 391,907,802	\$ 35,254,564

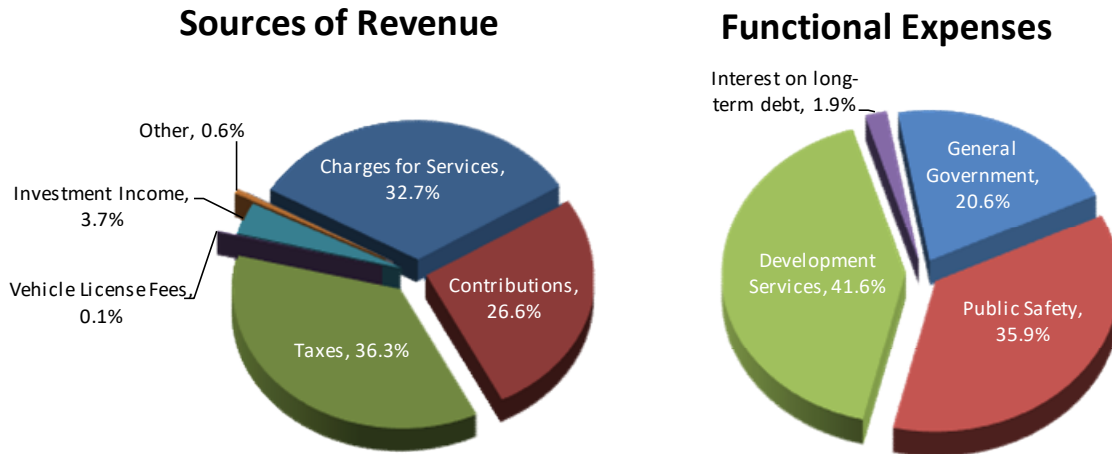
GOVERNMENTAL ACTIVITIES

As stated, Fiscal Year 2023-24 program revenues decreased \$1.1 million due to: a \$3.2 million decrease in capital contributions and grants from capital project reimbursements, a \$1.8 million increase in operating contributions and grant revenue largely due to increases in interest income, and a \$0.3 million rise in charges for services. The cost of all governmental activities was \$66.4 million, which is an increase of \$6.1 million from Fiscal Year 2022-23. This increase is largely due to a \$3.8 million increase in public safety primarily from increases in costs for law enforcement services and a \$2.5 million increase in general government services from expenses related to the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds, a \$0.4 million increase in insurance costs, and a \$0.3 million increase in legal fees.

As shown in Table 2, the amount that the taxpayers ultimately financed for these activities was \$9.3 million (\$66.4 million of total expenses less \$57.1 million of total program revenues). The \$57.1 million of program revenues included approximately \$31.5 million of costs paid by those who directly benefited from the programs and \$15.4 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 \$39.2 million of general revenues with \$29.9 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 2024 Government Activities (see Table 2)



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, 2024 net position of \$124.8 million increased \$5.4 million or 4.5% from the prior fiscal year's net position of \$119.4 million. The cost of all Water District activities this year increased by \$4.2 million or 15.2% from \$27.8 million during FY 2022-23. The primary contributing factors for the overall increase in expenses include a \$1.1 million increase in wastewater treatment fees, a \$1.0 million increase in pension costs, a \$0.7 million increase in General and Administrative expenses and a \$0.4 million increase in utilities costs related to water production.

Total revenues increased \$1.3 million from \$36.1 million to \$37.4 million between FY 2022-23 and FY 2023-24. The most significant factors for the change are a \$1.4 million increase in interest income on investments due to increased interest rates and a \$0.4 million increase in property taxes partially offset by a \$0.8 million decrease in unrestricted system improvement and replacement from additional water meters added to the water system.

As shown in the Changes in Net Position (Table 2), the amount paid by users of the systems was \$32.4 million, which is relative unchanged from the June 30, 2023 total. Operating contributions and grants increased \$0.1 million due to the grant-related revenue that was received in FY 2023-24. Non-operating revenues of about \$4.9 million made up the remainder of the \$37.4 million total revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the City's governmental funds reported combined fund balances, of \$116.6 million, which is \$13.4 million or 13% more than the June 30, 2023 balance of \$103.2 million.

- **General Fund** At year-end, the fund balance for the General Fund increased \$5.1 million or 14.1% from \$36.1 million in FY 2022-23 to \$41.2 million in FY 2023-24. Revenues exceeded expenditures by \$7.2 million. Additionally, the General Fund transferred out a net amount of \$2.2 million to other funds, which includes \$1.5 million for debt service for the 2012 Water Rights Acquisition and \$0.9 million for PERS obligations related to the former Hesperia Fire Protection District net of a \$0.2 million transfer in related to AB 3229 COPS funding for police services. General Fund revenues of \$52.2 million increased by \$1.7 million due in large part to the following factors:
 - \$1.3 million increase from interest income received on investments due to increased interest rates
 - \$1.1 million increase in vehicle license fees received from the State of California
 - \$0.7 million increase in general and administrative revenue
 - \$1.5 million decrease in various development-related fees

Compared to the prior year, General Fund expenditures increased by \$3.1 million. The primary contributing factors are as follows:

- \$2.0 million increase in the San Bernardino County law enforcement contract costs
- \$0.8 million to purchase vacant property
- \$0.3 million increase in legal expenses

The General Fund final budget fund balance for FY 2023-24 of \$36.8 million was an increase of \$0.5 million over the original budget fund balance of \$36.3 million primarily due to an increase of \$2.3 million in transfers from other funds offset by a \$0.9 million increase in Management Services budget appropriations primarily due to the purchase of vacant property, and a \$0.6 million increase in Development Services budget appropriations primarily related to the City's General Plan Update.

The FY 2023-24 year-end fund balance of \$41.2 million was \$4.4 million greater than the final budgeted amounts. The significant budgetary variances include: a total of \$1.4 million in the use of money and property from additional interest received on investments, an additional \$1.2 million in resources from increased development-related activity, an increase of \$0.9 million in revenue from vehicle license fees from the State of California and the other governments, \$2.9 million in less than expected expenditures in the management services and development services departments related to insurance premiums and costs related to the City's General Plan Update, partially offset by \$2.3 million in less than expected transfers in.

- The **American Rescue Plan Act (ARPA)** fund balance increased \$1.1 million from June 30, 2023 due to interest income.
- The **Development Impact Fees 2018 - City Hall Facilities** fund balance increased \$0.1 million from negative \$3.0 million at June 30, 2023 to negative \$2.9 million at June 30, 2024. This increase was primarily attributable to the \$1.0 million in revenue received from development impact fees related to residential, commercial, and industrial permits offset by \$0.8 million in transfers out related to the 2023 Refunding Lease Revenue Bonds.
- The **Development Impact Fees - Streets** fund balance remained relatively unchanged at \$0.4 million at June 30, 2024.

- The **Development Impact Fees 2018 - Streets** fund balance at June 30, 2024 was \$13.0 million, which is an increase of \$6.2 million from the \$6.8 million fund balance reported in FY 2022-23. The increase of \$6.2 million was primarily attributable to project-related reimbursements related to the Ranchero Road Improvement projects combined with revenue received from development impact fees for residential, commercial, and industrial permits.
- The **City Capital Projects** fund balance decreased \$8.1 million to a negative \$15.1 million at June 30, 2024 from a negative \$6.9 million in the prior year. This decrease is primarily due to additional project-related expenditures made for the Ranchero Road Improvement and the Ranchero Road Aqueduct Crossing Projects, which are to be reimbursed by other agencies and through grants.

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, 2024, capital assets, net of depreciation, of the governmental activities totaled \$187.7 million, which reflects an increase of \$11.1 million, from the prior year. As previously described, the increase is primarily due to a \$17.2 million net increase to construction in progress from ongoing projects, a \$1.7 million increase in land from the purchase of several properties, and a \$1.4 million increase to infrastructure from the completion of capital projects, which was offset by \$9.6 million in current year depreciation. Other factors for the overall increase in assets include \$0.2 million net increase in vehicles and a \$0.2 million increase in machinery and equipment.

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, 2024, capital assets, net of depreciation, totaled \$95.8 million, which is a decrease of \$1.0 million. This decrease is primarily due a net decrease of \$3.8 million for the current year depreciation partially offset by a \$1.7 million increase in construction in progress and a \$0.9 million increase in machinery and equipment.

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, 2023				Balance at June 30, 2024
	Net of Accumulated Depreciation	Increases	Decreases	Current Year Depreciation	Net of Accumulated Depreciation
Governmental Activities:					
Land	\$ 6,116,258	\$ 1,652,495	\$ -	\$ -	\$ 7,768,753
Water rights	36,413,793	-	-	-	36,413,793
Construction in progress	26,819,116	18,586,178	(1,417,901)	-	43,987,393
Land improvements	3,971,669	-	-	(147,386)	3,824,283
Vehicles	936,310	316,062	(88,489)	(86,835)	1,077,048
Buildings and improvements	34,080,240	73,554	-	(991,124)	33,162,670
Machinery and equipment	1,388,034	150,093	-	(281,890)	1,256,237
Infrastructure	65,913,157	1,417,901	-	(7,826,124)	59,504,934
Leased Equipment	427,848	-	-	(92,289)	335,559
SBITAs	522,282	52,894	-	(226,515)	348,661
Sub-total Government Activities	<u>\$ 176,588,707</u>	<u>\$ 22,249,177</u>	<u>\$ (1,506,390)</u>	<u>\$ (9,652,163)</u>	<u>\$ 187,679,331</u>
Business-type Activities:					
Land	5,736,655	-	-	-	5,736,655
Water rights	17,793,410	-	-	-	17,793,410
Construction in progress	1,107,295	2,052,196	(317,762)	-	2,841,729
Land improvements	1	-	-	-	1
Vehicles	928,584	722,790	(282,900)	73,402	1,441,876
Machinery and equipment	1,005,903	855,613	-	(228,929)	1,632,587
Buildings and improvements	193,935	-	-	(12,564)	181,371
Infrastructure:					
Water facilities	65,504,702	317,762	-	(3,580,209)	62,242,255
Sewer facilities	4,158,143	-	-	(308,913)	3,849,230
Leased Equipment	34,168	-	-	(8,368)	25,800
SBITAs	354,384	5,003	(554,236)	241,799	46,950
Sub-total Business-type Activities	<u>\$ 96,817,180</u>	<u>\$ 3,953,364</u>	<u>\$ (1,154,898)</u>	<u>\$ (3,823,782)</u>	<u>\$ 95,791,864</u>
Total Capital Assets	<u>\$ 273,405,887</u>	<u>\$ 26,202,541</u>	<u>\$ (2,661,288)</u>	<u>\$ (13,475,945)</u>	<u>\$ 283,471,195</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.

Total Outstanding Debt decreased in FY 2023-24 by a net of \$1.7 million. This decrease is primarily due to combined \$3.0 million decrease in revenue bonds, of which \$1.8 million is related to the refunding of the 2013 Refunding Lease Revenue Bonds to the 2023 Refunding Lease Revenue Bonds, and \$1.2 million attributable to the annual debt service principal payments made on the revenue bonds. This \$3.0 million decrease is offset by an increase of \$1.1 million in claims payable, and a \$0.2 increase in compensated absences.

Governmental Activities debt decreased by \$1.3 million largely due to the combined \$3.0 million decrease in revenue bonds referenced above, combined with a \$0.2 million net decrease in SBITAs. This \$3.2 million decrease is offset by a \$1.1 million net increase in claims payable and a \$0.8 million net increase in bond premiums.

As stated, Business-type activities debt experienced a decrease of a net amount of \$0.4 million in FY 2023-24 primarily due to the \$0.3 million reduction in SBITAs, the \$0.2 million payment towards the California State Water Resources Control Board loan, and a \$0.1 million increase in compensated absences.

Additional detailed information on the City of Hesperia's Outstanding Debt is available in the Notes to Basic Financial Statements section, under *Note 6 Long-Term Debt*.

Table 4
Outstanding Debt, at Year-end

	Principal Balance at June 30, 2023	Additions	Deductions	Principal Balance at June 30, 2024	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 30,230,000	\$ 7,375,000	\$ (10,370,000)	\$ 27,235,000	\$ 1,145,000
Less deferred amounts:					
Bond premiums	72,732	902,144	(97,325)	877,551	-
Bond discounts	(192,265)	(65,250)	78,468	(179,047)	-
Leases	426,990	-	(86,969)	340,021	89,987
SBITAs	506,476	53,221	(227,537)	332,160	171,354
Compensated absences	857,362	664,051	(573,083)	948,330	929,363
Claims payable	1,157,913	1,340,379	(262,562)	2,235,730	536,574
Sub-total Government Activities	\$ 33,059,208	\$ 10,269,545	\$ (11,539,008)	\$ 31,789,745	\$ 2,872,278
Business-type Activities:					
Loans	5,527,928	-	(179,356)	5,348,572	181,150
Leases	34,511	-	(8,053)	26,458	8,314
SBITAs	346,822	5,096	(314,024)	37,894	37,455
Compensated absences	346,500	327,162	(237,820)	435,842	427,126
Claims payable	175,337	56,578	(82,772)	149,143	54,150
Sub-total Business-type Activities	\$ 6,431,098	\$ 388,836	\$ (822,025)	\$ 5,997,909	\$ 708,195
Total Outstanding Debt	\$ 39,490,306	\$ 10,658,381	\$ (12,361,033)	\$ 37,787,654	\$ 3,580,473

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the FY 2024-25 Budget, the estimated revenues budgeted of \$122.5 million are a 11.2% or \$15.5 million decrease from the FY 2023-24 Budget of \$138.0 million. The decrease is largely due to the closeout of the Neighborhood Stabilization Program (NSP) in FY 2022-23 with the U.S. Department of Housing and Urban Development (HUD) approving the reallocation of Community Development Block Grant (CDBG) grant activities and Development Impact Fees (DIF) as outstanding projects have been completed and move towards occupancy. These decreases are offset, in part, by an anticipated increase in General Fund revenues from Vehicle License Fees, General and Administrative Recovery, and Other General Fund Revenues. Water District revenues are anticipated to remain relatively unchanged from the FY 2023-24 Budget.

The following is a discussion of budgeted revenues and expenditures for FY 2024-25:

General Fund: Budgeted revenues are expected to decrease \$2.3 million due, in part, to a \$1.2 million increase in vehicle license fees, a \$0.8 million increase in general and administrative revenue, a \$1.5 million increase in other general fund-related revenues, and a \$0.3 million increase in franchise fees. Expenditures for the General Fund are expected to increase \$3.7 million, or 8.1%. The increase in expenditures is mainly attributed to a \$1.0 million increase in liability insurance, a \$0.8 million increase related to funding for the update to the General Plan and Environmental Impact Report, a \$0.7 million increase in the police services contract, a \$0.6 million increase related to the reorganization of Animal Services program, and an increase of \$0.5 million in the Capital Improvement Program, of which \$0.3 million is allocated to an Animal Services play yard and \$0.2 million to begin studies for the Golf Course Walking Trails.

Water District: The Hesperia Water District is comprised of Water and Sewer functions. The District's total revenue for the water and sewer funds is expected to remain relatively unchanged at \$36.4 million.

The District's expenses are expected to decrease by \$2.3 million from the FY 2023-24 Budget of \$37.6 million. The primary reason for the expenditure decrease is directly related to the reduction in funding for capital improvement projects, of which \$1.8 million is related to the progress being made on the I-15 Corridor infrastructure project.

Transportation: \$26.9 million is budgeted for CIP transportation projects for FY 2024-25, which includes:

- A total of \$12.8 million budgeted toward Ranchero Road related projects, which is comprised of \$10.4 million for the Ranchero Road Aqueduct Crossing, \$1.3 million for improvements from Seventh Avenue to Mariposa Road, and \$1.1 million for the Ranchero Road Improvements – Danbury to I Avenue.
- \$12.4 million is budgeted for ongoing and additional street improvement paving projects within the City.
- \$1.2 million is budgeted toward two (2) other street projects for Fiscal Year 2024-25 including a new traffic signal and traffic signalization along Main Street.

Storm Drainage: \$2.8 million is allotted toward storm drainage projects for FY 2024-25, which includes \$1.7 million for the H-01 Retention Basin, \$0.7 million for the Catapa Road Basin, \$0.2 million for the H-01 Drainage Facility – Section 3A (Fourth Avenue to Third Avenue), \$0.1 million for the A-04 Drainage program, and \$0.1 million for the C-01 Retention Basin.

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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 115,451,304	\$ 41,506,712	\$ 156,958,016
Receivables:			
Accounts	8,380,472	6,702,065	15,082,537
Allowance for Accounts Receivable	(534,871)	-	(534,871)
Accrued Interest	1,180,306	437,701	1,618,007
Due from Other Governmental Agencies	19,391,738	150,221	19,541,959
Land Held for Resale	14,014,954	-	14,014,954
Inventories	28,632	2,270,660	2,299,292
Deposits	-	36,942	36,942
Internal Balances	(328,382)	328,382	-
Restricted Assets:			
Cash Held for Bond Reserves	1,512,481	-	1,512,481
Cash Held for Settlement	300,020	-	300,020
Cash and Investments in Pension Trust	5,689,487	-	5,689,487
Total Current Assets	165,086,141	51,432,683	216,518,824
Noncurrent Assets:			
Other Noncurrent Assets:			
Notes Receivable	40,248,387	-	40,248,387
Allowance for Notes Receivable	(37,604,387)	-	(37,604,387)
Leases Receivable	11,995	979,604	991,599
Deposits for Self-Insurance	995,111	1,205,782	2,200,893
Total Other Noncurrent Assets	3,651,106	2,185,386	5,836,492
Capital Assets, Nondepreciable:			
Land	7,768,753	5,736,655	13,505,408
Water Rights	36,413,793	17,793,410	54,207,203
Construction in Progress	43,987,393	2,841,729	46,829,122
Capital Assets, Depreciable:			
Land Improvements	6,135,439	534,168	6,669,607
Buildings and Improvements	48,774,870	4,509,810	53,284,680
Equipment and Vehicles	8,047,623	9,279,339	17,326,962
Infrastructure	211,374,772	-	211,374,772
Water and Sewer Facilities	-	152,894,119	152,894,119
Leases	461,444	41,841	503,285
SBITAs	785,310	105,674	890,984
Less: Accumulated Depreciation and Amortization	(176,070,066)	(97,944,881)	(274,014,947)
Total Capital Assets	187,679,331	95,791,864	283,471,195
Total Noncurrent Assets	191,330,437	97,977,250	289,307,687
Total Assets	356,416,578	149,409,933	505,826,511
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	1,099,800	267,319	1,367,119
Deferred Pension Outflows	12,470,289	3,412,823	15,883,112
Total Deferred Outflows of Resources	13,570,089	3,680,142	17,250,231

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 5,595,827	\$ 5,447,697	\$ 11,043,524
Accrued Interest Payable	228,324	23,456	251,780
Deposits	1,084,427	726,259	1,810,686
Due to Other Governments	-	295,558	295,558
Compensated Absences	929,363	427,126	1,356,489
Claims Payable	536,574	54,150	590,724
Leases Payable	89,987	8,314	98,301
SBITAs Payable	171,354	37,455	208,809
Long-Term Debt-Due Within One Year	1,145,000	181,150	1,326,150
Total Current Liabilities	9,780,856	7,201,165	16,982,021
Noncurrent Liabilities:			
Unearned Revenue	25,897,003	4,210,411	30,107,414
Compensated Absences	18,967	8,716	27,683
Claims Payable	1,699,156	94,993	1,794,149
Lease Liability	250,034	18,144	268,178
SBITA Liability	160,806	439	161,245
Loan Payable	-	5,167,422	5,167,422
Long-Term Debt-Due in More than One Year	26,788,504	-	26,788,504
Net Pension Liability	31,606,533	8,275,076	39,881,609
Net OPEB Liability	2,335,139	876,882	3,212,021
Total Noncurrent Liabilities	88,756,142	18,652,083	107,408,225
Total Liabilities	98,536,998	25,853,248	124,390,246
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	2,778,561	1,277,605	4,056,166
Deferred Pension Inflows	1,555,749	245,721	1,801,470
Deferred Leases Inflows	7,741	913,317	921,058
Total Deferred Inflows of Resources	4,342,051	2,436,643	6,778,694
NET POSITION			
Net Investment in Capital Assets	157,674,071	89,123,932	246,798,003
Restricted for:			
Debt Service	5,016,600	385,528	5,402,128
Transportation	53,501,881	-	53,501,881
Air Quality	25,314	-	25,314
Public Safety	8,644,905	-	8,644,905
Economic Development	28,141,208	-	28,141,208
Other Purposes	474,414	-	474,414
Unrestricted	13,629,225	35,290,724	48,919,949
Total Net Position	\$ 267,107,618	\$ 124,800,184	\$ 391,907,802

See accompanying Notes to Basic Financial Statements.

