

*City of Hanford,  
California*

FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by the Hanford Finance Department

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CITY OF HANFORD  
PRINCIPAL CITY OFFICIALS  
JUNE 30, 2023

CITY COUNCIL

<u>NAME</u>	<u>POSITION</u>
Travis Paden	Mayor
Mark Kairis	Vice Mayor
Diane Sharp	Council Member
Kalish Morrow	Council Member
Lou Martinez	Council Member

ADMINISTRATION

Mario Cifuentez	City Manager
Griswold, LaSalle, Cobb, Dowd & Ginn, LLP	City Attorneys
Natalie Corral	City Clerk
Christopher Tavarez	Treasurer/Finance Director
Steve Pendergrass	Fire Chief
Jason Waters	Community Development Director
Parker Sever	Police Chief
James Ross	Public Works Director
Bradley Albert	Parks and Community Services Director
Sarah Cardoza	Human Resources Manager

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Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

#### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA

#### **MEMBERS**

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Certified Public Accountants

## *Independent Auditor's Report*

To the Honorable Mayor and Members of the City Council  
City of Hanford, California

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hanford (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.



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## ***Other Matters***

As discussed in Note 1 to the financial statements, in the year ended June 30, 2023, the city adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based IT Arrangements*. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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'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'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 required supplementary information, including the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024 on our consideration of the City of Hanford'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hanford's internal control over financial reporting and compliance.

*Rogers, Anderson, Malachy & Scott, LLP.*

San Bernardino, California  
May 20, 2024

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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This discussion and analysis of the City of Hanford's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- Assets and deferred outflows of the City exceed its liabilities and deferred inflows at the close of the most recent fiscal year 2023 by \$349.9 million. Of this amount, about \$29.8 million in unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$65.1 million.
- Approximately 15% of the combined governmental fund balances is considered available for spending at the City's discretion.
- As of June 30, 2023, unassigned fund balance in the General Fund was \$10.2 million, or 25.2% of total General Fund Expenditures.
- The City's total debt decreased by \$3.9 million during fiscal year 2023, which is due to the normal maturity of debt in the water system, the wastewater system, the citywide solar energy system, and the Pension Obligation Bond.
- The following pension liabilities totaling \$23,317,736 are included in the financial statements as required by generally accepted accounting principles: General Government \$18,241,132; Water System Enterprise \$1,774,071; Wastewater Enterprise \$1,054,821; Storm Drainage \$193,644; Refuse Enterprise \$1,689,878; Computer Maintenance \$86,305; Building \$55,320; and Fleet Management \$222,565.

**THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Hanford, California (the City) and its component units, using the integrated approach as prescribed by generally accepted accounting principles. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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These Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the GASB statements regarding interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the three categories of activities governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements included all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements reports the City's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and sales tax base.

In the Statement of Net Position and the Statement of Activities, we separate the City activities as follows:

**Governmental Activities** - Most of the City's basic services are reported in this category, including General Government, Police, Fire, Public Works, Parks and Community Services, and Community Development. Property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants generally finance these activities.

**Business-Type Activities** - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water, Sewer, Storm Drain, Refuse, Airport, Intermodal, and Courthouse Square Funds are reported in this category.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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**FUND FINANCIAL STATEMENTS**

The City, like other state and local governments, uses fund accounting to account for a number of funding sources and activities. In general, fund accounting provides a mechanism for separately accounting for a variety of different funding sources, and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and their purpose: Governmental, funds. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the Government-Wide Financial Statements. This is designed to explain the difference created by the integrated approach.

**Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operation and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the results shown in the governmental fund financial statements and those shown in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

**Proprietary Funds** - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance, fleet maintenance, and computer maintenance funds. The internal service funds are reported with governmental activities in the government-wide financial statements.

**Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statement** -The notes to the financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain "required supplementary information" concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the general fund and other major funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City presents its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The City is presenting prior fiscal years' data for the purpose of providing comparative information for the Management Discussion and Analysis (MD&A).

**Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$349,891,236 at the close of the 2022-2023 fiscal year.

By far, the largest portion of the City's net position, 85%, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, their value is not available for future spending. Although the City's investment in the capital assets is reported net of related debt, it should be noted that the sources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current assets totaling \$121,691,758, approximately 90.1% or \$109,673,796, consists of unrestricted cash and investments. These funds are invested in accordance with State law and the City's investment policy and include funds legally and/or contractually restricted as to their use.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**STATEMENT OF NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>						
Current assets	\$ 72,898,212	\$ 71,598,372	\$ 48,793,546	\$ 61,023,629	\$ 121,691,758	\$ 132,622,001
Capital and non-current assets (net of depreciation)	183,061,930	174,167,728	141,608,046	137,293,785	324,669,976	311,461,513
Total Assets	255,960,142	245,766,100	190,401,592	198,317,414	446,361,734	444,083,514
Deferred outflows of resources	23,984,845	38,670,202	4,251,547	6,437,228	28,236,392	45,107,430
<b>LIABILITIES</b>						
Current and other liabilities	16,763,306	28,194,878	6,912,906	1,686,955	23,676,212	29,881,833
Long-term liabilities	52,567,500	61,959,410	32,258,119	35,366,451	84,825,619	97,325,861
Total Liabilities	69,330,806	90,154,288	39,171,025	37,053,406	108,501,831	127,207,694
Deferred inflows of resources	15,349,043	16,624,319	856,016	17,192,813	16,205,059	33,817,132
<b>NET POSITION</b>						
Net investment in capital assets	155,203,294	153,865,284	141,608,046	104,136,670	296,811,340	258,001,954
Restricted	23,285,547	44,531,429	4,743	2,379	23,290,290	44,533,808
Unrestricted	16,776,297	(20,739,018)	13,013,309	46,369,374	29,789,606	25,630,356
Total Net Position	\$ 195,265,138	\$ 177,657,695	\$ 154,626,098	\$ 150,508,423	\$ 349,891,236	\$ 328,166,118

An additional portion of the City's net position of \$23,290,290 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$29,789,606, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report an overall positive balance in net position. This means the City has sufficient current assets to satisfy both its current and long-term liabilities and fulfill its obligations pursuant to external restriction imposed on City assets. In short, the City is in sound financial condition.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Statement of Activities**

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time. The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. From June 30, 2022 to June 30, 2023, the net position of the City as a whole increased, largely due to no extraordinary item expenses.

STATEMENT OF ACTIVITIES						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 6,491,551	\$ 6,167,249	\$ 26,733,436	\$ 27,232,541	\$ 33,224,987	\$ 33,399,790
Operating grants and contributions	8,160,718	6,605,894	-	-	8,160,718	6,605,894
Capital grants and contributions	15,030,908	4,859,791	5,154,104	-	20,185,012	4,859,791
General Revenues:						
Taxes	35,952,073	34,074,206	-	-	35,952,073	34,074,206
Investment earnings	976,872	(1,088,261)	871,114	(643,781)	1,847,986	(1,732,042)
Other revenues	403,833	89,960	2,384,559	2,931,612	2,788,392	3,021,572
Lease revenue	-	-	193,373	610,805	193,373	610,805
Total Revenues	67,015,955	50,708,839	35,336,586	30,131,177	102,352,541	80,840,016
<b>EXPENSES</b>						
Governmental Activities:						
General government	8,647,803	6,839,279	-	-	8,647,803	6,839,279
Public safety	36,761,886	21,556,505	-	-	36,761,886	21,556,505
Public works	4,151,802	4,644,058	-	-	4,151,802	4,644,058
Parks and recreation	4,163,652	3,280,139	-	-	4,163,652	3,280,139
Community development	2,468,828	2,248,980	-	-	2,468,828	2,248,980
Interest expense	1,140,021	-	-	-	1,140,021	-
Business-type Activities:						
Water system	-	-	10,805,234	8,418,232	10,805,234	8,418,232
Wastewater system	-	-	7,127,609	5,776,311	7,127,609	5,776,311
Storm drain	-	-	1,624,217	945,288	1,624,217	945,288
Refuse	-	-	10,388,974	9,019,863	10,388,974	9,019,863
Airport	-	-	671,372	769,767	671,372	769,767
Intermodal	-	-	56,589	49,616	56,589	49,616
Courthouse square	-	-	63,436	97,270	63,436	97,270
Total Expenses	57,333,992	38,568,961	30,737,431	25,076,347	88,071,423	63,645,308
Increase in Net Position Before Transfers	9,681,963	12,139,878	4,599,155	5,054,830	14,281,118	17,194,708
Transfers	(243,210)	(924,456)	243,210	924,456	-	-
Loss on lease termination	-	-	(724,690)	-	(724,690)	-
Extraordinary Item:						
Settlement expenditures	-	(12,500,000)	-	-	-	(12,500,000)
Change in Net Position	9,438,753	(1,284,578)	4,117,675	5,979,286	13,556,428	4,694,708
Net Position, Beginning of Year, Restated	185,826,385	178,942,273	150,508,423	144,529,137	336,334,808	323,471,410
Net Position, End of Year	\$ 195,265,138	\$ 177,657,695	\$ 154,626,098	\$ 150,508,423	\$ 349,891,236	\$ 328,166,118