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**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 13,715,537	\$ 11,423,612	\$ 887,630	\$ -	
Public Safety	23,874,494	1,896,321	1,669,719	-	
Development Services	27,581,348	18,161,634	12,875,291	10,220,396	
Interest on Long-Term Debt	1,267,564	-	-	-	
Total Governmental Activities	66,438,943	31,481,567	15,432,640	10,220,396	
BUSINESS-TYPE ACTIVITIES					
Water	24,335,949	25,922,476	74,550	-	
Sewer	7,683,772	6,522,001	-	-	
Total Business-Type Activities	32,019,721	32,444,477	74,550	-	
Total	\$ 98,458,664	\$ 63,926,044	\$ 15,507,190	\$ 10,220,396	

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

Functions/Programs	Net (Expense)/Revenue and Changes in Net Position		Total
	Primary Government		
	Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES			
General Government	\$ (1,404,295)	\$ -	\$ (1,404,295)
Public Safety	(20,308,454)	-	(20,308,454)
Development Services	13,675,973	-	13,675,973
Interest on Long-Term Debt	(1,267,564)	-	(1,267,564)
Total Governmental Activities	(9,304,340)	-	(9,304,340)
BUSINESS-TYPE ACTIVITIES			
Water	-	1,661,077	1,661,077
Sewer	-	(1,161,771)	(1,161,771)
Total Business-Type Activities	-	499,306	499,306
 Total	 (9,304,340)	 499,306	 (8,805,034)
GENERAL REVENUES			
Taxes:			
Property Taxes	14,623,575	1,136,372	15,759,947
Sales and Use Tax	14,062,321	-	14,062,321
Transient Occupancy Tax	1,513,544	-	1,513,544
Franchise Tax	4,315,329	-	4,315,329
Document Transfer Tax	330,361	-	330,361
Other Taxes	78,579	-	78,579
Motor Vehicle in Lieu	123,572	-	123,572
Unrestricted Investment Earnings	3,553,226	2,052,153	5,605,379
Unrestricted System Improvement and Replacement	-	1,444,256	1,444,256
Other	592,135	234,175	826,310
Total General Revenues	39,192,642	4,866,956	44,059,598
CHANGE IN NET POSITION	29,888,302	5,366,262	35,254,564
Net Position - Beginning of Year	237,219,316	119,433,922	356,653,238
NET POSITION - END OF YEAR	\$ 267,107,618	\$ 124,800,184	\$ 391,907,802

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	American Rescue Plan Act (ARPA)	Development Impact Fees 2018 - City Hall Facilities	Development Impact Fees Streets
ASSETS				
Cash and Cash Equivalents	\$ 21,144,888	\$ 24,488,076	\$ 1,281,231	\$ 382,675
Restricted Cash and Investments:				
Held for Bond Reserve	-	-	-	-
Settlement	300,020	-	-	-
Pension Trust	4,302,240	-	-	-
Accounts Receivable	3,713,445	-	-	-
Allowance for Accounts Receivable	(534,871)	-	-	-
Accrued Interest	263,659	236,062	13,473	3,776
Notes Receivable	-	-	-	2,644,000
Allowance for Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	2,898,404	-	-	-
Deposits for Self-Insurance	995,111	-	-	-
Leases Receivable	11,995	-	-	-
Due from Other Funds	9,334,557	-	-	72,880
Land Held for Resale	-	-	-	-
Inventory	28,632	-	-	-
Advance to Other Funds	4,173,324	-	-	-
Total Assets	<u>\$ 46,631,404</u>	<u>\$ 24,724,138</u>	<u>\$ 1,294,704</u>	<u>\$ 3,103,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 2,218,134	\$ -	\$ -	\$ 22,389
Deposits	1,084,427	-	-	-
Unearned Revenue	-	23,403,687	-	-
Due to Other Funds	404,773	-	-	-
Advances from Other Funds	-	-	4,173,324	-
Total Liabilities	3,707,334	23,403,687	4,173,324	22,389
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	1,683,828	-	-	2,644,000
Leases	7,741	-	-	-
Total Deferred Inflows of Resources	1,691,569	-	-	2,644,000
FUND BALANCES				
Nonspendable:				
Deposits for Self-Insurance	995,111	-	-	-
Inventory	28,632	-	-	-
Advances to Other Funds	4,173,324	-	-	-
Restricted:				
Debt Service	-	-	-	-
Transportation	-	-	-	436,942
Air Quality	-	-	-	-
Public Safety	-	-	-	-
Economic Development	-	1,320,451	-	-
Pension	4,302,240	-	-	-
Other Purposes	-	-	-	-
Unassigned	31,733,194	-	(2,878,620)	-
Total Fund Balances	<u>41,232,501</u>	<u>1,320,451</u>	<u>(2,878,620)</u>	<u>436,942</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,631,404</u>	<u>\$ 24,724,138</u>	<u>\$ 1,294,704</u>	<u>\$ 3,103,331</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024**

	Development Impact Fees 2018 - Streets	City Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 12,770,787	\$ -	\$ 55,383,647	\$ 115,451,304
Restricted Cash and Investments:				
Held for Bond Reserve	-	-	1,512,481	1,512,481
Settlement	-	-	-	300,020
Pension Trust	-	-	1,387,247	5,689,487
Accounts Receivable	707,806	-	3,959,221	8,380,472
Allowance for Accounts Receivable	-	-	-	(534,871)
Accrued Interest	120,764	-	542,572	1,180,306
Notes Receivable	-	-	37,604,387	40,248,387
Allowance for Notes Receivable	-	-	(37,604,387)	(37,604,387)
Due from Other Governmental Agencies	-	14,492,902	2,000,432	19,391,738
Deposits for Self-Insurance	-	-	-	995,111
Leases Receivable	-	-	-	11,995
Due from Other Funds	1,415,533	700,614	78,194	11,601,778
Land Held for Resale	-	-	14,014,954	14,014,954
Inventory	-	-	-	28,632
Advance to Other Funds	-	-	-	4,173,324
Total Assets	<u>\$ 15,014,890</u>	<u>\$ 15,193,516</u>	<u>\$ 78,878,748</u>	<u>\$ 184,840,731</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 497,195	\$ 2,591,642	\$ 266,467	\$ 5,595,827
Deposits	-	-	-	1,084,427
Unearned Revenue	-	2,418,582	74,734	25,897,003
Due to Other Funds	775,297	10,750,090	-	11,930,160
Advances from Other Funds	-	-	-	4,173,324
Total Liabilities	1,272,492	15,760,314	341,201	48,680,741
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	707,806	14,492,902	-	19,528,536
Leases	-	-	-	7,741
Total Deferred Inflows of Resources	707,806	14,492,902	-	19,536,277
FUND BALANCES				
Nonspendable:				
Deposits for Self-Insurance	-	-	-	995,111
Inventory	-	-	-	28,632
Advances to Other Funds	-	-	-	4,173,324
Restricted:				
Debt Service	-	-	5,016,600	5,016,600
Transportation	13,034,592	-	36,168,310	49,639,844
Air Quality	-	-	25,314	25,314
Public Safety	-	-	8,644,905	8,644,905
Economic Development	-	-	26,820,757	28,141,208
Pension	-	-	1,387,247	5,689,487
Other Purposes	-	-	474,414	474,414
Unassigned	-	(15,059,700)	-	13,794,874
Total Fund Balances	<u>13,034,592</u>	<u>(15,059,700)</u>	<u>78,537,547</u>	<u>116,623,713</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,014,890</u>	<u>\$ 15,193,516</u>	<u>\$ 78,878,748</u>	<u>\$ 184,840,731</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, 2024

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

Total Fund Balances - Governmental Funds		\$ 116,623,713
Capital assets, including lease assets and SBITAs, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		187,679,331
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.		(228,324)
Revenues receivable from outside agencies are unavailable on the fund statements, but recognized on the government-wide statements.		19,528,536
The net 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 and inflows of resources related to OPEB are only reported in the Statement of Net Position, as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred Outflow - OPEB	\$ 1,099,800	
Deferred Inflow - OPEB	(2,778,561)	
Net OPEB Liability	<u>(2,335,139)</u>	(4,013,900)
Long-term liabilities, including bonds payable, leases payable, SBITAs payable, compensated absences, and claims payable are not due and payable in the current period, and, therefore, are not reported in the governmental funds balance sheet.		(31,789,745)
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 year-end are as follows:		
Deferred Outflow	12,470,289	
Deferred Inflow	(1,555,749)	
Net Pension Liability	<u>(31,606,533)</u>	(20,691,993)
Net Position of Governmental Activities		<u><u>\$ 267,107,618</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	American Rescue Plan Act (ARPA)	Development Impact Fees 2018 - City Hall Facilities	Development Impact Fees Streets
REVENUES				
Taxes	\$ 23,058,149	\$ -	\$ -	\$ -
Licenses and Permits	255,031	-	-	-
Fines and Forfeits	1,681,008	-	-	-
Use of Money and Property	1,777,279	1,145,625	71,249	70,353
Intergovernmental	16,545,411	-	-	-
Charges for Services	5,165,423	-	1,043,569	-
Grants	195,133	-	-	-
Other Revenues	3,542,981	-	-	621
Total Revenues	52,220,415	1,145,625	1,114,818	70,974
EXPENDITURES				
Current:				
General Government:				
City Council	1,385,247	-	-	-
City Manager	1,456,617	-	-	-
Management Services	9,921,204	-	-	-
Public Safety - Police	22,367,898	-	-	-
Public Safety - Fire	-	-	-	-
Development Services	9,201,200	-	-	-
Debt Service:				
Interest	-	-	171,524	-
Principal	-	-	-	-
Interest - Leases	13,946	-	-	-
Principal - Leases	86,174	-	-	-
Interest - SBITA	11,435	-	-	-
Principal - SBITA	216,523	-	-	-
Bond Administration	-	-	-	-
Bond Issuance Costs	-	-	-	-
Capital Outlay:				
Land	-	-	-	-
Buildings and Improvements	73,554	-	-	-
Equipment and Vehicles	203,760	-	-	-
Infrastructure	-	-	-	58,140
SBITAs	52,894	-	-	-
Total Expenditures	44,990,452	-	171,524	58,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,229,963	1,145,625	943,294	12,834
OTHER FINANCING SOURCES (USES)				
Transfers In	200,000	-	-	-
Transfers Out	(2,385,133)	-	(786,515)	-
Proceeds from Sale of Land Held for Resale	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Refunding Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Issuance of SBITAs	53,221	-	-	-
Total Other Financing Sources (Uses)	(2,131,912)	-	(786,515)	-
NET CHANGE IN FUND BALANCES	5,098,051	1,145,625	156,779	12,834
Fund Balances (Deficits) - Beginning of Year	36,134,450	174,826	(3,035,399)	424,108
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 41,232,501</u>	<u>\$ 1,320,451</u>	<u>\$ (2,878,620)</u>	<u>\$ 436,942</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, 2024

	Development Impact Fees 2018 - Streets	City Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 23,058,149
Licenses and Permits	-	-	-	255,031
Fines and Forfeits	-	-	-	1,681,008
Use of Money and Property	478,143	1,482	2,829,856	6,373,987
Intergovernmental	-	5,765,476	9,267,453	31,578,340
Charges for Services	7,532,914	-	4,046,518	17,788,424
Grants	-	1,771,094	346,105	2,312,332
Other Revenues	-	153,378	119,390	3,816,370
Total Revenues	8,011,057	7,691,430	16,609,322	86,863,641
EXPENDITURES				
Current:				
General Government:				
City Council	-	-	-	1,385,247
City Manager	-	-	24,869	1,481,486
Management Services	-	-	-	9,921,204
Public Safety - Police	-	-	-	22,367,898
Public Safety - Fire	-	-	937,658	937,658
Development Services	-	-	8,525,735	17,726,935
Debt Service:				
Interest	-	-	1,200,599	1,372,123
Principal	-	-	760,000	760,000
Interest - Leases	-	-	106	14,052
Principal - Leases	-	-	795	86,969
Interest - SBITA	-	-	1,353	12,788
Principal - SBITA	-	-	11,014	227,537
Bond Administration	-	-	6,490	6,490
Bond Issuance Costs	-	-	298,801	298,801
Capital Outlay:				
Land	-	-	870,355	870,355
Buildings and Improvements	12,034	-	-	85,588
Equipment and Vehicles	-	-	271,101	474,861
Infrastructure	1,750,416	15,832,946	916,777	18,558,279
SBITAs	-	-	-	52,894
Total Expenditures	1,762,450	15,832,946	13,825,653	76,641,165
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,248,607	(8,141,516)	2,783,669	10,222,476
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	16,695,774	16,895,774
Transfers Out	-	-	(13,724,126)	(16,895,774)
Proceeds from Sale of Land Held for Resale	-	-	4,508,756	4,508,756
Proceeds from Sale of Capital Assets	-	-	3,150	3,150
Proceeds from Refunding Bonds Issued	-	-	7,375,000	7,375,000
Premium on Bonds Issued	-	-	902,144	902,144
Payment to Refunded Bond Escrow Agent	-	-	(9,610,000)	(9,610,000)
Issuance of SBITAs	-	-	-	53,221
Total Other Financing Sources (Uses)	-	-	6,150,698	3,232,271
NET CHANGE IN FUND BALANCES	6,248,607	(8,141,516)	8,934,367	13,454,747
Fund Balances (Deficits) - Beginning of Year	6,785,985	(6,918,184)	69,603,180	103,168,966
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 13,034,592</u>	<u>\$ (15,059,700)</u>	<u>\$ 78,537,547</u>	<u>\$ 116,623,713</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, 2024

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

Net Change in Fund Balances - Total Governmental Funds	\$	13,454,747
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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/amortization expense:

Capital Outlays	\$ 20,831,276	
Depreciation/Amortization Expense	<u>(9,740,652)</u>	11,090,624

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.	53,782
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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 net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.	305,721
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Revenues received after the availability period are recognized in the government-wide statements and unavailable in the fund statements.	4,951,698
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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.	(1,237,733)
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The issuance of long-term debt (e.g., bonds, leases, SBITAs) 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	760,000	
Payments to Escrow Agent to Refund Bonds	9,610,000	
Proceeds from Issuance of Bonds	(7,375,000)	
Premium on Issuance of Bonds	(902,144)	
Principal Payments on Leases	86,969	
Principal Payments on SBITAs	227,537	
Amortization of Premiums and Discounts	84,107	
Issuance of SBITA Liabilities	(53,221)	
Changes to Compensated Absences	(90,968)	
Changes to Claims Payable	<u>(1,077,817)</u>	<u>1,269,463</u>

Change in Net Position of Governmental Activities	\$	<u>29,888,302</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 the year ended June 30, 2024.

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, 2024

	Water Operations and Capital	Sewer Operations and Capital	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 25,090,594	\$ 16,416,118	\$ 41,506,712
Receivables:			
Accounts	5,629,172	1,072,893	6,702,065
Accrued Interest	264,983	172,718	437,701
Due from Other Governmental Agencies	86,620	63,601	150,221
Leases	979,604	-	979,604
Deposits	14,328	22,614	36,942
Inventories	2,270,660	-	2,270,660
Due from Other Funds	292,719	37,125	329,844
Total Current Assets	<u>34,628,680</u>	<u>17,785,069</u>	<u>52,413,749</u>
Noncurrent Assets:			
Other Noncurrent Assets:			
Deposits for Self-Insurance	1,079,854	125,928	1,205,782
Total Other Noncurrent Assets	<u>1,079,854</u>	<u>125,928</u>	<u>1,205,782</u>
Capital Assets:			
Land	1,461,771	4,274,884	5,736,655
Water Rights	17,793,410	-	17,793,410
Construction in Progress	13,998	2,827,731	2,841,729
Land Improvements	534,168	-	534,168
Vehicles	2,608,562	388,339	2,996,901
Machinery and Equipment	5,695,840	586,598	6,282,438
Buildings and Improvements	4,509,810	-	4,509,810
Water and Sewer Facilities	143,160,607	9,733,512	152,894,119
Lease Assets, Right to Use	41,841	-	41,841
SBITA Assets	93,568	12,106	105,674
Less: Accumulated Depreciation	(91,283,886)	(6,586,230)	(97,870,116)
Less: Accumulated Amortization, Leases	(16,041)	-	(16,041)
Less: Accumulated Amortization, SBITA	(51,878)	(6,846)	(58,724)
Total Capital Assets	<u>84,561,770</u>	<u>11,230,094</u>	<u>95,791,864</u>
Total Noncurrent Assets	<u>85,641,624</u>	<u>11,356,022</u>	<u>96,997,646</u>
Total Assets	120,270,304	29,141,091	149,411,395
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Outflows	267,319	-	267,319
Deferred Pension Outflows	2,959,941	452,882	3,412,823
Total Deferred Outflows of Resources	3,227,260	452,882	3,680,142

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2024

	Water Operations and Capital	Sewer Operations and Capital	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 3,889,750	\$ 1,465,842	\$ 5,355,592
Contracts and Retainage Payable	-	92,105	92,105
Accrued Interest Payable	23,251	205	23,456
Deposits	726,259	-	726,259
Due to Other Funds	-	1,462	1,462
Due to Other Governments	-	295,558	295,558
Compensated Absences	382,616	44,510	427,126
Claims Payable	43,320	10,830	54,150
Lease Liability	8,314	-	8,314
SBITA Liability	33,153	4,302	37,455
Loan Payable Due within One Year	181,150	-	181,150
Total Current Liabilities	<u>5,287,813</u>	<u>1,914,814</u>	<u>7,202,627</u>
Noncurrent Liabilities:			
Net OPEB Liability	876,882	-	876,882
Net Pension Liability	7,176,973	1,098,103	8,275,076
Unearned Revenue	-	4,210,411	4,210,411
Compensated Absences	7,808	908	8,716
Claims Payable	75,898	19,095	94,993
Lease Liability	18,144	-	18,144
SBITA Liability	351	88	439
Loan Payable	5,167,422	-	5,167,422
Total Noncurrent Liabilities	<u>13,323,478</u>	<u>5,328,605</u>	<u>18,652,083</u>
Total Liabilities	18,611,291	7,243,419	25,854,710
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Inflows	1,277,605	-	1,277,605
Deferred Pension Inflows	213,114	32,607	245,721
Leases	913,317	-	913,317
Total Deferred Inflows of Resources	2,404,036	32,607	2,436,643
NET POSITION			
Net Investment in Capital Assets	78,914,200	10,209,732	89,123,932
Restricted for Debt Service	385,528	-	385,528
Unrestricted	23,182,509	12,108,215	35,290,724
Total Net Position	<u>\$ 102,482,237</u>	<u>\$ 22,317,947</u>	<u>\$ 124,800,184</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, 2024

	Water Operations and Capital	Sewer Operations and Capital	Total
OPERATING REVENUES			
Water Sales	\$ 24,731,160	\$ -	\$ 24,731,160
Water Services	1,059,529	-	1,059,529
Sewer Services	-	6,476,134	6,476,134
Other	131,787	45,867	177,654
Total Operating Revenues	<u>25,922,476</u>	<u>6,522,001</u>	<u>32,444,477</u>
OPERATING EXPENSES			
General and Administrative	5,553,832	1,152,410	6,706,242
Engineering	722,993	171,799	894,792
Production	7,638,282	-	7,638,282
Distribution	2,854,514	-	2,854,514
Wastewater Collection	-	5,963,240	5,963,240
Customer Service	3,243,478	-	3,243,478
Depreciation and Amortization	4,264,913	396,005	4,660,918
Total Operating Expenses	<u>24,278,012</u>	<u>7,683,454</u>	<u>31,961,466</u>
OPERATING INCOME (LOSS)	1,644,464	(1,161,453)	483,011
NONOPERATING REVENUES (EXPENSES)			
System Improvement and Replacement Fees	1,444,256	-	1,444,256
Property Taxes	1,136,360	-	1,136,360
Property Taxes - Debt Service	12	-	12
Rent Income	234,175	-	234,175
Interest Income	1,185,683	866,470	2,052,153
Interest Expense	(60,987)	(318)	(61,305)
Grants Received	74,550	-	74,550
Gain on Disposal of Capital Assets	3,050	-	3,050
Total Nonoperating Revenues (Expenses), Net	<u>4,017,099</u>	<u>866,152</u>	<u>4,883,251</u>
CHANGE IN NET POSITION	5,661,563	(295,301)	5,366,262
Net Position - Beginning of Year	<u>96,820,674</u>	<u>22,613,248</u>	<u>119,433,922</u>
NET POSITION - END OF YEAR	<u>\$ 102,482,237</u>	<u>\$ 22,317,947</u>	<u>\$ 124,800,184</u>

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	Water Operations and Capital	Sewer Operations and Capital	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Water and Sewer Customers	\$ 25,021,174	\$ 6,834,196	\$ 31,855,370
Cash Received from Other Operating Receipts	131,787	45,867	177,654
Cash Payments for Water Purchases	(8,296,389)	-	(8,296,389)
Cash Payments for Sewer Collection and Maintenance	-	(5,640,531)	(5,640,531)
Cash Payments for Services and Supplies	(3,695,327)	-	(3,695,327)
Cash Payments to Employees for Services	(9,217,561)	(1,238,102)	(10,455,663)
Cash Received from Rent	234,175	-	234,175
Net Cash Provided by Operating Activities	<u>4,177,859</u>	<u>1,430</u>	<u>4,179,289</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received	74,550	-	74,550
Property Taxes Received	1,136,372	-	1,136,372
Cash Paid to Other Funds	<u>(203,326)</u>	<u>24,836</u>	<u>(178,490)</u>
Net Cash Provided by Noncapital and Related Financing Activities	1,007,596	24,836	1,032,432
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(1,583,567)	(2,047,032)	(3,630,599)
Unrestricted System Improvement and Replacement Receipts	1,444,256	-	1,444,256
Proceeds from Sale of Assets	3,050	-	3,050
Lease payments	(8,053)	-	(8,053)
SBITA payments	(310,053)	(3,971)	(314,024)
Interest Payments on Long-Term Debt	(62,754)	(247)	(63,001)
Principal Payments on Long-Term Debt	<u>(179,356)</u>	<u>-</u>	<u>(179,356)</u>
Net Cash Used by Capital and Related Financing Activities	(696,477)	(2,051,250)	(2,747,727)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	<u>1,064,380</u>	<u>824,843</u>	<u>1,889,223</u>
Net Cash Provided by Investing Activities	<u>1,064,380</u>	<u>824,843</u>	<u>1,889,223</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,553,358	(1,200,141)	4,353,217
Cash and Cash Equivalents - Beginning of Year	<u>19,537,236</u>	<u>17,616,259</u>	<u>37,153,495</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 25,090,594</u></u>	<u><u>\$ 16,416,118</u></u>	<u><u>\$ 41,506,712</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	Water Operations and Capital	Sewer Operations and Capital	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 1,644,464	\$ (1,161,453)	\$ 483,011
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	4,264,913	396,005	4,660,918
Rent income	234,175	-	234,175
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(720,621)	(110,764)	(831,385)
(Increase) Decrease in Deposits	19,008	(1,937)	17,071
(Increase) Decrease in Inventory	(822,939)	-	(822,939)
(Increase) Decrease in Due from Other Governments	(77,984)	(57,329)	(135,313)
(Increase) Decrease in Deferred Outflows on Pension	36,665	(3,107)	33,558
(Increase) Decrease in Deferred Outflows on OPEB	28,965	-	28,965
Increase (Decrease) in Accounts and Claims Payable	(694,989)	37,839	(657,150)
Increase (Decrease) in Customer Deposits	29,090	-	29,090
Increase (Decrease) in Due to Other Governments	-	295,558	295,558
Increase (Decrease) in Total OPEB Liability	(259,565)	-	(259,565)
Increase (Decrease) in Deferred Revenue	-	526,155	526,155
Increase (Decrease) in Net Pension Liability	491,588	94,661	586,249
Increase (Decrease) in Compensated Absences	76,924	12,418	89,342
Increase (Decrease) in Deferred OPEB Inflows	109,620	-	109,620
Increase (Decrease) in Deferred Inflows on Pension	(181,455)	(26,616)	(208,071)
Total Adjustments	<u>2,533,395</u>	<u>1,162,883</u>	<u>3,696,278</u>
Net Cash Provided by Operating Activities	<u>\$ 4,177,859</u>	<u>\$ 1,430</u>	<u>\$ 4,179,289</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
SBITA Additions	<u>\$ 4,076</u>	<u>\$ 1,020</u>	<u>\$ 5,096</u>
Change in Unrealized Gain (Loss) in Fair Value of Investments	<u>\$ 76,384</u>	<u>\$ 56,301</u>	<u>\$ 132,685</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:

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.

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.

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.

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 FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ASSETS		
Cash and Investments	\$ 2,625,914	\$ 8,380,917
Cash and Investments with Fiscal Agent	1,518,392	2,514
Accounts Receivable	17,570	-
Accrued Interest	31,076	62,733
Notes Receivable, Net of Allowance	-	1,021,108
Land Held for Resale	-	2,236,987
Capital Assets:		
Vehicles and Equipment, Net of Depreciation	-	2,727
Total Assets	4,192,952	11,706,986
LIABILITIES		
Accounts Payable	317,435	-
Due to Other Governments	-	96,489
Accrued Interest	-	1,239,570
Long-Term Liabilities:		
Due in One Year	-	6,050,000
Due in More Than One Year	-	85,075,106
Total Liabilities	317,435	92,461,165
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	-	703,152
NET POSITION		
Held for Other Organizations	3,875,517	-
Held in Trust for Private Purpose	-	(81,457,331)
Total Net Position	\$ 3,875,517	\$ (81,457,331)

See accompanying Notes to Basic Financial Statements.

CITY OF HESPERIA, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	Custodial Funds	Successor Agency to the Former Hesperia Community Redevelopment Agency Private Purpose Fund
ADDITIONS		
Taxes	\$ 2,120,273	\$ 9,892,733
Investment and Rental	113,969	203,308
Other	317,424	161,652
Total Additions	<u>2,551,666</u>	<u>10,257,693</u>
DEDUCTIONS		
Development Services	-	346,056
Administrative	1,028,841	-
Principal Expense	675,000	-
Interest and Fiscal Expense	596,634	3,267,447
Total Deductions	<u>2,300,475</u>	<u>3,613,503</u>
CHANGE IN NET POSITION	251,191	6,644,190
Total Net Position - Beginning of Year	<u>3,624,326</u>	<u>(88,101,521)</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 3,875,517</u></u>	<u><u>\$ (81,457,331)</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, 2024**

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, 2024**

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 Commission 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 Authority 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, 2024, 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, 2024**

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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Development Impact Fees – Streets 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 streets.

The **Development Impact Fees 2018 – Streets 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 streets.

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, 2024**

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 resources 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 funds have 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.

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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City's fiduciary funds consist of a private purpose trust fund and custodial funds that are reported using the economic resources measurement focus and accrual basis of accounting.

D. 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.

E. 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.

F. 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

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, 2024, 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.

G. Inventory

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

H. Land Held for Resale

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

I. Capital Assets

Tangible capital assets, which include land, buildings, building improvements, infrastructure, equipment, leases, and SBITAs 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 and subscription-based information technology arrangements (SBITA) based on the underlying lease assets and SBITA guidance.

Tangible 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.

Tangible 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.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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

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

J. Restricted Assets

The primary government reports assets that are restricted for funds held in trust that are restricted for debt service payments, funds held in trust that are restricted for pension payment, and funds held in escrow restricted for a settlement agreement.

K. 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, 2024, 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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.

N. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the government wide statement of net position and the proprietary funds financial statements and is related to pension and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 8 and 9, respectively.

In addition to liabilities, the statement of net position and the Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

The City's deferred inflows of resources reported on the government wide statement of net position and the proprietary funds financial statements relate to pension and other postemployment benefits, which are more fully discussed in Notes 8 and 9, respectively. The City's deferred inflows of resources reported on the government wide statement of net position and proprietary funds financial statements also include balances related to leases for amounts not yet received. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are available or earned.

Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, which is grants and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.
- 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.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. Leases

When the City is a lessee, a lease liability and a lease asset is recognized at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

When the City is a lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

S. Subscription-Based Information Technology Arrangements (SBITAs)

The City recognizes a SBITA liability and a SBITA asset at the commencement of the SBITA term, unless the SBITA is a short-term contract. The SBITA liability should be measured at the present value of payments expected to be made during the contract term. The SBITA asset should be measured at the amount of the initial measurement of the SBITA liability plus implementation costs.

T. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 156,958,016
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Restricted Assets:

Cash Held for Bond Reserves	1,512,481
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Cash Held for Settlement	300,020
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Cash and Investments in Pension Trust	5,689,487
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Statement of Net Position - Fiduciary Funds:

Current Assets:

Cash and Investments	11,006,831
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Cash and Investments with Fiscal Agent	<u>1,520,906</u>
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Total Cash and Investments	<u><u>\$ 176,987,741</u></u>
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Cash and investments as of June 30, 2024 consist of the following:

Cash on Hand	\$ 15,975
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Deposits with Financial Institutions	18,502,377
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Investments	<u>158,469,389</u>
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Total Cash and Investments	<u><u>\$ 176,987,741</u></u>
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CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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. This table also does not address investments of the employer contributions to the pension and OPEB trusts that are governed by the agreement between the City and the trustees, rather than the general provisions of the California Government code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2024

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	\$ 149,446,495	\$ 149,446,495	\$ -	\$ -	\$ -
Held by Fiscal Agent:					
Money Market Funds	3,033,387	3,033,387	-	-	-
Held for Settlement:					
Money Market Funds	300,020	300,020	-	-	-
Held in Pension Trust:					
Money Market Funds	56,844	56,844	-	-	-
Exchange-Traded Funds:					
Small Cap U.S. Equity	25,180	25,180	-	-	-
Large Cap U.S. Equity	1,618,555	1,618,555	-	-	-
International Equity	974,032	974,032	-	-	-
Emerging Market Equity	188,197	188,197	-	-	-
U.S. Core Bonds	1,392,067	1,392,067	-	-	-
U.S. High Yield Bonds	-	-	-	-	-
Real Estate	50,670	50,670	-	-	-
Other	1,383,942	1,383,942	-	-	-
Total	<u>\$ 158,469,389</u>	<u>\$ 158,469,389</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	\$ 149,446,495	N/A	\$ -	\$ 149,446,495
Held by Fiscal Agent:				
Money Market Funds	3,033,387	AAA	3,033,387	-
Held for Settlement:				
Money Market Funds	300,020	N/A	300,020	-
Held in Pension Trust:				
Money Market Funds	56,844	N/A	56,844	-
Exchange-Traded Funds:				
Small Cap U.S. Equity	25,180	N/A	-	25,180
Large Cap U.S. Equity	1,618,555	N/A	-	1,618,555
International Equity	974,032	N/A	-	974,032
Emerging Market Equity	188,197	N/A	-	188,197
U.S. Core Bonds	1,392,067	N/A	-	1,392,067
U.S. High Yield Bonds	-	N/A	-	-
Real Estate	50,670	N/A	-	50,670
Other	1,383,942	N/A	-	1,383,942
Total	<u>\$ 158,469,389</u>		<u>\$ 3,390,251</u>	<u>\$ 155,079,138</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2024, 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.

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, 2024, 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, money market mutual funds, and exchange-traded funds are not subject to the fair value hierarchy.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 NOTES RECEIVABLE

Notes receivable, totaling \$40,248,387 at June 30, 2024, 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 \$37,604,387 has been established.

Notes receivable at June 30, 2024, include the following:

	June 30, 2023	Additions	Deductions	June 30, 2024
A. KDF VAH I, L.P.	\$ 7,206,349	\$ 72,218	\$ (27,450)	\$ 7,251,117
B. KDF Hesperia, L.P.	6,921,445	127,180	-	7,048,625
C. KDF Hesperia II, L.P.	8,265,770	145,500	-	8,411,270
D. PDDC San Remo I Hesperia, L.P.	4,446,287	39,665	-	4,485,952
E. PDDC San Remo II Hesperia, L.P.	6,009,919	54,945	(108,722)	5,956,142
F. Eagle Hesperia 55, L.P.	4,032,825	76,851	-	4,109,676
G. Homebuyer Assistance Program	341,605	-	-	341,605
H. XMG Holdings LLC and Park CSR 50 LLC	2,644,000	-	-	2,644,000
Totals	<u>\$ 39,868,200</u>	<u>\$ 516,359</u>	<u>\$ (136,172)</u>	<u>\$ 40,248,387</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, 2024, is \$917,117. The balance of the loans outstanding at June 30, 2024, was \$7,251,117. 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, 2024**

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, 2024, is \$1,987,536. The balance of the loans outstanding at June 30, 2024, was \$7,048,625. 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, 2024, is \$2,241,200. The balance of the loans outstanding at June 30, 2024, was \$8,411,270. 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, 2024**

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, 2024, is \$530,241. The balance of the loan outstanding at June 30, 2024, was \$4,485,952. 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, 2024, is \$521,664 and principal and interest payment received throughout entirety of loan is \$1,485,865. The balance of the loan outstanding at June 30, 2024, was \$5,956,142.

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, 2024, is \$277,701. The balance of the loan outstanding at June 30, 2024, was \$4,109,976. Any unpaid balance is due and payable at the maturity date.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 NOTES RECEIVABLE (CONTINUED)

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 to date are \$86,949. At June 30, 2024, four of the five loans are outstanding with total balance of \$341,605.

H. XMG Holdings LLC and Park CSR 50 LLC

On March 15, 2022, the City and XMG Holdings LLC and Park CSR 50 LLC (collectively, the Buyer) entered into an agreement for the purchase and sale of a land parcel for the price of \$7,144,000. On February 15, 2023, the sale of the land closed, and title passed to the buyer. The land sold was previously recorded in the Development Impact Fees Streets Special Revenue Fund as land held for resale. The sale of land resulted in cash proceeds of \$4,484,430 and a promissory note of \$2,644,000 in the fiscal year ended June 30, 2023. The promissory note is secured by a deed of trust on the property in the full amount of the note. Payment of the promissory note is due upon the City completing a sewer capital project, which was substantially complete as of year-end. Since the funds were not received within the availability period, the promissory note receivable is offset by deferred inflows of resources, unavailable revenue, equal to the full amount of the promissory note of \$2,644,000, which is reflected in the balance sheet of the Development Impact Fees Streets Special Revenue Fund. Revenue will be recognized when the funds are received. The balance of the loan outstanding at June 30, 2024, was \$2,644,000 and there is no interest charged on the note.

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, 2024, the City recognized \$217,147, \$24,469, and \$24,554 in lease revenue, interest revenue, and variable payments respectively, pursuant to these contracts. Leases receivable activity and balances are as follows:

	June 30, 2023	Additions	Deductions	June 30, 2024
Leases Receivable	\$ 1,191,128	\$ -	\$ (199,529)	\$ 991,599
General Fund				\$ 11,995
Water Operations and Capital				
Enterprise Fund				979,604
Total				<u>\$ 991,599</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 CAPITAL ASSETS

Depreciation expense was allocated as follows for the year ended June 30, 2024:

Governmental Activities:	
General Government	\$ 79,514
Public Safety	101,021
Development Services	<u>9,241,313</u>
Total Depreciation Expense -	
Governmental Activities	<u><u>\$ 9,421,848</u></u>
Governmental Activities:	
General Government	<u>\$ 318,804</u>
Total Amortization Expense -	
Governmental Activities	<u><u>\$ 318,804</u></u>
Business-Type Activities:	
Water	\$ 4,264,913
Sewer	<u>396,005</u>
Total Depreciation and Amortization Expense -	
Business-Type Activities	<u><u>\$ 4,660,918</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,116,258	\$ 1,652,495	\$ -	\$ 7,768,753
Water Rights	36,413,793	-	-	36,413,793
Construction in Progress	26,819,116	18,586,178	(1,417,901)	43,987,393
Total Capital Assets, Not Being Depreciated	69,349,167	20,238,673	(1,417,901)	88,169,939
Capital Assets Being Depreciated:				
Land Improvements	6,135,439	-	-	6,135,439
Vehicles	3,461,645	316,062	(88,489)	3,689,218
Buildings and Improvements	48,701,316	73,554	-	48,774,870
Machinery and Equipment	4,208,312	150,093	-	4,358,405
Infrastructure	209,956,871	1,417,901	-	211,374,772
Total Capital Assets, Being Depreciated	272,463,583	1,957,610	(88,489)	274,332,704
Less Accumulated Depreciation for:				
Land Improvements	(2,163,770)	(147,386)	-	(2,311,156)
Vehicles	(2,525,335)	(175,324)	88,489	(2,612,170)
Buildings and Improvements	(14,621,076)	(991,124)	-	(15,612,200)
Machinery and Equipment	(2,820,278)	(281,890)	-	(3,102,168)
Infrastructure	(144,043,714)	(7,826,124)	-	(151,869,838)
Total Accumulated Depreciation	(166,174,173)	(9,421,848)	88,489	(175,507,532)
Total Capital Assets, Being Depreciated, Net	106,289,410	(7,464,238)	-	98,825,172
Lease Assets Being Amortized:				
Right to Use Asset - Equipment	461,444	-	-	461,444
Accumulated Amortization	(33,596)	(92,289)	-	(125,885)
Total Lease Assets, Being Amortized, Net	427,848	(92,289)	-	335,559
SBITA Assets Being Amortized:				
SBITA Assets	732,416	52,894	-	785,310
Accumulated Amortization	(210,134)	(226,515)	-	(436,649)
Total SBITA Assets, Being Amortized, Net	522,282	(173,621)	-	348,661
Governmental-Type Activities Capital Assets, Net	<u>\$ 176,588,707</u>	<u>\$ 12,508,525</u>	<u>\$ (1,417,901)</u>	<u>\$ 187,679,331</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,736,655	\$ -	\$ -	\$ 5,736,655
Water Rights	17,793,410	-	-	17,793,410
Construction in Progress	1,107,295	2,052,196	(317,762)	2,841,729
Total Capital Assets, Not Being Depreciated	24,637,360	2,052,196	(317,762)	26,371,794
Capital Assets Being Depreciated:				
Land Improvements	534,168	-	-	534,168
Vehicles	2,557,011	722,790	(282,900)	2,996,901
Machinery and Equipment	5,426,825	855,613	-	6,282,438
Buildings and Improvements	4,509,810	-	-	4,509,810
Water Facilities	142,842,845	317,762	-	143,160,607
Sewer Facilities	9,733,512	-	-	9,733,512
Total Capital Assets, Being Depreciated	165,604,171	1,896,165	(282,900)	167,217,436
Less Accumulated Depreciation for:				
Land Improvements	(534,167)	-	-	(534,167)
Vehicles	(1,628,427)	(209,498)	282,900	(1,555,025)
Machinery and Equipment	(4,420,922)	(228,929)	-	(4,649,851)
Buildings and Improvements	(4,315,875)	(12,564)	-	(4,328,439)
Water Facilities	(77,338,143)	(3,580,209)	-	(80,918,352)
Sewer Facilities	(5,575,369)	(308,913)	-	(5,884,282)
Total Accumulated Depreciation	(93,812,903)	(4,340,113)	282,900	(97,870,116)
Total Capital Assets, Being Depreciated, Net	71,791,268	(2,443,948)	-	69,347,320
Lease Assets Being Amortized:				
Right to Use Asset - Equipment	41,841	-	-	41,841
Accumulated Amortization	(7,673)	(8,368)	-	(16,041)
Total Lease Assets, Being Amortized, Net	34,168	(8,368)	-	25,800
SBITA Assets Being Amortized:				
SBITA Assets	654,907	5,003	(554,236)	105,674
Accumulated Amortization	(300,523)	(312,437)	554,236	(58,724)
Total SBITA Assets, Being Amortized, Net	354,384	(307,434)	-	46,950
Business-Type Activities Capital Assets, Net	<u>\$ 96,817,180</u>	<u>\$ (707,554)</u>	<u>\$ (317,762)</u>	<u>\$ 95,791,864</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

	Principal Balance at June 30, 2023	Additions	Deductions	Principal Balance at June 30, 2024	Due Within One Year
Governmental Activities:					
Other Debt:					
Revenue Bonds	\$ 30,230,000	\$ 7,375,000	\$ (10,370,000)	\$ 27,235,000	\$ 1,145,000
Less Deferred Amounts:					
Bond Premiums	72,732	902,144	(97,325)	877,551	-
Bond Discounts	(192,265)	(65,250)	78,468	(179,047)	-
Total Revenue Bonds	30,110,467	8,211,894	(10,388,857)	27,933,504	1,145,000
Leases	426,990	-	(86,969)	340,021	89,987
SBITA Liabilities	506,476	53,221	(227,537)	332,160	171,354
Other Long-Term Liabilities:					
Compensated Absences	857,362	664,051	(573,083)	948,330	929,363
Claims Payable	1,157,913	1,340,379	(262,562)	2,235,730	536,574
Total Governmental Activity	33,059,208	10,269,545	(11,539,008)	31,789,745	2,872,278
Business-Type Activities:					
Direct Borrowings:					
Loans	5,527,928	-	(179,356)	5,348,572	181,150
Other Debt:					
Leases	34,511	-	(8,053)	26,458	8,314
SBITA Liabilities	346,822	5,096	(314,024)	37,894	37,455
Other Long-Term Liabilities:					
Compensated Absences	346,500	327,162	(237,820)	435,842	427,126
Claims Payable	175,337	56,578	(82,772)	149,143	54,150
Total Business-Type Activity	6,431,098	388,836	(822,025)	5,997,909	708,195
Entity-Wide Total	<u>\$ 39,490,306</u>	<u>\$ 10,658,381</u>	<u>\$ (12,361,033)</u>	<u>\$ 37,787,654</u>	<u>\$ 3,580,473</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2024, is composed of the following:

<u>Description</u>	<u>Amount</u>
2012 Lease Revenue Bonds Water Rights Acquisition	
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, 2024, a total of \$1,494,969 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 \$1,441,975 during fiscal year ended June 30, 2024.	\$ 19,860,000
2013 Refunding of the 2005 Variable Certificates of Participation	
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 was being amortized over the life of the 2013 Refunding bonds. The issue had interest at fixed rates ranging from 2.000% to 5.000%. The issue originally matured through the year 2035, with principal payments ranging from \$230,000 to \$1,095,000. The 2005 bonds were called on November 1, 2013. On July 11, 2023, these bonds were refunded with the 2023 Refunding Lease Revenue Bonds. Those bonds in the amount of \$7,375,000 along with \$1,752,569 of available funds relating to the 2013 bonds were used to call these bonds on October 1, 2023.	-

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

Governmental long-term debt June 30, 2024, is composed of the following (continued):

<u>Description (Continued)</u>	<u>Amount</u>
2023 Refunding Lease Revenue Bonds	
On July 11, 2023, the Hesperia Joint Public Financing Authority issued the 2023 Refunding Lease Revenue Bonds in the amount of \$7,375,000 to refund the 2013 Refunding Lease Revenue Bonds, which resulted in a current refunding. The 2023 Refunding bonds were issued at a premium of \$902,144, which is being amortized over the life of the 2023 Refunding bonds. The issue bears interest at a fixed rate of 5%. The issue matures through the year 2035, with principal payments ranging from \$370,000 to \$915,000. The 2013 bonds were called on October 1, 2023. The refunding of the 2013 Bonds resulted in an economic gain (net present value of debt service savings) of \$674,109 and a reduction of \$2,264,150 in future debt service payments. The pledged rental payments equaled the debt service of \$297,049 during the fiscal year ended June 30, 2024.	\$ 7,375,000
Leases	340,021
SBITAs	332,160
Compensated Absences	948,330
Claims Payable	<u>2,235,730</u>
Subtotal Governmental Long-Term Debt	31,091,241
Less: Net Premiums and Discounts on Bonds	<u>698,504</u>
Total Governmental Long-Term Debt Before Current Portion	31,789,745
Less: Current Portion - Due Within One Year	<u>(2,872,278)</u>
Total Long-Term Portion of Governmental Debt	<u><u>\$ 28,917,467</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

The business-type long-term debt as of June 30, 2024, is as follows:

<u>Description</u>	<u>Amount</u>
State Revolving Fund Loan	
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.	\$ 5,348,572
Leases	26,458
SBITAs	37,894
Compensated Absences	435,842
Claims Payable	<u>149,143</u>
Subtotal Business-Type Long-Term Debt	5,997,909
Less: Current Portion - Due Within One Year	<u>(708,195)</u>
Total Long-Term Portion of Business-Type Debt	<u><u>\$ 5,289,714</u></u>

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

<u>Fiscal Year Ending</u>	<u>Governmental</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,145,000	\$ 1,021,803	\$ 2,166,803
2026	1,200,000	981,381	2,181,381
2027	1,260,000	937,081	2,197,081
2028	1,330,000	888,981	2,218,981
2029	1,400,000	837,338	2,237,338
2030 - 2034	8,165,000	3,279,456	11,444,456
2035 - 2039	7,425,000	1,577,047	9,002,047
2040 - 2043	5,310,000	393,675	5,703,675
Total	<u><u>\$ 27,235,000</u></u>	<u><u>\$ 9,916,762</u></u>	<u><u>\$ 37,151,762</u></u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

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

<u>Fiscal Year Ending</u>	<u>Business-Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 181,150	\$ 53,486	\$ 234,636
2026	182,962	51,674	234,636
2027	184,791	49,845	234,636
2028	186,639	47,997	234,636
2029	188,506	46,130	234,636
2030 - 2034	971,183	201,996	1,173,179
2035 - 2039	1,020,723	152,456	1,173,179
2040 - 2044	1,072,791	100,389	1,173,180
2045 - 2049	1,127,513	45,665	1,173,178
2050	232,314	2,323	234,637
Total	<u>\$ 5,348,572</u>	<u>\$ 751,961</u>	<u>\$ 6,100,533</u>

Leases

The City leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028, do not contain renewal options, and have interest rates ranging from 0.3% to 3.5%.

As of June 30, 2024, governmental activities lease assets and the related accumulated amortization totaled \$461,444 and \$125,885, respectively. As of June 30, 2024, business-type activities lease assets and the related accumulated amortization totaled \$41,841 and \$16,041, respectively. See more details of these balances in Note 5, Capital Assets.

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

<u>Governmental</u>				<u>Business-Type</u>			
<u>Fiscal Year</u>				<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 89,987	\$ 10,250	\$ 100,237	2025	\$ 8,314	\$ 718	\$ 9,032
2026	93,110	7,127	100,237	2026	8,582	449	9,031
2027	93,208	3,899	97,107	2027	7,909	173	8,082
2028	63,716	998	64,714	2028	1,653	16	1,669
	<u>\$ 340,021</u>	<u>\$ 22,274</u>	<u>\$ 362,295</u>		<u>\$ 26,458</u>	<u>\$ 1,356</u>	<u>\$ 27,814</u>

The lease liability is recorded as follows:

<u>Lease Liability by Fund</u>	
Water Fund	\$ 26,458
Governmental Activities	340,021
Total	<u>\$ 366,479</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

SBITAs

The City has entered into subscription based-information technology arrangements (SBITAs) for various software, cloud services, and online system subscriptions. The SBITA arrangements expire at various dates through 2026 and provide for renewal options. The City's SBITA arrangements do not have variable payments and have discount rates ranging from 2.194% to 3.378%.

As of June 30, 2024, governmental activities SBITA assets and the related accumulated amortization totaled \$785,310 and \$436,649, respectively. As of June 30, 2024, business-type activities SBITA assets and the related accumulated amortization totaled \$105,674 and \$58,724, respectively. See more details of these balances in Note 5, Capital Assets.

The future subscription payments under SBITA agreements are as follows:

Governmental				Business-Type			
<u>Fiscal Year</u>				<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 171,354	\$ 7,678	\$ 179,032	2025	\$ 37,455	\$ 1,161	\$ 38,616
2026	160,806	3,630	164,436	2026	439	1	440
	<u>\$ 332,160</u>	<u>\$ 11,308</u>	<u>\$ 343,468</u>		<u>\$ 37,894</u>	<u>\$ 1,162</u>	<u>\$ 39,056</u>

SBITA liabilities are recorded as follows:

SBITA Liabilities by Fund	
Water Fund	\$ 33,504
Sewer Fund	4,390
Subtotal - Business-Type Activities	<u>37,894</u>
Governmental Activities	332,160
Total	<u>\$ 370,054</u>

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	\$ 9,334,557	City Projects Capital Projects Fund	\$ 9,334,557
Development Impact Fees Streets Special Revenue fund	72,880	General Fund	197
		Development Impact Fees 2018 - Streets Special Revenue fund	72,683
Development Impact Fees 2018 - Streets Special Revenue fund	1,415,533	City Projects Capital Projects Fund	1,415,533
City Projects Capital Projects Fund	700,614	Development Impact Fees 2018 - Streets Special Revenue fund	700,614
Other Governmental Funds	78,194	General Fund	74,732
		Development Impact Fees 2018 - Streets Special Revenue fund	2,000
		Sewer Operations and Capital Enterprise Fund	1,462
Water Operations and Capital Enterprise Fund	292,719	General Fund	292,719
Sewer Operations and Capital Enterprise Fund	37,125	General Fund	37,125
Total Due from Other Funds	<u>\$ 11,931,622</u>	Total Due to Other Funds	<u>\$ 11,931,622</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 Development Impact Fees Streets Special Revenue Fund, Development Impact Fees 2018 – Streets Special Revenue Fund, City Projects Capital Projects Fund, Other Governmental Funds, Water Operations and Capital Enterprise Fund, and Sewer Operations and Capital Enterprise Fund provided temporary cash advances to the General Fund, Development Impact Fees 2018- Streets Special Revenue Fund, City Projects Capital Projects Fund, Other Governmental Funds, and Sewer Operations and Capital Enterprise Fund to provide temporary funds to cover operating expenses.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 INTERFUND TRANSACTIONS (CONTINUED)

B. Current Interfund Transfers

Transfers Out	Amount	Transfers in	Amount
General Fund	\$ 2,385,133	Other Governmental Funds	\$ 2,385,133
Development Impact Fees 2018 - City Hall Facilities Special Revenue Fund	786,515	Other Governmental Funds	786,515
Other Governmental Funds	13,724,126	General Fund	200,000
		Other Governmental Funds	13,524,126
Total Transfers Out	<u>\$ 16,895,774</u>	Total Transfers In	<u>\$ 16,895,774</u>

The transfer of \$2,385,133 between the General Fund and Other Government Funds consists of the following: (1) Transfer of \$1,447,475 to the 2012 Water Rights Acquisition Fund was for debt service of the 2012 Water Rights Acquisition bonds; (2) Transfer of \$937,658 to the Fire District to fund the CalPERS obligation of the Hesperia Fire Protection District.

The transfer of \$786,515 between the Development Impact Fees 2018 – City Hall Facilities Special Revenue Fund and Other Governmental Funds was for debt service of the 2013 Refunding of Lease Revenue Bonds.

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 \$3,976,883 between the Other Governmental Funds (Measure I Renewal Fund for \$1,750,000, Gas Tax Fund for \$1,400,000, Gas Tax Swap for \$600,000, and Article 8 for \$226,883) to the Other Governmental Fund (Streets Maintenance Fund) was for local street maintenance costs.

The transfer of \$7,964,708 between the Other Governmental Funds (from 2023 Refunding of Lease Revenue Bonds to 2013 Refunding of Lease Revenue Bonds) was to provide the funds for repayment of the bonds.

The transfer of \$1,582,535 between the Other Governmental Funds (from 2013 Refunding of Lease Revenue Bonds to 2023 Refunding of Lease Revenue Bonds) was to move the funds remaining on the refunded bonds to the new bonds.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 INTERFUND TRANSACTIONS (CONTINUED)

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).

To meet this requirement, in addition to funds loaned in previous years, the General Fund did not need to transfer additional funds to the DIF 2018 – City Hall Facilities fund during the fiscal year ended June 30, 2024. 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, 2024, had a rate of 3.15%. Through June 30, 2024, the DIF 2018 – City Hall Facilities fund has paid \$171,524 of interest to the General Fund. The total at June 30, 2024, 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. PEPR 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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.

The Plans' provisions and benefits in effect at June 30, 2024, 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%@55	2%@55	2%@62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 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%	7.750%
Required Employer Contribution Rates:			
Normal Cost Rate	15.950%	0.000%	7.680%
Payment of Unfunded Liability	\$ 2,134,186	\$ 19,816	\$ -

(1) The City currently transferred the safety function to the County. There are no members of the safety plan that are active employees of the City. Therefore, there are no required employee contribution rates. Instead, the required employer contribution is a dollar amount provided by CalPERS.

	Safety
Benefit Formula	2%@50
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	\$ 887,500

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

A. General Information about the Pension Plans (Continued)

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 \$3,742,564 and \$887,500 to the miscellaneous and safety plan, respectively, for total contributions of \$4,630,064. Pension liabilities are liquidated from the related employees' home program, with the majority funded out of the Water and Sewer Enterprise Fund for such specifically identified employees and the General Fund for the majority of remaining employees.

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

As of June 30, 2024, 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	\$ 20,917,528	\$ 8,275,076	\$ 196,512	\$ 29,389,116
Safety	-	-	10,492,493	10,492,493
Total Net Pension Liability	<u>\$ 20,917,528</u>	<u>\$ 8,275,076</u>	<u>\$ 10,689,005</u>	<u>\$ 39,881,609</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, 2023, 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, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2022 and 2023, was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2022	0.58769 %	0.14708 %
Proportion - June 30, 2023	0.58773	0.14037
Change - Increase (Decrease)	0.00004	(0.00671)

The City recognized pension expense (income) of \$4,922,880 and \$1,356,651 for the fiscal year ended June 30, 2024 for miscellaneous and safety plans, respectively, for a total net pension expense of \$6,279,531, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous - City</u>		<u>Miscellaneous - Water District</u>		<u>Miscellaneous - Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 2,679,944	\$ -	\$ 1,042,804	\$ -	\$ 19,816	\$ -
Differences Between Actual and Expected Experience	1,068,580	(165,763)	422,736	(65,576)	10,039	(1,557)
Change in Assumptions	1,262,885	-	499,604	-	11,864	-
Change in Employer's Proportion	(16,409)	(405,738)	63,452	(49,482)	-	(34,089)
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	176,205	(291,766)	44,418	(130,663)	9,947	-
Net Differences Between Projected and Actual Earnings on Plan Investments	3,386,736	-	1,339,809	-	31,817	-
Total	<u>\$ 8,557,941</u>	<u>\$ (863,267)</u>	<u>\$ 3,412,823</u>	<u>\$ (245,721)</u>	<u>\$ 83,483</u>	<u>\$ (35,646)</u>
	<u>Total (Miscellaneous)</u>		<u>Safety - Fire</u>		<u>Total (Miscellaneous and Safety)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 3,742,564	\$ -	\$ 887,500	\$ -	\$ 4,630,064	\$ -
Differences Between Actual and Expected Experience	1,501,355	(232,896)	770,343	(65,949)	2,271,698	(298,845)
Change in Assumptions	1,774,353	-	612,356	-	2,386,709	-
Change in Employer's Proportion	47,043	(489,309)	59,749	(234,815)	106,792	(724,124)
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	230,570	(422,429)	63,022	(356,072)	293,592	(778,501)
Net Differences Between Projected and Actual Earnings on Plan Investments	4,758,362	-	1,435,895	-	6,194,257	-
Total	<u>\$ 12,054,247</u>	<u>\$ (1,144,634)</u>	<u>\$ 3,828,865</u>	<u>\$ (656,836)</u>	<u>\$ 15,883,112</u>	<u>\$ (1,801,470)</u>

\$4,630,064 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, 2025.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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	
2025	\$ 1,342,855	\$ 624,762	\$ 1,673	\$ 1,969,290	\$ 642,322
2026	962,246	424,734	2,023	1,389,003	486,263
2027	2,612,451	1,036,356	23,412	3,672,219	1,115,865
2028	97,178	38,446	913	136,537	40,079

Deferred amounts related to the net difference in projected and actual earnings are amortized over five years. Deferred amounts related to the differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between the City's contributions and proportionate share of contributions 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.

Actuarial Assumptions

The total pension liability was based on the following assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
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 probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% 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, 2024

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. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Noncap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	0.59
Total	100.00 %	

(a) An expected inflation of 2.3% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous			
Net Pension Liability			
City	\$ 31,570,324	\$ 20,917,528	\$ 12,149,361
Water	12,424,599	8,275,076	4,859,662
Fire	274,776	196,512	132,095
Safety - Fire			
Net Pension Liability	15,312,548	10,492,493	6,551,754

Pension Plan Fiduciary Net Position

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

C. Payables to the Pension Plan

At June 30, 2024, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit health-care plan. During fiscal year 2022-2023, the City entered into agreements with Shuster Advisory Group LL, Charles Schwab Trust Bank, and ALTA Trust Company to join other entities in an OPEB and pension 115 Trust. 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. The plan does not issue a separate report.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Employees Covered

As of the June 30, 2023, 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	43
Inactive Employees Entitled to but Not Yet Receiving Benefits	66
Active Employees	166
Total	275

Contributions

Contribution requirements are established by City policy and may be amended by the City Council. For the year ended June 30, 2024, the City made \$75,105 contributions in the form of premium payments, \$92,000 in implicit subsidy benefit payments, administrative expense of \$1,178, and contributions to the Section 115 OPEB Trust of \$100,000 for a total current benefits paid of \$268,283. The contributions to the OPEB plan are generally made from the General Fund and Water Enterprise Fund.

Net OPEB Liability

The City's Net OPEB liability of \$3,212,021 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023, 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, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.88%
Inflation	2.50%
Projected Salary Increase	Aggregate - 2.75%
Expected Long-Term Investment Rate of Return	5.50%
Health-Care Cost Trend Rates	Non-Medicare - 8.50% for 2024, decreasing to 3.45% in 2076 Medicare - 7.50% for 2024, decreasing to 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2023, decreasing to 3.45% in 2076
Mortality, Retirement, Disability, Termination	Derived from CalPERS 2000 - 2019 experience study

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Discount Rate

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries up to 2059-2060. Subsequent to this date, the OPEB plan's fiduciary net position is not projected to be available for such payments. This has resulted in a blended discount rate of 4.88%, which takes into account the long-term expected rate of 5.5% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.65%.

Changes in Assumptions

The discount rate was changed from 3.54% to 4.88%.

Expected Long-Term Rate of Return

The table below reflects the long-term expected real rate of return by asset class.

<u>Asset Class Component</u>	<u>Target Allocation</u> <u>Shuster -</u> <u>Balanced</u>	<u>Expected Real</u> <u>Rate of Return</u>
Global Equity	50 %	4.56 %
Fixed Income	48	0.78
Cash	2	(0.50)
Total	100 %	
Assumed Long-Term Rate of Inflation		2.50
Expected Long-Term Net Rate of Return, Rounded		5.50

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Changes in Net OPEB Liability

The change in net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 (Measurement Date)	\$ 4,304,723	\$ -	\$ 4,304,723
Changes in the Year:			
Service Cost	268,110	-	268,110
Interest on the Total OPEB Liability	158,899	-	158,899
Changes in Assumptions	(746,397)	-	(746,397)
Contributions - Employer	-	769,421	(769,421)
Net Investment Income	-	5,007	(5,007)
Benefit Payments	(168,307)	(168,307)	-
Administrative Expenses	-	(1,114)	1,114
Net Changes	<u>(487,695)</u>	<u>605,007</u>	<u>(1,092,702)</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 3,817,028</u>	<u>\$ 605,007</u>	<u>\$ 3,212,021</u>

The net OPEB liability as of the measurement date June 30, 2024 is \$3,185,829.

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

The following presents the net OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's net 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 3.88%	Discount Rate 4.88%	1% Increase 5.88%
Net OPEB Liability	\$ 3,749,252	\$ 3,212,021	\$ 2,770,487

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Sensitivity of the Net OPEB Liability the Changes in the Discount Rate (Continued)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (1)	Current Health-Care Cost Trend Rates (2)	1% Increase (3)
Net OPEB Liability	\$ 2,664,191	\$ 3,212,021	\$ 3,902,665

- (1) Non-Medicare - 7.50% for 2024, decreasing to 2.45% in 2076
 Medicare - 6.50% for 2024, decreasing to 2.45% in 2076
 Medicare (Kaiser) - 5.25% for 2023, decreasing to 2.45% in 2076
 (2) Non-Medicare - 8.50% for 2024, decreasing to 3.45% in 2076
 Medicare - 7.50% for 2024, decreasing to 3.45% in 2076
 Medicare (Kaiser) - 6.25% for 2023, decreasing to 3.45% in 2076
 (3) Non-Medicare - 9.50% for 2024, decreasing to 4.45% in 2076
 Medicare - 8.50% for 2024, decreasing to 4.45% in 2076
 Medicare (Kaiser) - 7.25% for 2023, decreasing to 4.45% in 2076

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

For the year ended June 30, 2024, the City recognized OPEB income of \$158,418. At June 30, 2024, 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	\$ 268,283	\$ -
Differences Between Actual and Expected Experience	-	(933,968)
Change in Proportion	282,390	(282,390)
Change in Assumptions	816,446	(2,836,330)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(3,478)
Total	<u>\$ 1,367,119</u>	<u>\$ (4,056,166)</u>

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

\$268,283 reported as deferred outflows of resources resulting from City's contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (585,879)
2026	(493,739)
2027	(245,072)
2028	(251,275)
2029	(315,322)
Thereafter	(1,066,043)
Total	<u>\$ (2,957,330)</u>

Deferred amounts related to the net difference in projected and actual earnings are amortized over five years. Deferred amounts related to the differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between the City's contributions and proportionate share of contributions 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.

NOTE 10 FUND DISCLOSURE

Development Impact Fees 2018 – City Hall Facilities has a year ending negative fund balance of \$2,878,620, which will be corrected by future developer impact fee revenue or transfers from General Fund. The City Projects Capital Projects Fund has a deficit of \$15,059,700 at year-end from projects that will be reimbursed when completed.

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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 SELF-INSURANCE RISK POOL (CONTINUED)

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.

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 \$10,000,000 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.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 SELF-INSURANCE RISK POOL (CONTINUED)

Cyber Liability

The City is self-insured up to \$50,000 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 \$50,000 self-insurance retention and \$16,000,000 (\$250,000 for privacy notification costs) is covered by PERMA as insured by a third party.

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 is as follows:

	2024	2023
Unpaid Claims, Beginning of Fiscal Year	\$ 1,333,250	\$ 778,134
Incurred Claims and Changes in Estimated		
Claims Liabilities	1,396,957	836,736
Claim Payments	(345,334)	(281,620)
Unpaid Claims, End of Fiscal Year	<u>\$ 2,384,873</u>	<u>\$ 1,333,250</u>

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

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS

Victor Valley Wastewater Reclamation Authority

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

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Victor Valley Transit Authority

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

Victor Valley Economic Development Authority

The City is a member of the Victor Valley Economic Development Authority (VVEDA), a joint powers authority along with the City of Victorville, Town of Apple Valley, City of Adelanto and the County of San Bernardino. Its purpose was to coordinate the transition of George Air Force Base from military to civilian use. Effective February 1, 2012, the Victor Valley Economic Development Authority (VVEDA) was dissolved, pursuant to ABx1 26 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.

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, 2024, the reserve fund meets the required level. At June 30, 2024, principal amount due on the bonds is \$13,570,000.

**CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

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

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. At June 30, 2024, 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. Accordingly, no liability for these bonds has been recorded in the financial statements.

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, 2024, principal amount due on the bonds is \$989,000.

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. Accordingly, no liability for these bonds has been recorded in the financial statements.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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	\$ 49,688,899
Less: Costs Incurred in 2023-24	<u>(19,443,368)</u>
Remaining Contractual Obligations	<u><u>\$ 30,245,531</u></u>

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, 2024, the amount owed has been reduced by \$1,117,739 to \$1,021,108.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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

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, 2024:

	Principal Balance at June 30, 2023	Additions	Deductions	Principal Balance at June 30, 2024	Due Within One Year
Other Debt:					
2018 Series A	\$ 70,640,000	\$ -	\$ -	\$ 70,640,000	\$ -
Premium	7,588,347	-	(537,235)	7,051,112	-
2018 Series B	19,380,000	-	(5,865,000)	13,515,000	6,050,000
Discount	(150,440)	69,434	-	(81,006)	-
Total	<u>\$ 97,457,907</u>	<u>\$ 69,434</u>	<u>\$ (6,402,235)</u>	<u>\$ 91,125,106</u>	<u>\$ 6,050,000</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 that has been satisfied by a reserve policy.

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, 2024, amounted to \$111,705,419. 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, 2024, total tax increment received by the Successor Agency was \$9,892,733 and debt service requirements for the year ended June 30, 2024 was \$9,706,085.

CITY OF HESPERIA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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			
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5,390,000	3,033,069	8,423,069
2029	5,665,000	2,756,694	8,421,694
2030 - 2034	30,005,000	9,332,719	39,337,719
2035 - 2038	26,855,000	2,026,491	28,881,491
Total	<u>\$ 70,640,000</u>	<u>\$ 26,993,055</u>	<u>\$ 97,633,055</u>

2018 Tax Allocation Refunding Bonds Series B			
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 13,515,000</u>	<u>\$ 557,364</u>	<u>\$ 14,072,364</u>

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE - BEGINNING OF YEAR	\$ 36,134,450	\$ 36,134,450	\$ 36,134,450	\$ -
RESOURCES (INFLOWS)				
Taxes	23,508,859	23,508,859	23,058,149	(450,710)
Licenses and Permits	250,690	250,690	255,031	4,341
Fines and Forfeitures	1,012,000	1,012,000	1,681,008	669,008
Use of Money and Property	338,600	338,600	1,777,279	1,438,679
Intergovernmental	15,629,905	15,629,905	16,545,411	915,506
Charges for Services	3,985,627	3,985,627	5,165,423	1,179,796
Grants	123,200	123,200	195,133	71,933
Other Revenues	2,610,024	2,610,024	3,542,981	932,957
Transfers from Other Funds	200,000	2,540,369	200,000	(2,340,369)
Issuance of SBITAs	-	-	53,221	53,221
Amount Available for Appropriations	47,658,905	49,999,274	52,473,636	2,474,362
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
General Government:				
City Council	819,204	836,104	1,385,247	(549,143)
City Manager	1,686,530	1,694,949	1,456,617	238,332
Management Services	10,151,018	11,073,988	9,921,204	1,152,784
Public Safety - Police	21,941,222	22,070,936	22,367,898	(296,962)
Development Services	10,357,074	10,955,938	9,201,200	1,754,738
Debt Service:				
Interest - Leases	-	-	13,946	(13,946)
Principal - Leases	-	-	86,174	(86,174)
Interest - SBITAs	-	-	11,435	(11,435)
Principal - SBITAs	-	-	216,523	(216,523)
Capital Outlay:				
Buildings and Improvements	145,000	120,500	73,554	46,946
Equipment and Vehicles	23,730	207,140	203,760	3,380
SBITAs	-	-	52,894	(52,894)
Transfers to Other Funds	2,385,133	2,385,133	2,385,133	-
Total Charges to Appropriations	47,508,911	49,344,688	47,375,585	1,969,103
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	149,994	654,586	5,098,051	4,443,465
FUND BALANCE - END OF YEAR	\$ 36,284,444	\$ 36,789,036	\$ 41,232,501	\$ 4,443,465

See accompanying Note to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
AMERICAN RESCUE PLAN ACT (ARPA)
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE -				
BEGINNING OF YEAR	\$ 174,826	\$ 174,826	\$ 174,826	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	527,706	527,706	1,145,625	617,919
CHARGES TO APPROPRIATIONS				
(OUTFLOWS)				
Current:				
General Government:				
Management Services	1,491,200	1,491,200	-	1,491,200
Transfers Out	-	2,340,369	-	2,340,369
Total Charges to Appropriations	1,491,200	3,831,569	-	3,831,569
EXCESS (DEFICIENCY) OF RESOURCES				
OVER (UNDER) CHARGES TO				
APPROPRIATIONS	(963,494)	(3,303,863)	1,145,625	4,449,488
FUND BALANCE - END OF YEAR	<u>\$ (788,668)</u>	<u>\$ (3,129,037)</u>	<u>\$ 1,320,451</u>	<u>\$ 4,449,488</u>

See accompanying Note 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, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	\$ (3,035,399)	\$ (3,035,399)	\$ (3,035,399)	\$ -
RESOURCES (INFLOWS)				
Use of Money and Property	13,017	13,017	71,249	58,232
Charges for Services	1,285,647	1,285,647	1,043,569	(242,078)
Amount Available for Appropriations	1,298,664	1,298,664	1,114,818	(183,846)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
Debt Service:				
Interest	160,000	171,524	171,524	-
Transfers to Other Funds	786,515	786,515	786,515	-
Total Charges to Appropriations	946,515	958,039	958,039	-
EXCESS (DEFICIENCY) OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	352,149	340,625	156,779	(183,846)
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (2,683,250)	\$ (2,694,774)	\$ (2,878,620)	\$ (183,846)

See accompanying Note to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES – STREETS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance with Budget
FUND BALANCE - BEGINNING OF YEAR	\$ 424,108	\$ 424,108	\$ -
RESOURCES (INFLOWS)			
Use of Money and Property	26,682	70,353	43,671
Other Revenues	-	621	621
Amount Available for Appropriations	26,682	70,974	44,292
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Current:			
Development Services	103,000	-	103,000
Capital Outlay:			
Infrastructure	351,468	58,140	293,328
Total Charges to Appropriations	454,468	58,140	396,328
EXCESS (DEFICIENCY) OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	(427,786)	12,834	440,620
FUND BALANCE - END OF YEAR	\$ (3,678)	\$ 436,942	\$ 440,620

See accompanying Note to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES 2018 – STREETS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance with Budget
FUND BALANCE - BEGINNING OF YEAR	\$ 6,785,985	\$ 6,785,985	\$ -
RESOURCES (INFLOWS)			
Use of Money and Property	192,395	478,143	285,748
Charges for Services	13,355,763	7,532,914	(5,822,849)
Amount Available for Appropriations	13,548,158	8,011,057	(5,537,101)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Current:			
Debt Service:			
Interest	375,248	-	375,248
Principal	1,876,240	-	1,876,240
Capital Outlay:			
Buildings and Improvements	1,024,059	12,034	1,012,025
Infrastructure	6,788,303	1,750,416	5,037,887
Total Charges to Appropriations	10,063,850	1,762,450	8,301,400
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	3,484,308	6,248,607	2,764,299
FUND BALANCE - END OF YEAR	\$ 10,270,293	\$ 13,034,592	\$ 2,764,299

See accompanying Note to Required Supplementary Information.

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

Fiscal Year-End	2024	2023	2022	2021	2020
Contractually Required Contribution (Actuarial Determined)	\$ 3,742,564	\$ 3,665,142	\$ 3,222,939	\$ 2,889,664	\$ 2,705,456
Contributions in Relation to the Contractually Required Contribution	(3,742,564)	(3,665,142)	(3,222,939)	(2,889,664)	(2,705,456)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll ²	\$ 14,080,406	\$ 13,173,761	\$ 11,139,996	\$ 10,022,379	\$ 11,478,590
Contributions as a Percentage of Covered Payroll ²	26.58%	27.82%	28.93%	28.83%	23.57%

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

²The City's covered-employee payroll was recalculated based

Contractually Required Contribution

City	\$ 2,679,944	\$ 2,647,769	\$ 2,319,567	\$ 2,061,293	\$ 2,023,150
Fire	19,816	25,623	23,900	23,253	21,006
Water and Sewer	1,042,804	991,750	879,472	805,118	661,300
Total	<u>\$ 3,742,564</u>	<u>\$ 3,665,142</u>	<u>\$ 3,222,939</u>	<u>\$ 2,889,664</u>	<u>\$ 2,705,456</u>

Contributions in Relation to the Contractually Required Contribution

City	\$ (2,679,944)	\$ (2,647,769)	\$ (2,319,567)	\$ (2,061,293)	\$ (2,023,150)
Fire	(19,816)	(25,623)	(23,900)	(23,253)	(21,006)
Water and Sewer	(1,042,804)	(991,750)	(879,472)	(805,118)	(661,300)
Total	<u>\$ (3,742,564)</u>	<u>\$ (3,665,142)</u>	<u>\$ (3,222,939)</u>	<u>\$ (2,889,664)</u>	<u>\$ (2,705,456)</u>

Covered Payroll²

City	\$ 9,870,801	\$ 9,453,428	\$ 7,823,659	\$ 6,862,047	\$ 8,164,228
Fire	-	-	-	-	-
Water and Sewer	4,209,605	3,720,333	3,316,337	3,160,332	3,314,362
Total	<u>\$ 14,080,406</u>	<u>\$ 13,173,761</u>	<u>\$ 11,139,996</u>	<u>\$ 10,022,379</u>	<u>\$ 11,478,590</u>

Contributions as a Percentage of Covered Payroll²

City	1.81 %	1.16 %	2.41 %	3.35 %	3.62 %
Fire	-	-	-	-	-
Water and Sewer	24.77	26.66	26.52	25.48	19.95
Total	<u>26.58 %</u>	<u>27.82 %</u>	<u>28.93 %</u>	<u>28.83 %</u>	<u>23.57 %</u>

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value

Inflation	2.30%	2.30%	2.50%	2.50%	2.50%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on Age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

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

See accompanying Note to Required Supplementary Information.

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

Fiscal Year-End	2019	2018	2017	2016	2015 ¹
Contractually Required Contribution (Actuarial Determined)	\$ 2,388,602	\$ 2,034,131	\$ 1,972,969	\$ 1,849,543	\$ 1,879,384
Contributions in Relation to the Contractually Required Contribution	(2,388,602)	(2,668,659)	(2,323,999)	(2,141,473)	(2,113,264)
Contribution Deficiency (Excess)	\$ -	\$ (634,528)	\$ (351,030)	\$ (291,930)	\$ (233,880)
District's Covered Payroll ²	\$ 11,080,687	\$ 10,715,391	\$ 10,377,283	\$ 10,264,387	\$ 10,558,692
Contributions as a Percentage of Covered Payroll ²	21.56%	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

Contractually Required Contribution

City	\$ 1,799,266	\$ 1,530,439	\$ 1,501,636	\$ 1,423,805	\$ 1,460,320
Fire	20,748	17,023	13,160	12,044	11,216
Water and Sewer	568,588	486,669	458,173	413,694	407,848
Total	<u>\$ 2,388,602</u>	<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	\$ (1,799,266)	\$ (1,530,439)	\$ (1,501,636)	\$ (1,423,805)	\$ (1,460,320)
Fire	(20,748)	(651,551)	(364,190)	(303,974)	(245,096)
Water and Sewer	(568,588)	(486,669)	(458,173)	(413,694)	(407,848)
Total	<u>\$ (2,388,602)</u>	<u>\$ (2,668,659)</u>	<u>\$ (2,323,999)</u>	<u>\$ (2,141,473)</u>	<u>\$ (2,113,264)</u>

Covered Payroll²

City	\$ 7,966,756	\$ 7,644,473	\$ 7,455,214	\$ 7,408,225	\$ 7,672,349
Fire	-	-	-	-	-
Water and Sewer	3,113,931	3,070,918	2,922,069	2,856,162	2,886,343
Total	<u>\$ 11,080,687</u>	<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	3.30 %	9.05 %	6.72 %	6.38 %	5.88 %
Fire	-	-	-	-	-
Water and Sewer	18.26	15.85	15.68	14.48	14.13
Total	<u>21.56 %</u>	<u>24.90 %</u>	<u>22.40 %</u>	<u>20.86 %</u>	<u>20.01 %</u>

Notes to Schedule:

Valuation Date	6/30/2016	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	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.15% (3)	7.15% (3)	7.65% (3)	7.65% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on Age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

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

See accompanying Note 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, 2023</u> June 30, 2024	<u>June 30, 2022</u> June 30, 2023	<u>June 30, 2021</u> June 30, 2022	<u>June 30, 2020</u> June 30, 2021	<u>June 30, 2019</u> June 30, 2020
City's Proportion of the Net Pension Liability/(Asset)	58.38%	58.33%	71.68%	55.47%	55.20%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 29,389,116	\$ 27,499,193	\$ 13,558,095	\$ 23,596,414	\$ 21,906,224
City's Covered Payroll ¹	\$ 13,173,761	\$ 11,139,996	\$ 10,022,379	\$ 11,478,590	\$ 11,080,687
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	223.09 %	246.85 %	135.28 %	205.57 %	197.70 %
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	77.97 %	78.19 %	90.49 %	77.71 %	77.73 %

¹ The District covered payroll was recalculated based on actual pensionable earnings reported to CalPERS as of the measurement date.

Fiscal Year-End	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net Pension Liability/(Asset)					
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City	0.42 %	0.42 %	0.51 %	0.40 %	0.40 %
Fire	-	-	0.01	-	0.01
Water and Sewer	0.17	0.16	0.19	0.15	0.14
Total	<u>0.58 %</u>	<u>0.58 %</u>	<u>0.72 %</u>	<u>0.55 %</u>	<u>0.55 %</u>
City's Proportionate Share of the Net Pension Liability/(Asset)					
City	\$ 20,917,528	\$ 19,607,429	\$ 9,735,358	\$ 17,003,541	\$ 15,902,106
Fire	196,512	202,937	136,931	199,886	201,457
Water and Sewer	8,275,076	7,688,827	3,685,806	6,392,987	5,802,661
Total	<u>\$ 29,389,116</u>	<u>\$ 27,499,193</u>	<u>\$ 13,558,095</u>	<u>\$ 23,596,414</u>	<u>\$ 21,906,224</u>
City's Covered Payroll²					
City	\$ 9,453,428	\$ 7,823,659	\$ 6,862,047	\$ 8,164,228	\$ 7,966,756
Fire	-	-	-	-	-
Water and Sewer	3,720,333	3,316,337	3,160,332	3,314,362	3,113,931
Total	<u>\$ 13,173,761</u>	<u>\$ 11,139,996</u>	<u>\$ 10,022,379</u>	<u>\$ 11,478,590</u>	<u>\$ 11,080,687</u>
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Payroll²					
City	0.66 %	15.00 %	18.65 %	12.68 %	11.35 %
Fire	-	-	-	-	-
Water and Sewer	222.43	231.85	116.63	192.89	186.35
Total	<u>223.09 %</u>	<u>246.85 %</u>	<u>135.28 %</u>	<u>205.57 %</u>	<u>197.70 %</u>
Totals for CalPERS Miscellaneous Cost Sharing Plan					
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Miscellaneous Total Pension Liability	\$ 22,693,312,153	\$ 21,449,898,398	\$ 19,964,594,105	\$ 18,920,437,526	\$ 17,984,188,264
Miscellaneous Fiduciary Net Position	17,692,895,076	16,770,671,339	18,065,791,524	14,702,361,183	13,979,687,268
Miscellaneous Net Pension Liability	5,000,417,077	4,679,227,059	1,898,802,581	4,218,076,343	4,004,500,996

See accompanying Note 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 Fiscal Year-End	June 30, 2018 June 30, 2019	June 30, 2017 June 30, 2018	June 30, 2016 June 30, 2017	June 30, 2015 June 30, 2016	June 30, 2014 June 30, 2015
City's Proportion of the Net Pension Liability/(Asset)	54.15%	53.18%	52.36%	53.69%	49.14%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 20,228,817	\$ 20,776,324	\$ 18,027,190	\$ 14,616,628	\$ 12,033,610
City's Covered Payroll ¹	\$ 10,715,391	\$ 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	188.78 %	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	77.69 %	75.39 %	75.87 %	79.89 %	81.15 %

¹ The District covered payroll was recalculated based on actual pensionable earnings reported to CalPERS as of the measurement date.

Fiscal Year-End	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)					
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City	0.39 %	0.39 %	0.38 %	0.40 %	0.38 %
Fire	0.01	0.01	0.01	0.01	0.01
Water and Sewer	0.14	0.13	0.13	0.12	0.10
Total	<u>0.54 %</u>	<u>0.53 %</u>	<u>0.52 %</u>	<u>0.54 %</u>	<u>0.49 %</u>
City's Proportionate Share of the Net Pension Liability/(Asset)					
City	\$ 14,804,711	\$ 15,286,280	\$ 13,359,519	\$ 11,061,479	\$ 9,365,868
Fire	196,972	204,946	186,324	161,400	136,344
Water and Sewer	5,227,134	5,285,098	4,481,347	3,393,749	2,531,398
Total	<u>\$ 20,228,817</u>	<u>\$ 20,776,324</u>	<u>\$ 18,027,190</u>	<u>\$ 14,616,628</u>	<u>\$ 12,033,610</u>
City's Covered Payroll²					
City	\$ 7,644,473	\$ 7,455,214	\$ 7,408,225	\$ 7,672,349	\$ 7,950,880
Fire	-	-	-	-	-
Water and Sewer	3,070,918	2,922,069	2,856,162	2,886,343	2,947,053
Total	<u>\$ 10,715,391</u>	<u>\$ 10,377,283</u>	<u>\$ 10,264,387</u>	<u>\$ 10,558,692</u>	<u>\$ 10,897,933</u>
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Payroll²					
City	18.57 %	19.34 %	18.73 %	20.85 %	24.53 %
Fire	-	-	-	-	-
Water and Sewer	170.21	180.87	156.90	117.58	85.90
Total	<u>188.78 %</u>	<u>200.21 %</u>	<u>175.63 %</u>	<u>138.43 %</u>	<u>110.42 %</u>
Totals for CalPERS Miscellaneous Cost Sharing Plan					
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Miscellaneous Total Pension Liability	\$ 16,891,153,209	\$ 16,016,547,402	\$ 14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
Miscellaneous Fiduciary Net Position	13,122,440,092	12,074,499,781	10,923,476,287	10,896,036,068	10,639,461,174
Miscellaneous Net Pension Liability	3,768,713,117	3,942,047,621	3,473,877,243	2,743,467,016	2,471,487,278

See accompanying Note to Required Supplementary Information.

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

Fiscal Year-End	2024	2023	2022	2021	2020
Contractually Required Contribution (Actuarial Determined)	\$ 887,500	\$ 1,067,577	\$ 983,846	\$ 952,741	\$ 853,504
Contributions in Relation to the Contractually Required Contribution	(887,500)	(1,067,577)	(983,846)	(952,741)	(853,504)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	n/a	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Payroll ²	n/a	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	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.15% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

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

See accompanying Note to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - SAFETY
LAST TEN MEASUREMENT PERIODS**

Fiscal Year-End	2019	2018	2017	2016	2015 ¹
Contractually Required Contribution (Actuarial Determined)	\$ 777,035	\$ 634,528	\$ 351,030	\$ 291,930	\$ 233,880
Contributions in Relation to the Contractually Required Contribution	(777,035)	(634,528)	(351,030)	(291,930)	(233,880)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	n/a	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Payroll ²	n/a	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	6/30/2016	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	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.15% (3)	7.15% (3)	7.65% (3)	7.65% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

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

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

Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Fiscal Year-End	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City's Proportion of the Net Pension Liability/(Asset)	0.14%	0.15%	0.17%	0.14%	0.15%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,492,493	\$ 10,106,943	\$ 5,821,507	\$ 9,489,179	\$ 9,099,019
City's Covered Payroll ¹	n/a	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	n/a
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	74.87%	75.53%	86.61%	73.12%	73.37%

¹The Plan was previously closed and, therefore, there is no covered payroll.

Fiscal Year-End	2024	2023	2022	2021	2020
City's Proportion of the Net Pension Liability/(Asset)					
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Fire	<u>0.14%</u>	<u>0.15%</u>	<u>0.17%</u>	<u>0.14%</u>	<u>0.15%</u>
City's Proportionate Share of the Net Pension Liability/(Asset)					
Fire	<u>\$ 10,492,493</u>	<u>\$ 10,106,943</u>	<u>\$ 5,821,507</u>	<u>\$ 9,489,179</u>	<u>\$ 9,099,019</u>
Totals for CalPERS Safety Cost Sharing Plan					
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Safety Total Pension Liability	\$ 29,748,672,121	\$ 28,076,076,740	\$ 26,210,348,159	\$ 24,782,493,361	\$ 23,442,265,225
Safety Fiduciary Net Position	22,273,738,616	21,204,498,824	22,700,862,352	18,120,140,152	17,199,726,799
Safety Net Pension Liability	7,474,933,505	6,871,577,916	3,509,485,807	6,662,353,209	6,242,538,426

See accompanying Note 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	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Fiscal Year-End	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability/(Asset)	0.15%	0.15%	0.15%	0.15%	0.13%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,769,919	\$ 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	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	n/a
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	73.39%	71.74%	72.69%	77.27%	78.83%

¹The Plan was previously closed and, therefore, there is no covered payroll.

Fiscal Year-End	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)					
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Fire	0.15%	0.15%	0.15%	0.15%	0.13%
City's Proportionate Share of the Net Pension Liability/(Asset)					
Fire	\$ 8,769,919	\$ 8,710,094	\$ 7,711,540	\$ 6,084,632	\$ 4,864,517
Totals for CalPERS Safety Cost Sharing Plan					
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Safety Total Pension Liability	\$ 22,053,702,155	\$ 21,144,800,930	\$ 18,961,274,094	\$ 18,131,714,318	\$ 17,719,018,179
Safety Fiduciary Net Position	16,186,149,467	15,169,595,595	13,782,056,004	14,011,269,803	13,968,041,341
Safety Net Pension Liability	5,867,552,688	5,975,205,335	5,179,218,090	4,120,444,515	3,750,976,838

See accompanying Note to Required Supplementary Information.

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

Fiscal Year-End	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total OPEB Liability:		
Service Cost	\$ 268,110	\$ 488,842
Interest on Total OPEB Liability	158,899	159,585
Changes in Assumptions	(746,397)	(2,362,167)
Changes in Benefit Terms	-	-
Differences Between Actual and Expected Experience	-	(797,911)
Benefit Payments, Including Refunds of Employee Contributions	(168,307)	(165,982)
Net Change in Total OPEB Liability	(487,695)	(2,677,633)
Total OPEB Liability - Beginning of Year	<u>4,304,723</u>	<u>6,982,356</u>
Total OPEB Liability - End of Year (a)	<u>3,817,028</u>	<u>\$ 4,304,723</u>
Plan Fiduciary Net Position:		**
Contributions - Employer	769,421	
Net Investment Income	5,007	
Benefit Payments	(168,307)	
Administrative Expenses	(1,114)	
Net Change in Plan Fiduciary Net Position	<u>605,007</u>	
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>	
Plan Fiduciary Net Position - End of Year (b)	<u>605,007</u>	
Net OPEB Liability - Ending (a)-(b)	<u>\$ 3,212,021</u>	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.85%	
Covered-Employee Payroll	\$ 14,228,097	\$ 11,146,913
Net OPEB Liability as Percentage of Covered-Employee Payroll	26.83%	38.62%
Notes to Schedule:		
Benefit Changes:		
There were no changes in benefits.		
Changes in Assumptions:		
Discount Rate	4.88%	3.54%

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

** There was no OPEB trust in these years.

See accompanying Note to Required Supplementary Information.

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CHANGES IN NET/TOTAL OPEB LIABILITY AND RELATED RATIOS
(CONTINUED)
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:

2.16%	2.21%	3.50%	3.87%	3.58%
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* Fiscal year 2018 was the first year of implementation and therefore only seven years are shown.

** There was no OPEB trust in these years.

See accompanying Note to Required Supplementary Information.

**CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
OPEB LAST TEN MEASUREMENT
PERIODS***

Fiscal Year-End	<u>June 30, 2024</u>
Measurement Date	<u>June 30, 2023</u>
Actuarially Determined Contribution	\$ 390,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(268,283)</u>
Contribution Deficiency (Excess)	<u>\$ 121,717</u>
Covered - Employee Payroll	\$ 15,028,210
Contributions as a Percentage of Covered - Employee Payroll	1.8%
Notes to Schedule:	
Valuation Date	6/30/2022
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age
Amortization Method	(1)
Asset Valuation Method	Fair Value
Long-Term Rate of Return	5.5%
Inflation	2.5%
Medical Trend	(2)
Mortality, Retirement, Disability, Termination	(3)

(1) Level percentage of payroll, closed.

(2) Non-Medicare 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076.

(3) Mortality projected fully generational with Scale MP-2021.

*Fiscal year 2023-2024 is the first year an actuarially determined contribution was calculated.

**CITY OF HESPERIA, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 BUDGETARY DATA

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 exceptions are the Neighborhood Stabilization Program Special Revenue Fund and Public Art Special Revenue Fund (Other Governmental Funds) 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.



SUPPLEMENTARY INFORMATION



SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenues that are legally restricted or committed to expenditures for specified 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 – Storm Drain – 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 – 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 – Records Storage – 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.

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.

SPECIAL REVENUE FUNDS (Continued)

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.

Public Art – To account for funds utilized toward public art displays throughout the City.

DEBT SERVICE FUNDS

The Debt Service funds are used to account for the accumulation of resources for, 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 Acquisition 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.

2023 Refunding of Lease Revenue Bonds – To account for debt service payments on the refunding of the 2013 Refunding Lease Revenue Bonds.

CAPITAL PROJECTS FUNDS

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

Individual Capital Project funds are as follows:

City Projects (Major Fund) – To account for funds designated for various capital projects throughout the City.

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
ASSETS					
Cash and Cash Equivalents	\$ 2,049,731	\$ 11,872,999	\$ 1,939,039	\$ 1,515,949	\$ 1,740,335
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	1,387,247	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	19,103	112,911	18,302	14,368	16,969
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	1,051,380	328,018	171,045	-
Due from Other Funds	-	2,088	-	-	1,571
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 3,456,081	\$ 13,039,378	\$ 2,285,359	\$ 1,701,362	\$ 1,758,875
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ 22,278	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	22,278	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	13,017,100	2,285,359	1,701,362	1,758,875
Air Quality	-	-	-	-	-
Public Safety	2,068,834	-	-	-	-
Economic Development	-	-	-	-	-
Pension	1,387,247	-	-	-	-
Other Purposes	-	-	-	-	-
Total Fund Balances	3,456,081	13,017,100	2,285,359	1,701,362	1,758,875
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,456,081	\$ 13,039,378	\$ 2,285,359	\$ 1,701,362	\$ 1,758,875

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	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	\$ 7,410,109	\$ 2,402,227	\$ 388,053	\$ 301,618	\$ 25,072
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	69,207	23,227	3,741	3,069	242
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	449,928	-	-	-	-
Due from Other Funds	-	14,738	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 7,929,244	\$ 2,440,192	\$ 391,794	\$ 304,687	\$ 25,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ 8,894	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	8,894	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	7,929,244	-	391,794	-	-
Air Quality	-	-	-	-	25,314
Public Safety	-	-	-	304,687	-
Economic Development	-	2,431,298	-	-	-
Grants	-	-	-	-	-
Other Purposes	-	-	-	-	-
Total Fund Balances	7,929,244	2,431,298	391,794	304,687	25,314
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,929,244	\$ 2,440,192	\$ 391,794	\$ 304,687	\$ 25,314

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
ASSETS					
Cash and Cash Equivalents	\$ 769,571	\$ 46,314	\$ 280,886	\$ -	\$ 406,872
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	-	-	-	-	-
Accounts Receivable	250	-	4,651	-	-
Accrued Interest	8,033	447	2,561	-	3,943
Notes Receivable	-	-	-	-	14,769,912
Allowance for Notes Receivable	-	-	-	-	(14,769,912)
Due from Other Governmental Agencies	50	-	11	-	-
Due from Other Funds	59,698	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 837,602	\$ 46,761	\$ 288,109	\$ -	\$ 410,815
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 233,544	\$ -	\$ 378	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Total Liabilities	233,544	-	378	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	604,058	-	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	46,761	-	-	-
Economic Development	-	-	-	-	410,815
Grants	-	-	-	-	-
Other Purposes	-	-	287,731	-	-
Total Fund Balances	604,058	46,761	287,731	-	410,815
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 837,602	\$ 46,761	\$ 288,109	\$ -	\$ 410,815

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	Special Revenue Funds				Development Impact Fees
	Development Impact Fees - Storm Drain	Development Impact Fees - Fire	Development Impact Fees - Police	Development Impact Fees - Public Services	2018 - Drainage Facilities
ASSETS					
Cash and Cash Equivalents	\$ 3,253,588	\$ 1,535,085	\$ 6,807	\$ -	\$ 3,623,371
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Accrued Interest	31,364	14,798	66	-	34,734
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 3,284,952	\$ 1,549,883	\$ 6,873	\$ -	\$ 3,658,105
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	3,284,952	-	-	-	3,658,105
Air Quality	-	-	-	-	-
Public Safety	-	1,549,883	6,873	-	-
Economic Development	-	-	-	-	-
Grants	-	-	-	-	-
Other Purposes	-	-	-	-	-
Total Fund Balances	3,284,952	1,549,883	6,873	-	3,658,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,284,952	\$ 1,549,883	\$ 6,873	\$ -	\$ 3,658,105

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	Special Revenue Funds				
	Development Impact Fees 2018 - Fire Suppression	Development Impact Fees 2018 - Animal Control	Development Impact Fees 2018 - Records Storage	Development Impact Fees 2018 - Police Facilities	Development Impact Fees A-04 Drainage
ASSETS					
Cash and Cash Equivalents	\$ 4,203,359	\$ 363,363	\$ 184,906	\$ 56,742	\$ 983,059
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	-	-	-	-	-
Accounts Receivable	-	-	-	-	542,259
Accrued Interest	40,398	3,460	1,777	545	12,642
Notes Receivable	-	-	-	-	-
Allowance for Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 4,243,757	\$ 366,823	\$ 186,683	\$ 57,287	\$ 1,537,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 499
Unearned Revenues	-	-	-	-	-
Total Liabilities	-	-	-	-	499
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	-	-	-	1,537,461
Air Quality	-	-	-	-	-
Public Safety	4,243,757	366,823	-	57,287	-
Economic Development	-	-	-	-	-
Grants	-	-	-	-	-
Other Purposes	-	-	186,683	-	-
Total Fund Balances	4,243,757	366,823	186,683	57,287	1,537,461
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,243,757	\$ 366,823	\$ 186,683	\$ 57,287	\$ 1,537,960

CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	Special Revenue Funds				
	Hesperia Housing Authority	VVEDA Housing Authority	Community Development Commission	SB 1383 Local Assistance Grant	Public Art
ASSETS					
Cash and Cash Equivalents	\$ 4,209,295	\$ 1,916,863	\$ 97,686	\$ 79,793	\$ 256,044
Restricted Cash and Investments:					
Held for Bond Reserve	-	-	-	-	-
Pension Trust	-	-	-	-	-
Accounts Receivable	-	-	3,412,061	-	-
Accrued Interest	43,374	19,834	1,011	770	2,468
Notes Receivable	22,834,475	-	-	-	-
Allowance for Notes Receivable	(22,834,475)	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Funds	99	-	-	-	-
Land Held for Resale	6,643,800	-	7,371,154	-	-
Total Assets	\$ 10,896,568	\$ 1,936,697	\$ 10,881,912	\$ 80,563	\$ 258,512
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 874	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	74,734	-
Total Liabilities	874	-	-	74,734	-
Fund Balances:					
Restricted:					
Debt Service	-	-	-	-	-
Transportation	-	-	-	-	-
Air Quality	-	-	-	-	-
Public Safety	-	-	-	-	-
Economic Development	10,895,694	1,936,697	10,881,912	5,829	258,512
Grants	-	-	-	-	-
Other Purposes	-	-	-	-	-
Total Fund Balances	10,895,694	1,936,697	10,881,912	5,829	258,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,896,568	\$ 1,936,697	\$ 10,881,912	\$ 80,563	\$ 258,512

**CITY OF HESPERIA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024**

	Debt Service			
	2012 Water	2013	2023	Total Other
	Rights	Refunding	Refunding	Governmental
	Acquisition	of Lease	of Lease	Funds
		Revenue	Revenue	
		Bonds	Bonds	
ASSETS				
Cash and Cash Equivalents	\$ 1,750,022	\$ -	\$ 1,714,889	\$ 55,383,647
Restricted Cash and Investments:				
Held for Bond Reserve	1,512,010	-	471	1,512,481
Pension Trust	-	-	-	1,387,247
Accounts Receivable	-	-	-	3,959,221
Accrued Interest	23,303	-	15,905	542,572
Notes Receivable	-	-	-	37,604,387
Allowance for Notes Receivable	-	-	-	(37,604,387)
Due from Other Governmental Agencies	-	-	-	2,000,432
Due from Other Funds	-	-	-	78,194
Land Held for Resale	-	-	-	14,014,954
Total Assets	\$ 3,285,335	\$ -	\$ 1,731,265	\$ 78,878,748
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and				
Other Current Liabilities	\$ -	\$ -	\$ -	\$ 266,467
Unearned Revenues	-	-	-	74,734
Total Liabilities	-	-	-	341,201
Fund Balances:				
Restricted:				
Debt Service	3,285,335	-	1,731,265	5,016,600
Transportation	-	-	-	36,168,310
Air Quality	-	-	-	25,314
Public Safety	-	-	-	8,644,905
Economic Development	-	-	-	26,820,757
Grants	-	-	-	1,387,247
Other Purposes	-	-	-	474,414
Total Fund Balances	3,285,335	-	1,731,265	78,537,547
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,285,335	\$ -	\$ 1,731,265	\$ 78,878,748

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				
	Fire District	Measure I Renewal	Gas Tax	Gas Tax Swap	Article 8
REVENUES					
Use of Money and Property	\$ 269,426	\$ 503,815	\$ 79,440	\$ 63,067	\$ 102,816
Intergovernmental	-	3,899,645	1,827,158	930,597	-
Charges for Services	-	-	-	-	-
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	269,426	4,403,460	1,906,598	993,664	102,816
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	937,658	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	-	-	-	-	-
Principal - Leases	-	-	-	-	-
Interest - SBITA	-	-	-	-	-
Principal - SBITA	-	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	542,161	-	-	215,638
Total Expenditures	937,658	542,161	-	-	215,638
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(668,232)	3,861,299	1,906,598	993,664	(112,822)
OTHER FINANCING SOURCES (USES)					
Transfers In	937,658	-	-	-	-
Transfers Out	-	(1,750,000)	(1,400,000)	(600,000)	(226,883)
Proceeds from Sale of Land Held for Resale	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	937,658	(1,750,000)	(1,400,000)	(600,000)	(226,883)
NET CHANGE IN FUND BALANCES	269,426	2,111,299	506,598	393,664	(339,705)
Fund Balances - Beginning of Year	3,186,655	10,905,801	1,778,761	1,307,698	2,098,580
FUND BALANCES - END OF YEAR	<u>\$ 3,456,081</u>	<u>\$ 13,017,100</u>	<u>\$ 2,285,359</u>	<u>\$ 1,701,362</u>	<u>\$ 1,758,875</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	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	\$ 268,347	\$ 122,538	\$ 18,155	\$ 12,489	\$ 1,172
Intergovernmental	2,581,663	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	-	20,000	-	289,512	-
Other Revenues	-	75	-	-	-
Total Revenues	2,850,010	142,613	18,155	302,001	1,172
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	89,344	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	-	-	-	-	-
Principal - Leases	-	-	-	-	-
Interest - SBITA	-	-	-	-	-
Principal - SBITA	-	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	158,978	-	-	-
Total Expenditures	-	248,322	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,850,010	(105,709)	18,155	302,001	1,172
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(200,000)	-
Proceeds from Sale of Land Held for Resale	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(200,000)	-
NET CHANGE IN FUND BALANCES	2,850,010	(105,709)	18,155	102,001	1,172
Fund Balances - Beginning of Year	5,079,234	2,537,007	373,639	202,686	24,142
FUND BALANCES - END OF YEAR	<u>\$ 7,929,244</u>	<u>\$ 2,431,298</u>	<u>\$ 391,794</u>	<u>\$ 304,687</u>	<u>\$ 25,314</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				
	Street Maintenance	Disaster Preparedness Grant	Environmental Programs	Neighborhood Stabilization Program	Home Grant
REVENUES					
Use of Money and Property	\$ 37,805	\$ 2,167	\$ 12,290	\$ -	\$ 31,870
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Grants	-	-	25,342	-	11,251
Other Revenues	9,790	-	16,179	-	-
Total Revenues	47,595	2,167	53,811	-	43,121
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	24,869	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	3,747,278	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	106	-	-	-	-
Principal - Leases	795	-	-	-	-
Interest - SBITA	1,353	-	-	-	-
Principal - SBITA	11,014	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	271,101	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	4,031,647	-	24,869	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,984,052)	2,167	28,942	-	43,121
OTHER FINANCING SOURCES (USES)					
Transfers In	3,976,883	-	-	-	-
Transfers Out	-	-	-	-	-
Proceeds from Sale of Land Held for Resale	-	-	-	-	-
Proceeds from Sale of Capital Assets	3,150	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	3,980,033	-	-	-	-
NET CHANGE IN FUND BALANCES	(4,019)	2,167	28,942	-	43,121
Fund Balances - Beginning of Year	608,077	44,594	258,789	-	367,694
FUND BALANCES - END OF YEAR	<u>\$ 604,058</u>	<u>\$ 46,761</u>	<u>\$ 287,731</u>	<u>\$ -</u>	<u>\$ 410,815</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				Development
	Development Impact Fees - Storm Drain	Development Impact Fees - Fire	Development Impact Fees - Police	Development Impact Fees - Public Services	Impact Fees 2018 - Drainage Facilities
REVENUES					
Use of Money and Property	\$ 152,212	\$ 71,817	\$ 319	\$ -	\$ 149,181
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	959,712
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	152,212	71,817	319	-	1,108,893
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	-	-	-	-	-
Principal - Leases	-	-	-	-	-
Interest - SBITA	-	-	-	-	-
Principal - SBITA	-	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	152,212	71,817	319	-	1,108,893
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Proceeds from Sale of Land Held for Resale	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	152,212	71,817	319	-	1,108,893
Fund Balances - Beginning of Year	3,132,740	1,478,066	6,554	-	2,549,212
FUND BALANCES - END OF YEAR	<u>\$ 3,284,952</u>	<u>\$ 1,549,883</u>	<u>\$ 6,873</u>	<u>\$ -</u>	<u>\$ 3,658,105</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				
	Development Impact Fees 2018 - Fire Suppression	Development Impact Fees 2018 - Animal Control	Impact Fees 2018 - Records Storage	Development Impact Fees 2018 - Police Facilities	Development Impact Fees A-04 Drainage
REVENUES					
Use of Money and Property	\$ 174,196	\$ 14,620	\$ 7,668	\$ 2,270	\$ 49,281
Intergovernmental	-	-	-	-	-
Charges for Services	1,149,250	79,193	50,836	19,861	1,537,666
Grants	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	1,323,446	93,813	58,504	22,131	1,586,947
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	-	-	-	-	2,700
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	-	-	-	-	-
Principal - Leases	-	-	-	-	-
Interest - SBITA	-	-	-	-	-
Principal - SBITA	-	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	870,355
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	-	-	-	-	873,055
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,323,446	93,813	58,504	22,131	713,892
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Proceeds from Sale of Land Held for Resale	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,323,446	93,813	58,504	22,131	713,892
Fund Balances - Beginning of Year	2,920,311	273,010	128,179	35,156	823,569
FUND BALANCES - END OF YEAR	<u>\$ 4,243,757</u>	<u>\$ 366,823</u>	<u>\$ 186,683</u>	<u>\$ 57,287</u>	<u>\$ 1,537,461</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				
	Hesperia Housing Authority	VVEDA Housing Authority	Community Development Commission	SB 1383 Local Assistance Grant	Public Art
REVENUES					
Use of Money and Property	\$ 237,790	\$ 96,404	\$ 2,654	\$ 4,889	\$ 8,512
Intergovernmental	-	-	-	28,390	-
Charges for Services	-	-	-	-	250,000
Grants	-	-	-	-	-
Other Revenues	93,346	-	-	-	-
Total Revenues	331,136	96,404	2,654	33,279	258,512
EXPENDITURES					
Current:					
General Government:					
City Manager	-	-	-	-	-
Public Safety - Fire	-	-	-	-	-
Development Services	62,734	-	4,595,289	28,390	-
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
Interest - Leases	-	-	-	-	-
Principal - Leases	-	-	-	-	-
Interest - SBITA	-	-	-	-	-
Principal - SBITA	-	-	-	-	-
Bond Administration	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Capital Outlay:					
Land	-	-	-	-	-
Equipment and Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Expenditures	62,734	-	4,595,289	28,390	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	268,402	96,404	(4,592,635)	4,889	258,512
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Proceeds from Sale of Land Held for Resale	-	-	4,508,756	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Proceeds from Bonds Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	4,508,756	-	-
NET CHANGE IN FUND BALANCES	268,402	96,404	(83,879)	4,889	258,512
Fund Balances - Beginning of Year	10,627,292	1,840,293	10,965,791	940	-
FUND BALANCES - END OF YEAR	<u>\$ 10,895,694</u>	<u>\$ 1,936,697</u>	<u>\$ 10,881,912</u>	<u>\$ 5,829</u>	<u>\$ 258,512</u>

CITY OF HESPERIA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Debt Service			
	2012 Water	2013	2023	Total Other
	Rights	Refunding	Refunding	Governmental
	Acquisition	of Lease	of Lease	Funds
		Revenue	Revenue	
		Bonds	Bonds	
REVENUES				
Use of Money and Property	\$ 140,298	\$ 152,311	\$ 40,037	\$ 2,829,856
Intergovernmental	-	-	-	9,267,453
Charges for Services	-	-	-	4,046,518
Grants	-	-	-	346,105
Other Revenues	-	-	-	119,390
Total Revenues	140,298	152,311	40,037	16,609,322
EXPENDITURES				
Current:				
General Government:				
City Manager	-	-	-	24,869
Public Safety - Fire	-	-	-	937,658
Development Services	-	-	-	8,525,735
Debt Service:				
Interest	681,975	221,575	297,049	1,200,599
Principal	760,000	-	-	760,000
Interest - Leases	-	-	-	106
Principal - Leases	-	-	-	795
Interest - SBITA	-	-	-	1,353
Principal - SBITA	-	-	-	11,014
Bond Administration	3,090	2,250	1,150	6,490
Bond Issuance Costs	-	-	298,801	298,801
Capital Outlay:				
Land	-	-	-	870,355
Equipment and Vehicles	-	-	-	271,101
Infrastructure	-	-	-	916,777
Total Expenditures	1,445,065	223,825	597,000	13,825,653
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(1,304,767)	(71,514)	(556,963)	2,783,669
OTHER FINANCING SOURCES (USES)				
Transfers In	1,447,475	8,357,966	1,975,792	16,695,774
Transfers Out	-	(1,582,535)	(7,964,708)	(13,724,126)
Proceeds from Sale of Land Held for Resale	-	-	-	4,508,756
Proceeds from Sale of Capital Assets	-	-	-	3,150
Proceeds from Bonds Issued	-	-	7,375,000	7,375,000
Premium on Bonds Issued	-	-	902,144	902,144
Payment to Refunded Bond Escrow Agent	-	(9,610,000)	-	(9,610,000)
Total Other Financing Sources (Uses)	1,447,475	(2,834,569)	2,288,228	6,150,698
NET CHANGE IN FUND BALANCES	142,708	(2,906,083)	1,731,265	8,934,367
Fund Balances - Beginning of Year	3,142,627	2,906,083	-	69,603,180
FUND BALANCES - END OF YEAR	<u>\$ 3,285,335</u>	<u>\$ -</u>	<u>\$ 1,731,265</u>	<u>\$ 78,537,547</u>

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 56,328	\$ 269,426	\$ 213,098
EXPENDITURES			
Current:			
Public Safety - Fire	<u>937,658</u>	<u>937,658</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(881,330)	(668,232)	213,098
OTHER FINANCING SOURCES			
Transfers In	<u>937,658</u>	<u>937,658</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	56,328	269,426	213,098
Fund Balance - Beginning of Year	<u>3,186,655</u>	<u>3,186,655</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,242,983</u></u>	<u><u>\$ 3,456,081</u></u>	<u><u>\$ 213,098</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
MEASURE I SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 191,797	\$ 503,815	\$ 312,018
Intergovernmental	3,900,000	3,899,645	(355)
Total Revenues	<u>4,091,797</u>	<u>4,403,460</u>	<u>311,663</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>1,911,691</u>	<u>542,161</u>	<u>1,369,530</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,180,106	3,861,299	1,681,193
OTHER FINANCING USES			
Transfers Out	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	430,106	2,111,299	1,681,193
Fund Balance - Beginning of Year	<u>10,905,801</u>	<u>10,905,801</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 11,335,907</u></u>	<u><u>\$ 13,017,100</u></u>	<u><u>\$ 1,681,193</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 29,210	\$ 79,440	\$ 50,230
Intergovernmental	1,776,490	1,827,158	50,668
Total Revenues	<u>1,805,700</u>	<u>1,906,598</u>	<u>100,898</u>
OTHER FINANCING USES			
Transfers Out	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	405,700	506,598	100,898
Fund Balance - Beginning of Year	<u>1,778,761</u>	<u>1,778,761</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,184,461</u></u>	<u><u>\$ 2,285,359</u></u>	<u><u>\$ 100,898</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, 2024

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 24,218	\$ 63,067	\$ 38,849
Intergovernmental	929,408	930,597	1,189
Total Revenues	<u>953,626</u>	<u>993,664</u>	<u>40,038</u>
OTHER FINANCING USES			
Transfers Out	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	353,626	393,664	40,038
Fund Balance - Beginning of Year	<u>1,307,698</u>	<u>1,307,698</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,661,324</u></u>	<u><u>\$ 1,701,362</u></u>	<u><u>\$ 40,038</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
ARTICLE 8 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 70,374	\$ 102,816	\$ 32,442
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>373,868</u>	<u>215,638</u>	<u>158,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(303,494)	(112,822)	190,672
OTHER FINANCING USES			
Transfers Out	<u>(226,883)</u>	<u>(226,883)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(530,377)	(339,705)	190,672
Fund Balance - Beginning of Year	<u>2,098,580</u>	<u>2,098,580</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,568,203</u></u>	<u><u>\$ 1,758,875</u></u>	<u><u>\$ 190,672</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 73,405	\$ 268,347	\$ 194,942
Intergovernmental	2,431,008	2,581,663	150,655
Total Revenues	<u>2,504,413</u>	<u>2,850,010</u>	<u>345,597</u>
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>1,997,385</u>	<u>-</u>	<u>1,997,385</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>507,028</u>	<u>2,850,010</u>	<u>2,342,982</u>
Fund Balance - Beginning of Year	<u>5,079,234</u>	<u>5,079,234</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,586,262</u></u>	<u><u>\$ 7,929,244</u></u>	<u><u>\$ 2,342,982</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 71,703	\$ 122,538	\$ 50,835
Grants	899,363	20,000	(879,363)
Other Revenues	-	75	75
Total Revenues	<u>971,066</u>	<u>142,613</u>	<u>(828,453)</u>
EXPENDITURES			
Current:			
Development Services	880,295	89,344	790,951
Capital Outlay:			
Infrastructure	<u>3,586,184</u>	<u>158,978</u>	<u>3,427,206</u>
Total Expenditures	<u>4,466,479</u>	<u>248,322</u>	<u>4,218,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,495,413)	(105,709)	3,389,704
Fund Balance - Beginning of Year	<u>2,537,007</u>	<u>2,537,007</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (958,406)</u></u>	<u><u>\$ 2,431,298</u></u>	<u><u>\$ 3,389,704</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 8,362	\$ 18,155	\$ 9,793
Fund Balance - Beginning of Year	<u>373,639</u>	<u>373,639</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 382,001</u></u>	<u><u>\$ 391,794</u></u>	<u><u>\$ 9,793</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 4,527	\$ 12,489	\$ 7,962
Grants	251,170	289,512	38,342
Total Revenues	<u>255,697</u>	<u>302,001</u>	<u>46,304</u>
OTHER FINANCING USES			
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	55,697	102,001	46,304
Fund Balance - Beginning of Year	<u>202,686</u>	<u>202,686</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 258,383</u></u>	<u><u>\$ 304,687</u></u>	<u><u>\$ 46,304</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 540	\$ 1,172	\$ 632
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>24,306</u>	<u>-</u>	<u>24,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,766)	1,172	24,938
Fund Balance - Beginning of Year	<u>24,142</u>	<u>24,142</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 376</u></u>	<u><u>\$ 25,314</u></u>	<u><u>\$ 24,938</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, 2024

	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 14,890	\$ 37,805	\$ 22,915
Other Revenues	-	9,790	9,790
Total Revenues	<u>14,890</u>	<u>47,595</u>	<u>32,705</u>
EXPENDITURES			
Current:			
Development Services	3,781,367	3,747,278	34,089
Debt Service:			
Interest - Leases	-	106	(106)
Principal - Leases	-	795	(795)
Interest - SBITA	-	1,353	(1,353)
Principal - SBITA	-	11,014	(11,014)
Capital Outlay:			
Equipment and Vehicles	483,691	271,101	212,590
Total Expenditures	<u>4,265,058</u>	<u>4,031,647</u>	<u>233,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,250,168)	(3,984,052)	266,116
OTHER FINANCING SOURCES			
Transfers In	3,976,883	3,976,883	-
Proceeds from Sale of Capital Assets	-	3,150	3,150
Total Other Financing Sources	<u>3,976,883</u>	<u>3,980,033</u>	<u>3,150</u>
NET CHANGE IN FUND BALANCE	(273,285)	(4,019)	269,266
Fund Balance - Beginning of Year	<u>608,077</u>	<u>608,077</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 334,792</u>	<u>\$ 604,058</u>	<u>\$ 269,266</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 998	\$ 2,167	\$ 1,169
Fund Balance - Beginning of Year	<u>44,594</u>	<u>44,594</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 45,592</u></u>	<u><u>\$ 46,761</u></u>	<u><u>\$ 1,169</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 5,243	\$ 12,290	\$ 7,047
Grants	64,312	25,342	(38,970)
Other Revenues	9,000	16,179	7,179
Total Revenues	<u>78,555</u>	<u>53,811</u>	<u>(24,744)</u>
EXPENDITURES			
Current:			
General Government:			
City Manager	<u>90,928</u>	<u>24,869</u>	<u>66,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,373)	28,942	41,315
Fund Balance - Beginning of Year	<u>258,789</u>	<u>258,789</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 246,416</u></u>	<u><u>\$ 287,731</u></u>	<u><u>\$ 41,315</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 8,083	\$ 31,870	\$ 23,787
Grants	10,000	11,251	1,251
Total Revenues	<u>18,083</u>	<u>43,121</u>	<u>25,038</u>
 Fund Balance - Beginning of Year	 <u>367,694</u>	 <u>367,694</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 385,777</u></u>	 <u><u>\$ 410,815</u></u>	 <u><u>\$ 25,038</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 70,112	\$ 152,212	\$ 82,100
EXPENDITURES			
Capital Outlay:			
Infrastructure	<u>237,500</u>	<u>-</u>	<u>237,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(167,388)	152,212	319,600
Fund Balance - Beginning of Year	<u>3,132,740</u>	<u>3,132,740</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,965,352</u></u>	<u><u>\$ 3,284,952</u></u>	<u><u>\$ 319,600</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 33,079	\$ 71,817	\$ 38,738
Fund Balance - Beginning of Year	<u>1,478,066</u>	<u>1,478,066</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,511,145</u></u>	<u><u>\$ 1,549,883</u></u>	<u><u>\$ 38,738</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 146	\$ 319	\$ 173
Fund Balance - Beginning of Year	<u>6,554</u>	<u>6,554</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 6,700</u></u>	<u><u>\$ 6,873</u></u>	<u><u>\$ 173</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 373	\$ -	\$ (373)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 373</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (373)</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 37,107	\$ 149,181	\$ 112,074
Charges for Services	1,022,099	959,712	(62,387)
Total Revenues	<u>1,059,206</u>	<u>1,108,893</u>	<u>49,687</u>
 Fund Balance - Beginning of Year	 <u>2,549,212</u>	 <u>2,549,212</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 3,608,418</u></u>	 <u><u>\$ 3,658,105</u></u>	 <u><u>\$ 49,687</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 38,920	\$ 174,196	\$ 135,276
Charges for Services	1,400,864	1,149,250	(251,614)
Total Revenues	<u>1,439,784</u>	<u>1,323,446</u>	<u>(116,338)</u>
 Fund Balance - Beginning of Year	 <u>2,920,311</u>	 <u>2,920,311</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 4,360,095</u></u>	 <u><u>\$ 4,243,757</u></u>	 <u><u>\$ (116,338)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – ANIMAL CONTROL SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 5,541	\$ 14,620	\$ 9,079
Charges for Services	31,391	79,193	47,802
Total Revenues	<u>36,932</u>	<u>93,813</u>	<u>56,881</u>
 Fund Balance - Beginning of Year	 <u>273,010</u>	 <u>273,010</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 309,942</u></u>	 <u><u>\$ 366,823</u></u>	 <u><u>\$ 56,881</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – RECORDS STORAGE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 1,683	\$ 7,668	\$ 5,985
Charges for Services	62,872	50,836	(12,036)
Total Revenues	<u>64,555</u>	<u>58,504</u>	<u>(6,051)</u>
 Fund Balance - Beginning of Year	 <u>128,179</u>	 <u>128,179</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 192,734</u></u>	 <u><u>\$ 186,683</u></u>	 <u><u>\$ (6,051)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPMENT IMPACT FEES 2018 – POLICE FACILITIES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 443	\$ 2,270	\$ 1,827
Charges for Services	24,310	19,861	(4,449)
Total Revenues	<u>24,753</u>	<u>22,131</u>	<u>(2,622)</u>
 Fund Balance - Beginning of Year	 <u>35,156</u>	 <u>35,156</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 59,909</u></u>	 <u><u>\$ 57,287</u></u>	 <u><u>\$ (2,622)</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 12,171	\$ 49,281	\$ 37,110
Charges for Services	358,326	1,537,666	1,179,340
Total Revenues	<u>370,497</u>	<u>1,586,947</u>	<u>1,216,450</u>
EXPENDITURES			
Current:			
Development Services	75,000	2,700	72,300
Capital Outlay:			
Land	<u>850,937</u>	<u>870,355</u>	<u>(19,418)</u>
Total Expenditures	<u>925,937</u>	<u>873,055</u>	<u>52,882</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(555,440)	713,892	1,269,332
Fund Balance - Beginning of Year	<u>823,569</u>	<u>823,569</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 268,129</u></u>	<u><u>\$ 1,537,461</u></u>	<u><u>\$ 1,269,332</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 50,244	\$ 237,790	\$ 187,546
Other Revenues	93,346	93,346	-
Total Revenues	<u>143,590</u>	<u>331,136</u>	<u>187,546</u>
EXPENDITURES			
Current:			
Development Services	<u>75,781</u>	<u>62,734</u>	<u>13,047</u>
EXCESS OF REVENUES OVER EXPENDITURES	67,809	268,402	200,593
Fund Balance - Beginning of Year	<u>10,627,292</u>	<u>10,627,292</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 10,695,101</u></u>	<u><u>\$ 10,895,694</u></u>	<u><u>\$ 200,593</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 30,000	\$ 96,404	\$ 66,404
Fund Balance - Beginning of Year	<u>1,840,293</u>	<u>1,840,293</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,870,293</u></u>	<u><u>\$ 1,936,697</u></u>	<u><u>\$ 66,404</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT COMMISSION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ -	\$ 2,654	\$ 2,654
EXPENDITURES			
Current:			
Development Services	<u>4,595,289</u>	<u>4,595,289</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,595,289)	(4,592,635)	2,654
OTHER FINANCING SOURCES			
Proceeds from Sale of Land Held for Resale	<u>4,352,040</u>	<u>4,508,756</u>	<u>156,716</u>
NET CHANGE IN FUND BALANCE	(243,249)	(83,879)	159,370
Fund Balance - Beginning of Year	<u>10,965,791</u>	<u>10,965,791</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 10,722,542</u></u>	<u><u>\$ 10,881,912</u></u>	<u><u>\$ 159,370</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
SB 1383 LOCAL ASSISTANCE GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 2,568	\$ 4,889	\$ 2,321
Intergovernmental	26,145	28,390	2,245
Total Revenues	<u>28,713</u>	<u>33,279</u>	<u>4,566</u>
EXPENDITURES			
Current:			
Development Services	<u>88,556</u>	<u>28,390</u>	<u>60,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(59,843)	4,889	64,732
Fund Balance - Beginning of Year	<u>940</u>	<u>940</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (58,903)</u></u>	<u><u>\$ 5,829</u></u>	<u><u>\$ 64,732</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 12,141	\$ 140,298	\$ 128,157
EXPENDITURES			
Debt Service:			
Interest	681,975	681,975	-
Principal	760,000	760,000	-
Bond Administration Expense	5,500	3,090	2,410
Total Expenditures	<u>1,447,475</u>	<u>1,445,065</u>	<u>2,410</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,435,334)	(1,304,767)	130,567
OTHER FINANCING SOURCES			
Transfers In	<u>1,447,475</u>	<u>1,447,475</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	12,141	142,708	130,567
Fund Balance - Beginning of Year	<u>3,142,627</u>	<u>3,142,627</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,154,768</u></u>	<u><u>\$ 3,285,335</u></u>	<u><u>\$ 130,567</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, 2024

	Marks-Roos Revenue Bonds		
	Budget	Actual	Variance with Budget
REVENUES			
Use of Money and Property	\$ 33,259	\$ 152,311	\$ 119,052
EXPENDITURES			
Debt Service:			
Interest	433,950	221,575	212,375
Bond Administration Expense	7,750	2,250	5,500
Total Expenditures	441,700	223,825	217,875
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(408,441)	(71,514)	336,927
OTHER FINANCING SOURCES (USES)			
Transfers In	786,515	8,357,966	7,571,451
Transfers Out	(1,364,660)	(1,582,535)	(217,875)
Payment to Refunded Bond Escrow Agent	(9,610,000)	(9,610,000)	-
Total Other Financing Sources (Uses)	(10,188,145)	(2,834,569)	7,353,576
NET CHANGE IN FUND BALANCE	(10,596,586)	(2,906,083)	7,690,503
Fund Balance - Beginning of Year	2,906,083	2,906,083	-
FUND BALANCE - END OF YEAR	<u>\$ (7,690,503)</u>	<u>\$ -</u>	<u>\$ 7,690,503</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
REVENUES			
Use of Money and Property	\$ 100	\$ 1,482	\$ 1,382
Intergovernmental	15,795,773	5,765,476	(10,030,297)
Grants	3,286,489	1,771,094	(1,515,395)
Other Revenues	5,390,457	153,378	(5,237,079)
Total Revenues	<u>24,472,819</u>	<u>7,691,430</u>	<u>(16,781,389)</u>
EXPENDITURES			
Capital Outlay:			
Land	8,220	-	8,220
Infrastructure	24,564,415	15,832,946	8,731,469
Total Expenditures	<u>24,572,635</u>	<u>15,832,946</u>	<u>8,739,689</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(99,816)	(8,141,516)	(8,041,700)
Fund Balance (Deficit) - Beginning of Year	<u>(6,918,184)</u>	<u>(6,918,184)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (7,018,000)</u></u>	<u><u>\$ (15,059,700)</u></u>	<u><u>\$ (8,041,700)</u></u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2024

	Assessment District 91-1 Fund	Rancho Las Flores	Community Facilities District 2005-1 Fund	HFPD	Total
ASSETS					
Cash and Investments	\$ 390,567	\$ 22,039	\$ 1,895,873	\$ 317,435	\$ 2,625,914
Cash and Investments with Fiscal Agent	-	-	1,518,392	-	1,518,392
Accounts Receivable	-	-	17,570	-	17,570
Accrued Interest	3,765	213	27,098	-	31,076
Total Assets	<u>394,332</u>	<u>22,252</u>	<u>3,458,933</u>	<u>317,435</u>	<u>4,192,952</u>
LIABILITIES					
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,435</u>	<u>317,435</u>
NET POSITION					
Held for Other Organizations	<u>\$ 394,332</u>	<u>\$ 22,252</u>	<u>\$ 3,458,933</u>	<u>\$ -</u>	<u>\$ 3,875,517</u>

CITY OF HESPERIA, CALIFORNIA
SCHEDULE OF COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2024

	Assessment District 91-1 Fund	Rancho Las Flores	Community Facilities District 2005-1 Fund	HFPD	Total
ADDITIONS					
Taxes	\$ -	\$ -	\$ 2,120,273	\$ -	\$ 2,120,273
Investment and Rental	18,272	1,031	94,655	11	113,969
Other	-	-	-	317,424	317,424
Total Additions	18,272	1,031	2,214,928	317,435	2,551,666
DEDUCTIONS					
Payments to others	-	-	711,406	317,435	1,028,841
Principal Expense	-	-	675,000	-	675,000
Interest and Fiscal Expense	-	-	596,634	-	596,634
Total Deductions	-	-	1,983,040	317,435	2,300,475
CHANGE IN NET POSITION	18,272	1,031	231,888	-	251,191
Total Net Position - Beginning of Year	376,060	21,221	3,227,045	-	3,624,326
TOTAL NET POSITION - END OF YEAR	<u>\$ 394,332</u>	<u>\$ 22,252</u>	<u>\$ 3,458,933</u>	<u>\$ -</u>	<u>\$ 3,875,517</u>

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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 88% of the revenues are tax related, and of that, 40% 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			
	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 194,674,329	\$ 177,890,141	\$ 174,609,141	\$ 151,028,156
Restricted	3,490,014	2,603,522	2,605,920	2,612,221
Unrestricted	38,258,568	46,998,283	40,510,364	38,038,045
Total governmental activities net position	<u>\$ 236,422,911</u>	<u>\$ 227,491,946</u>	<u>\$ 217,725,425</u>	<u>\$ 191,678,422</u>
Business-type activities:				
Net investment in capital assets	\$ 82,701,051	\$ 81,151,492	\$ 82,779,673	\$ 84,750,254
Restricted	1,888,888	1,888,888	1,888,901	1,893,896
Unrestricted	1,289,583	1,747,965	527,087	1,749,587
Total business-type activities net position	<u>\$ 85,879,522</u>	<u>\$ 84,788,345</u>	<u>\$ 85,195,661</u>	<u>\$ 88,393,737</u>
Primary government:				
Net investment in capital assets	\$ 277,375,380	\$ 259,041,633	\$ 257,388,814	\$ 235,778,410
Restricted	5,378,902	4,492,410	4,494,821	4,506,117
Unrestricted	39,548,151	48,746,248	41,037,451	39,787,632
Total primary government net position	<u>\$ 322,302,433</u>	<u>\$ 312,280,291</u>	<u>\$ 302,921,086</u>	<u>\$ 280,072,159</u>

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 147,642,747	\$ 141,327,961	\$ 138,332,337	\$ 137,889,930	\$ 144,131,366	\$ 157,674,071
2,678,741	64,049,344	68,351,276	77,321,982	81,685,252	95,804,322
24,741,800	(29,893,868)	(22,103,576)	(14,201,182)	11,402,698	13,629,225
<u>\$ 175,063,288</u>	<u>\$ 175,483,437</u>	<u>\$ 184,580,037</u>	<u>\$ 201,010,730</u>	<u>\$ 237,219,316</u>	<u>\$ 267,107,618</u>
\$ 88,640,263	\$ 87,867,127	\$ 92,064,054	\$ 92,650,987	\$ 90,486,643	\$ 89,123,932
1,889,131	394,734	385,528	385,528	385,528	385,528
1,535,393	9,351,266	10,287,087	18,082,226	28,561,751	35,290,724
<u>\$ 92,064,787</u>	<u>\$ 97,613,127</u>	<u>\$ 102,736,669</u>	<u>\$ 111,118,741</u>	<u>\$ 119,433,922</u>	<u>\$ 124,800,184</u>
\$ 236,283,010	\$ 229,195,088	\$ 230,396,391	\$ 230,540,917	\$ 234,618,009	\$ 246,798,003
4,567,872	64,444,078	68,736,804	77,707,510	82,070,780	96,189,850
26,277,193	(20,542,602)	(11,816,489)	3,881,044	39,964,449	48,919,949
<u>\$ 267,128,075</u>	<u>\$ 273,096,564</u>	<u>\$ 287,316,706</u>	<u>\$ 312,129,471</u>	<u>\$ 356,653,238</u>	<u>\$ 391,907,802</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses:				
Governmental activities:				
General government	\$ 7,268,741	\$ 7,867,596	\$ 8,943,760	\$ 30,713,526
Public safety	25,164,286	25,512,637	27,464,389	28,466,268
Development services	18,290,886	17,558,931	24,649,500	22,696,810
Interest on long-term debt	1,530,538	1,453,069	1,406,880	1,849,905
Total governmental activities expenses	52,254,451	52,392,233	62,464,529	83,726,509
Business-type activities:				
Water	17,285,767	17,886,564	18,142,253	20,079,455
Wastewater	2,912,437	3,039,080	3,315,505	4,022,677
Total business-type activities expenses	20,198,204	20,925,644	21,457,758	24,102,132
Total primary government expenses	72,452,655	73,317,877	83,922,287	107,828,641
Program revenues:				
Governmental activities:				
Charges for services:				
General government	4,348,094	4,645,281	5,706,695	7,516,909
Public safety	4,741,715	3,712,048	3,605,671	4,032,694
Transportation	25,230	3,156	2,724	14,774
Development services	1,124,106	1,439,939	2,196,396	4,359,582
Operating grants and contributions	6,717,219	6,697,290	8,680,855	7,276,975
Capital grants and contributions	150,598	172,319	256,246	140,020
Total governmental activities program revenues	17,106,962	16,670,033	20,448,587	23,340,954
Business-type activities:				
Charges for services:				
Water	15,783,240	14,822,201	15,727,618	17,197,681
Wastewater	3,608,367	3,633,380	3,679,006	4,206,723
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	213,722	-
Total business-type activities program revenues	19,391,607	18,455,581	19,620,346	21,404,404
Total primary government program revenues	36,498,569	35,125,614	40,068,933	44,745,358
Net revenues (expenses):				
Governmental activities	(35,147,489)	(35,722,200)	(42,015,942)	(60,385,555)
Business-type activities	(806,597)	(2,470,063)	(1,837,412)	(2,697,728)
Total net revenues (expenses)	(35,954,086)	(38,192,263)	(43,853,354)	(63,083,283)

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 8,494,441	\$ 9,330,386	\$ 7,058,422	\$ 11,109,624	\$ 11,235,610	\$ 13,715,537
21,296,961	18,719,485	19,350,202	19,744,311	20,033,730	23,874,494
21,632,184	23,152,577	23,030,654	22,093,720	27,571,092	27,581,348
1,574,360	1,676,057	1,374,552	1,272,030	1,468,184	1,267,564
52,997,946	52,878,505	50,813,830	54,219,685	60,308,616	66,438,943
18,121,295	20,486,895	22,071,529	22,319,170	21,834,936	24,335,949
4,669,067	4,569,157	5,195,651	5,901,154	5,948,464	7,683,772
22,790,362	25,056,052	27,267,180	28,220,324	27,783,400	32,019,721
75,788,308	77,934,557	78,081,010	82,440,009	88,092,016	98,458,664
6,779,059	7,831,796	9,708,286	11,785,197	13,578,767	11,423,612
1,137,749	693,224	727,213	1,440,977	1,771,731	1,896,321
-	-	-	-	-	-
3,642,909	4,121,886	3,085,188	6,354,043	15,761,897	18,161,634
8,850,246	9,958,227	12,261,720	10,400,259	13,658,179	15,432,640
16,827	44,515	472,554	4,425,367	13,428,649	10,220,396
20,426,790	22,649,648	26,254,961	34,405,843	58,199,223	57,134,603
18,318,640	20,078,639	23,749,559	25,469,043	25,968,331	25,922,476
4,538,000	4,867,404	5,369,996	7,685,053	6,386,409	6,522,001
1,689,083	2,896,118	199,978	528,024	-	74,550
-	-	103,090	-	-	-
24,545,723	27,842,161	29,422,623	33,682,120	32,354,740	32,519,027
44,972,513	50,491,809	55,677,584	68,087,963	90,553,963	89,653,630
(32,571,156)	(30,228,857)	(24,558,869)	(19,813,842)	(2,109,393)	(9,304,340)
1,755,361	2,786,109	2,155,443	5,461,796	4,571,340	499,306
(30,815,795)	(27,442,748)	(22,403,426)	(14,352,046)	2,461,947	(8,805,034)

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

	Fiscal Year			
	2015	2016	2017	2018
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 6,651,348	\$ 7,136,879	\$ 7,657,562	\$ 8,334,572
Sales and use tax	10,042,299	10,455,912	10,390,005	11,565,238
Transient occupancy tax	1,163,434	1,148,212	1,101,101	1,295,192
Franchise tax	3,196,630	3,257,019	3,231,198	3,359,697
Document transfer tax	231,387	209,218	269,704	302,093
Other	-	-	-	-
Vehicle license fees	6,534,189	7,044,997	7,417,786	7,913,637
Income from property and investments	1,839,817	1,936,799	2,274,694	2,644,205
Gain/(loss) on disposal of capital assets	-	-	-	1,444
Special Item - Loss on exchange of capital assets	-	(303,550)	-	-
Insurance Proceeds	-	-	-	-
Unrestricted capital contributions	-	-	70,935	-
Other general revenues and transfers	534,129	302,988	133,435	322,495
Gain on sale / exchange of asset	-	-	-	-
Total governmental activities before extraordinary gain/(loss) and special item	30,193,233	31,188,474	32,546,420	35,738,573
Extraordinary gain/(loss)	-	(4,061,284)	-	-
Total governmental activities	30,193,233	27,127,190	32,546,420	35,738,573
Business-type activities:				
Property taxes	287,410	320,590	357,298	370,292
Unrestricted investment earnings	13,743	28,609	59,225	152,775
Unrestricted system improvement and replacement	414,951	575,453	1,321,835	965,385
Proceeds from loan payable	-	-	-	-
Gain on sale / exchange of asset	-	-	43,725	-
Other revenues and transfers	341,505	454,234	462,646	251,670
Grants received	-	-	-	1,941,740
Gain on disposal of capital assets	-	-	-	2,816,417
Total business-type revenues and transfers	1,057,609	1,378,886	2,244,729	6,498,279
Total primary government	31,250,842	28,506,076	34,791,149	42,236,852
Changes in net position:				
Governmental activities	(4,954,256)	(8,595,010)	(9,469,522)	(24,646,982)
Business-type activities	251,012	(1,091,177)	407,317	3,800,551
Total primary government	(4,703,244)	(9,686,187)	(9,062,205)	(20,846,431)

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 10,219,038	\$ 10,642,798	\$ 11,267,340	\$ 11,951,542	\$ 13,210,009	\$ 14,623,575
10,305,375	10,969,697	13,378,248	14,642,721	15,453,623	14,062,321
1,399,842	1,389,038	1,798,649	2,013,412	1,899,895	1,513,544
3,500,687	3,565,576	3,654,647	3,936,383	4,188,869	4,315,329
280,853	283,585	387,446	567,788	346,286	330,361
37,686	290,022	702,916	544,396	402,200	78,579
45,518	76,266	70,698	110,966	102,834	123,572
2,969,540	2,975,216	2,297,044	1,801,658	2,580,969	3,553,226
17,320	-	18,301	-	-	-
-	-	-	-	-	-
-	-	-	30,636	-	-
-	-	-	-	-	-
1,207,065	456,808	80,180	105,033	133,294	592,135
-	-	-	-	-	-
29,982,924	30,649,006	33,655,469	35,704,535	38,317,979	39,192,642
(7,945,330)	-	-	-	-	-
22,037,594	30,649,006	33,655,469	35,704,535	38,317,979	39,192,642
465,594	512,114	482,839	508,958	717,089	1,136,372
260,854	227,763	82,021	(256,590)	621,878	2,052,153
976,249	1,806,811	2,183,081	2,428,104	2,172,386	1,444,256
-	-	-	-	-	-
11,938	-	-	-	-	-
201,054	215,543	220,158	239,804	232,488	234,175
-	-	-	-	-	-
-	-	-	-	-	-
1,915,689	2,762,231	2,968,099	2,920,276	3,743,841	4,866,956
23,953,283	33,411,237	36,623,568	38,624,811	42,061,820	44,059,598
(10,533,562)	420,149	9,096,600	15,890,693	36,208,586	29,888,302
3,671,050	5,548,340	5,123,542	8,382,072	8,315,181	5,366,262
(6,862,512)	\$ 5,968,489	\$ 14,220,142	\$ 24,272,765	\$ 44,523,767	\$ 35,254,564

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund:				
Nonspendable	\$ -	\$ 844,842	\$ 1,520,637	\$ 2,155,417
Assigned	150,000	150,000	150,000	150,000
Unassigned	10,697,900	9,819,579	6,300,468	5,921,940
Total General Fund	<u>\$ 10,847,900</u>	<u>\$ 10,814,421</u>	<u>\$ 7,971,105</u>	<u>\$ 8,227,357</u>
 Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ 7,380	\$ 8,045
Restricted	51,360,979	60,910,649	58,598,260	62,362,451
Committed	-	-	-	-
Assigned	574,819	554,861	-	-
Unassigned	(514,947)	(1,619,962)	(1,663,421)	(3,105,516)
Total Other Governmental Funds	<u>\$ 51,420,851</u>	<u>\$ 59,845,548</u>	<u>\$ 56,942,219</u>	<u>\$ 59,264,980</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					
2019	2020	2021	2022	2023	2024
\$ 2,666,290	\$ 3,161,033	\$ 3,720,877	\$ 4,734,305	\$ 4,901,734	\$ 5,197,067
150,000	150,000	-	-	3,428,206	4,302,240
10,264,097	12,581,274	16,759,291	24,712,252	27,804,510	31,733,194
<u>\$ 13,080,387</u>	<u>\$ 15,892,307</u>	<u>\$ 20,480,168</u>	<u>\$ 29,446,557</u>	<u>\$ 36,134,450</u>	<u>\$ 41,232,501</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59,015,436	64,049,344	68,351,276	77,321,982	76,988,099	93,329,532
-	-	-	-	-	-
-	-	-	-	-	-
(2,641,156)	(3,693,317)	(3,938,062)	(7,303,746)	(9,953,583)	(17,938,320)
<u>\$ 56,374,280</u>	<u>\$ 60,356,027</u>	<u>\$ 64,413,214</u>	<u>\$ 70,018,236</u>	<u>\$ 67,034,516</u>	<u>\$ 75,391,212</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues:				
Taxes	\$ 24,857,082	\$ 25,753,020	\$ 25,563,592	\$ 28,537,419
Licenses and permits	249,645	218,187	202,800	232,351
Fines and forfeits	730,759	611,892	692,958	909,468
Use of money and property	336,889	279,643	379,097	597,499
Intergovernmental	10,956,809	11,569,248	11,953,716	13,882,165
Charges for services	6,021,914	6,236,834	7,563,827	9,969,438
Grants	1,640,455	1,447,056	3,501,501	1,866,437
Other revenues	2,406,483	2,462,075	2,623,371	2,599,648
Total revenues	<u>47,200,036</u>	<u>48,577,955</u>	<u>52,480,862</u>	<u>58,594,425</u>
Expenditures:				
Noncapital Expenditures:				
Current:				
General government	5,884,810	6,133,879	7,067,037	8,368,684
Public safety	24,521,949	24,612,969	25,992,896	27,323,573
Development services	10,780,744	11,755,745	16,720,178	12,983,892
Debt service:				
Interest	1,439,244	1,421,297	1,401,158	1,386,595
Principal	1,605,000	5,385,000	830,000	875,000
Debt issuance costs	-	29,808	-	-
Bond administration expense	91,441	-	4,450	10,382
Total noncapital expenditures	<u>44,323,188</u>	<u>49,338,698</u>	<u>52,015,719</u>	<u>50,948,126</u>
Capital outlay	6,162,324	5,611,919	6,211,788	5,277,993
Total Expenditures	<u>50,485,512</u>	<u>54,950,617</u>	<u>58,227,507</u>	<u>56,226,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,285,476)</u>	<u>(6,372,662)</u>	<u>(5,746,645)</u>	<u>2,368,306</u>
Other financing sources (uses):				
Transfers in	8,521,039	6,025,208	6,735,501	7,067,580
Transfers out	(8,521,039)	(6,025,208)	(6,735,501)	(7,067,580)
Proceeds from sale of Land Held for Resale	-	-	-	-
Proceeds from sale of capital assets	-	-	-	210,707
Insurance proceeds	-	-	-	-
Proceeds from bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Issuance of SBITAs	-	-	-	-
Issuance of Lease	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,707</u>
Extraordinary gain/(loss)				
Prior period adjustment	1,265,000	18,825,164	-	-
Extraordinary gain/(loss)	-	(4,061,284)	-	-
Total extraordinary gain/(loss)	<u>1,265,000</u>	<u>14,763,880</u>	<u>-</u>	<u>-</u>
Special Item				
Transfer of fire operations to County				
Net change in fund balances	<u>(2,020,476)</u>	<u>\$ 8,391,218</u>	<u>(5,746,645)</u>	<u>\$ 2,579,013</u>
Debt service as a percentage of noncapital expenditures	6.9%	13.8%	4.3%	4.4%

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					
2019	2020	2021	2022	2023	2024
\$ 21,428,029	\$ 22,429,824	\$ 25,956,341	\$ 23,814,083	\$ 23,850,539	\$ 23,058,149
255,400	284,948	262,816	289,932	293,004	255,031
915,427	1,366,432	1,146,202	1,488,889	1,797,172	1,681,008
1,079,055	805,626	254,069	(689,612)	2,184,407	6,373,987
14,093,235	15,156,612	16,992,701	21,583,237	27,670,515	31,578,340
6,871,809	7,504,000	7,968,395	14,500,601	20,141,156	17,788,424
801,206	1,464,577	3,872,015	2,693,767	1,642,881	2,312,332
3,629,490	4,095,295	3,127,613	2,909,195	4,788,705	3,816,370
49,073,651	53,107,314	59,580,152	66,590,092	82,368,379	86,863,641
7,472,245	7,955,874	8,984,752	10,206,365	11,871,774	12,787,937
21,054,779	18,194,122	19,056,450	19,690,153	21,238,623	23,305,556
11,260,824	12,378,534	13,297,148	11,455,266	19,659,315	17,726,935
1,810,909	1,761,458	1,451,193	1,260,874	1,519,797	1,398,963
2,806,240	2,861,240	2,916,240	3,056,085	12,647,407	1,074,506
-	-	-	-	-	298,801
7,950	5,450	4,380	5,582	7,120	6,490
44,412,947	43,156,678	45,710,163	45,674,325	66,944,036	56,599,188
2,293,404	2,615,561	5,485,370	8,762,409	16,646,984	20,041,977
46,706,351	45,772,239	51,195,533	54,436,734	83,591,020	76,641,165
2,367,300	7,335,075	8,384,619	12,153,358	(1,222,641)	10,222,476
7,240,886	8,546,770	14,714,714	6,801,628	10,841,059	16,895,774
(7,240,886)	(8,546,770)	(14,714,714)	(6,801,628)	(10,841,059)	(16,895,774)
-	-	-	-	4,484,430	4,508,756
17,677	175,683	18,301	61,812	22,725	3,150
1,563,517	-	-	30,636	-	-
-	-	-	-	-	7,375,000
-	-	-	-	-	(9,610,000)
-	-	-	-	-	902,144
-	-	-	-	44,497	53,221
-	-	-	182,697	375,162	-
1,581,194	175,683	18,301	275,145	4,926,814	3,232,271
(294,603)	-	-	-	-	-
-	-	-	-	-	-
(294,603)	-	-	-	-	-
(1,691,561)	-	-	-	-	-
\$ 1,962,330	\$ 7,510,758	\$ 8,402,920	\$ 12,428,503	\$ 3,704,173	\$ 13,454,747
10.4%	10.7%	9.6%	9.5%	21.2%	4.4%

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

	City			Taxable Assessed Value	Redevelopment Agency ¹			Taxable Assessed Value	Total Direct Tax Rate
	Secured ²	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		
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%
2023	7,898,838	175,516	(71,025)	8,003,329	-	-	-	-	0.179%
2024	8,656,755	224,347	(69,078)	8,812,024	-	-	-	-	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.

2 - Local Secured only; does not include Secured Utility

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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 subject property resides within.

Source: County of San Bernardino Assessor's Office

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

Taxpayer	2024		2015	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Exeter 8300 Caliente Land LLC	125,328,200	1.55%		0.00%
Westcore Bravo Hesperia I LLC	61,200,000	0.76%		
Kaiser	52,597,844	0.65%		0.00%
Olivetree Apartments LP	50,611,034	0.63%		
West Main Villas LLC	43,136,060	0.53%		0.00%
Exeter Hesperia Parcel 3 Land LLC	34,170,581	0.42%		0.00%
RIM Properties	32,833,742	0.41%	15,978,315	0.36%
Amargosa LLC	31,489,079	0.39%		0.00%
Best Way Disposal Company, Inc.	30,886,002	0.38%	17,212,980	0.38%
Walmart Stores, Inc.	30,088,407	0.37%	28,835,711	0.64%
Carl E. Ross Trust	-	0.00%	44,327,985	0.99%
Target Corporation		0.00%	24,187,032	0.54%
WLPX Hesperia LLC.	-	0.00%	21,159,722	0.47%
Moradi Family Trust	-	0.00%	16,513,961	0.37%
Dr. Prem Family Foundation	-	0.00%	14,464,276	0.32%
TNP SRT Topaz Marketplace LLC	-	0.00%	12,536,134	0.28%
Charter Communications	-	0.00%	12,424,858	0.28%
	<u>\$ 492,340,949</u>	6.09%	<u>\$ 207,640,974</u>	4.64%

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
2015	4,303,341	4,265,574	99%	37,767	4,303,341	100%
2016	4,466,513	4,300,003	96%	34,735	4,334,738	97%
2017	4,543,086	4,388,374	97%	122,688	4,511,062	99%
2018	4,429,662	4,183,822	94%	117,399	4,301,221	97%
2019	500,280	484,203	97%	16,077	500,280	100%
2020	919,877	896,493	97%	20,360	916,853	100%
2021	938,839	933,597	99%	5,242	938,839	100%
2022	961,018	956,899	100%	4,119	961,018	100%
2023	1,039,627	1,013,707	98%	23,658	1,037,365	100%
2024	1,112,743	1,089,503	98%	-	1,089,503	98%

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	Tax Allocation	Certificates of	Lease Revenue	Loans	Notes	Leases	SBITAs	
	Bonds	Bonds ^{1, 3}	Participation	Bonds		Payable ³	Payable ⁴	Payable ⁵	
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	-	97,853	-	42,612,753
2023	-	-	-	30,110,467	-	-	426,990	506,476	31,043,933
2024	-	-	-	27,933,504	-	-	340,021	332,160	28,605,685

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.
4. Leases Payable implemented FY 21-22.
5. SBITA tracking implemented for FY 2023.

Business-type Activities								
Water Revenue Bonds	Certificates of Participation	Loans	Leases Payable ⁴	SBITAs Payable ⁵	Total Business-type Activities	Total Primary Governmental	Percentage of Personal Income ²	Debt Per Capita ²
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	38,585	-	5,744,094	48,356,847	2.32%	482
-	-	5,527,928	34,511	346,822	5,909,261	36,953,194	1.86%	369
-	-	5,348,572	26,458	37,894	5,412,924	34,018,609	1.62%	340

CITY OF HESPERIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Tax Allocation Bonds	Water General Obligation Bonds	Total Governmental Activities		
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-
2023	-	-	-	0.00%	-
2024	-	-	-	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, 2023**

	Total Debt 6/30/24	Percentage Applicable ⁽¹⁾	Net Bonded Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Overlapping debt			
Victor Valley Joint Community College District	165,055,575	20.197%	33,336,274
California Statewide Community Development Authority Assessment Districts	16,849,000	100.000%	16,849,000
City of Hesperia Community Facilities District No. 2005-1	13,570,000	100.000%	13,570,000
City of Hesperia Community Facilities District No. 2023-11	24,870,000	100.000%	24,870,000
Total Overlapping Tax and Assessment Debt			\$ 88,625,274
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
Direct debt			
City of Hesperia Lease Revenue Bonds	27,235,000	100.000%	27,235,000
Net deferred amounts on bonds	698,504	100.000%	698,504
Leases	340,021	100.000%	340,021
SBITA's	332,160	100.000%	332,160
Sub-total Direct Debt			28,605,685
Overlapping debt			
San Bernardino County General Fund Obligations	131,565,000	2.788%	3,668,032
San Bernardino County Flood Control District General Fund Obligations	37,295,000	2.788%	1,039,785
Hesperia Unified School District General Fund Obligations	113,810,000	83.895%	95,480,900
Snowline Joint Union High School District General Fund Obligations	56,635,000	6.513%	3,688,638
Hesperia Recreation and Park District General Fund Obligations	4,945,000	97.276%	4,810,298
Sub-total Overlapping Debt			108,687,653
Total Gross Direct And Overlapping General Fund Obligation Debt			\$ 137,293,338
<u>OVERLAPPING TAX INCREMENT DEBT</u>			3.340-100.000%
COMBINED TOTAL DEBT			\$ 225,918,612
Direct Debt			
General Fund Obligation Debt			27,933,504
Sub-total Direct Debt			27,933,504
Overlapping Debt			
Tax and Assessment Debt			88,625,274
General Fund Obligation Debt			108,687,653
Tax Increment Debt			-
Sub-total Overlapping Debt			197,312,927
COMBINED TOTAL DEBT			\$ 225,246,431

- (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 districts 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	1.10%
Combined Direct Debt (\$30,230,000)	0.35%
Combined Total Debt	2.79%

Source: California Municipal Statistics, Inc.

**CITY OF HESPERIA
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2015	2016	2017	2018
Total assessed value of all real and personal property	\$ 4,643,554,000	\$ 5,014,130,000	\$ 5,248,890,000	\$ 5,598,267,000
Debt limit percentage (1)	15.00%	15.00%	15.00%	15.00%
Total debt limit	696,533,100	752,119,500	787,333,500	839,740,050
Amount of debt applicable to debt limit	4,590,000	-	-	-
Legal debt margin	\$ 691,943,100	\$ 752,119,500	\$ 787,333,500	\$ 839,740,050
Percent of Debt Limit Authorized	0.66%	0.00%	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					
2019	2020	2021	2022	2023	2024
\$ 5,931,327,000	\$ 6,385,010,000	\$ 6,804,840,000	\$ 7,305,056,000	\$ 8,074,354,000	\$ 8,881,102,000
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
889,699,050	957,751,500	1,020,726,000	1,095,758,400	1,211,153,100	1,332,165,300
-	-	-	-	-	-
\$ 889,699,050	\$ 957,751,500	\$ 1,020,726,000	\$ 1,095,758,400	\$ 1,211,153,100	\$ 1,332,165,300
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF HESPERIA
PLEDGED-REVENUE BOND 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	
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	-	-	-
2023	32,354,740	20,508,144	11,846,596	-	-	-
2024	32,444,477	24,888,417	7,556,060	-	-	-

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)	Per Capita Income ⁽²⁾	Unemployment Rate ⁽³⁾
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%
2023	100,041	2,391,680	23,907	6.8%
2024	100,087	2,378,367	23,763	6.5%

Sources:

(1) State Department of Finance

(2) US Census Bureau

(3) State of California Employment Development Department.

**CITY OF HESPERIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE FISCAL YEARS AGO**

	2024		2015
	Number Of	Percent of	Number Of
	Employees	Total Employment	Employees
Hesperia Unified School District*	3,231	8.59%	2,140
County of San Bernardino	549	1.46%	501
Walmart Supercenter**	421	1.12%	347
Stater Brothers Markets (3 locations)	311	0.83%	332
Super Target	287	0.76%	236
City of Hesperia	195	0.52%	186
In-N-Out (2 locations)	177	0.47%	117
Arizona Pipeline Company	175	0.47%	156
Kaiser Permanente Medical Offices (2 locations)	163	0.43%	0
Robar Enterprises, Inc.	150	0.40%	180
Total Top Employers	5,659	15.05%	4,195
Total City Employment (1)	37,600		

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)**

Full-time and Part-time Employees as of June 30, 2024										
Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	36.86	36.86	34.74	35.74	35.56	35.54	33.59	37.19	39.73	40.43
Public safety										
Police ¹	73.00	77.00	78.00	78.00	78.00	72.00	75.00	75.00	77.00	77.00
Fire ²	67.60	58.75	58.83	58.81	0.00	0.00	0.00	0.00	0.00	0.00
Development services										
Community Development	14.76	15.68	15.38	16.38	16.42	16.42	14.86	15.72	15.25	15.81
Code Compliance	23.92	23.92	25.28	25.74	25.74	25.74	24.74	29.79	38.17	38.62
Public works	33.66	34.36	35.30	35.76	35.26	34.64	33.03	23.23	26.74	26.36
Water	67.98	68.58	65.84	66.30	61.21	61.88	60.15	57.60	63.56	64.56
Wastewater	4.50	5.20	5.20	5.20	9.39	9.44	9.53	9.37	9.40	9.42
Total	<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>	<u>269.85</u>	<u>272.20</u>

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

2 - As of November 1, 2018, the San Bernardino County Fire Department (County Fire) annexed the Hesperia Fire Protection District 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Arrests	2,774	2,575	2,779	2,679	2,633	2,341	2,432	2,188	2,143	1,903
Citations issued	2,755	3,205	3,216	3,724	4,113	3,812	3,824	3,230	2,748	3,076
Calls for service	84,868	85,685	85,656	86,975	87,677	84,906	84,977	83,979	83,530	81,603
Fire:										
Number of emergency calls	13,457	10,619	19,960	20,280	N/A	N/A	N/A	N/A	N/A	N/A
Inspections	578	623	583	979	N/A	N/A	N/A	N/A	N/A	N/A
Public works:										
Street resurfacing (miles)	3.4	1.6	3.8	4.6	2.7	1.5	1.5	2.0	3.7	1.2
Potholes filled	21,945	24,583	28,000	22,128	32,358	33,500	17,000	30,000	40,000	54,000
Water:										
New connections	60	110	135	240	215	160	274	168	100	100
Average daily consumption (thousands of gallons)	11,695	10,090	10,832	11,283	10,802	10,621	11,578	11,326	10,566	10,622
Old steel waterlines replaced ¹ (miles of pipeline)	3.6	5.0	5.0	4.8	1.4	1.0	-	-	-	-
Sewer: ²										
Wastewater lines cleaned (mi.)	63	38	62	17	53	41	33	44	20	40
Manholes maintained	1,115	736	1,200	275	1,091	951	647	837	350	700

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	3	3	3	3	3	3	3
Public works:										
Streets (miles)	545.0	545.0	549.0	549.0	550.6	550.6	550.6	525.0	525.0	525.0
Traffic Signals	26	26	27	27	27	27	27	27	27	29
Water:										
Water mains (miles)	574.0	574.0	589.0	589.0	591.0	592.0	592.0	616.0	616.0	631.0
Maximum daily demand (millions of gallons)	21.1	21.5	21.8	20.8	22.1	18.5	19.5	19.4	17.8	18.0
Old steel waterlines replaced ¹ (miles of pipeline)	3.6	5.0	5.0	4.8	1.4	1.0	-	-	-	-
Sewer: ²										
Sanitary sewers (miles)	115	128	128	128	129	129	130	138	138	159
Average Daily Demand (millions of gallons)	1.63	1.50	1.89	1.76	1.94	2.00	2.09	2.21	2.22	3.00

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Type of Customer:										
Residential	3,690.3	3,156.6	3,364.0	3,521.3	3,375.0	3,332.7	3,671.0	3,557.4	3,262.1	3,243.9
Industrial	4.3	2.9	3.2	-	-	-	-	-	-	-
Commercial	268.7	274.2	288.5	294.5	286.7	269.1	274.5	289.1	263.6	266.5
Government	305.2	249.3	297.9	302.5	281.2	275.0	280.4	287.6	247.9	247.7
Reclaimed Water	-	-	-	-	-	-	-	-	83.1	119.0
Total	4,268.5	3,683.0	3,953.6	4,118.3	3,942.9	3,876.8	4,225.9	4,134.1	3,856.7	3,877.1

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
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	\$ 59.69	\$ 1.19	\$ 2.14	\$ 2.90	(for the period of July 1 - Nov 30)
2022	\$ 71.27	\$ 1.30	\$ 2.07	\$ 2.69	(for the period of Jan 1 - Jun 30)
2023	\$ 71.27	\$ 1.30	\$ 2.07	\$ 2.69	(for the period of Jan 1 - Jun 30)
2024	\$ 71.27	\$ 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 Cubic 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**

	2024		2015	
	Water	Percent of	Water	Percent of
	Charges	Total Water	Charges	Total Water
		Revenues		Revenues
HESPERIA UNIFIED SCHOOL DISTRICT	\$ 502,341	40.18%	\$ 437,890	4.47%
HESPERIA PARK & REC	206,696	16.53%	71,011	0.73%
RIM PROPERTIES	76,058	6.08%	-	0.00%
KDF HESPERIA	36,151	2.89%	92,554	0.95%
HESPERIA COMMUNITY CHURCH	34,476	2.76%	-	0.00%
SPRING STREET ASSOCIATES LP	33,379	2.67%	110,386	1.13%
SAN REMO HESPERIA LTD	26,973	2.16%	49,310	0.50%
MESA LINDA APARTMENTS	24,735	1.98%	-	0.00%
WILLOW OAKS PARK LLC	24,685	1.97%	85,972	0.88%
THE VILLAS AT HESPERIA LP	20,814	1.66%	52,037	0.53%
HESPERIA APARTMENTS LLC	19,636	1.57%	-	0.00%
WALMART	18,385	1.47%	-	0.00%
SANTA FE APARTMENTS	17,287	1.38%	42,227	0.43%
THREE PALMS APARTMENTS LP	15,590	1.25%	51,772	0.53%
SAGE MOBILE ESTATES	13,322	1.07%	36,486	0.37%
CWP CALIFORNIA CORP	8,090	0.65%	-	0.00%

Source: Hesperia Water District