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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The City's revenue totaled \$102,352,541 with 32.5% generated from charges for services and 35.1% generated from taxes. The largest source of revenues in governmental activities comes from taxes at 53.6%. This is typical in that traditional services provided by a city, such as public safety, parks, recreation, and public works, are primarily funded from property, sales, transient occupancy, and other local taxes. The largest source of revenues in Business-Type Activities comes from charges for services at 75.7%. The Business-Type Activities include enterprise fund operations, such as Water, Sewer, Refuse, Storm Drain, Airport, Courthouse Square and Intermodal Funds, all of which recover their costs through fees and charges just like a normal business.

Expenses of the City totaled \$88,071,423. The two largest categories of expenses in governmental activities are public safety, which represents 41.8% of total costs, and general government, which represents 9.8% of total costs. However, in relation to Governmental Activity totals only, public safety makes up 64.1% of the total and general government makes up 15.1% of the total.

As shown in the Statement of Activities, net position increased from the prior year. In the funds included within the Governmental Activities category, net position increased by \$17,607,443, or 9.6% due to no large extraordinary item expenses. In the funds included within the Business-Type Activities category, net position increased by \$4,117,675, or 2.7% due to the increase in change in net position offset by a loss on lease termination.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As previously noted, the City of Hanford uses fund accounting to demonstrate compliance with legal and contractual requirements. This section provides an analysis and discussion of individual funds and fund types presented in the financial statements.

**Governmental Funds** – The focus of the City of Hanford's governmental funds is on short-term inflows and outflows and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve a spending at the end of the fiscal year. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to a specific future use.

The General Fund is the primary operating fund of the City of Hanford. At the end of the fiscal year, unassigned fund balance of the General Fund was \$10,214,594 while total fund balance was \$10,519,086. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. The unassigned fund balance of the General Fund represents approximately 26.1% of General Fund expenditures.

Capital Improvement Funds, which are categorized as governmental funds, show fluctuations in their ending fund balances because they are primarily used to account for capital improvement projects that span more than one year. Therefore, the change in fund balance is generally due to the timing of funding, which generally occurs in one year, in relation to the timing of expenditures, which occur over more than one year. Any remaining fund balances are either reserved or earmarked specifically for the continuing cost of the related projects.

## City of Hanford

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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**Proprietary Funds** - The City's proprietary funds include the Water, Wastewater, Storm Drain, Refuse, Airport, Intermodal, and Courthouse Square Funds. All of the proprietary funds are highly capital intensive, requiring a significant investment in capital equipment and facilities to conduct their operations, whether it be in water and sewer lines, water and wastewater treatment facilities or runways.

The Water System Fund has a total net position of \$62,552,750 at the end of the fiscal year. Total net position includes \$54,175,496 invested in capital assets and \$2,135 restricted for debt service, which are not available to pay for current expenses. The remaining net position of \$8,375,119 is unrestricted and available to pay for current operating and capital needs of the fund.

The Refuse Fund has a total net position of \$3,383,051 at the end of the fiscal year. Total net position includes \$4,611,639 invested in capital assets, which are not available to pay for current expenses.

The Wastewater Fund has a total net position of \$44,303,117 at the end of the fiscal year. Total net position includes \$53,509,504 invested in capital assets and \$2,608 restricted for debt service, which are not available to pay for current expenses.

The Storm Drain Fund has a total net position of \$27,334,260 at the end of the fiscal year. Total net position includes \$22,270,113 invested in capital assets, which are not available to pay for current expenses. The remaining net position of \$5,064,147 is unrestricted and available to pay for current operating and capital needs of the fund.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The City of Hanford's investment in capital assets for governmental and business type activities as of June 30, 2023 amounts to \$304,291,702 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The net increase in the City's investment in capital assets for the current fiscal year was \$13,135,012. This increase is a net result of annual depreciation, land acquisition, normal equipment replacement, and construction of typical capital assets. Significant capital asset events during the fiscal year included the following:

CIP OBJ #	DESCRIPTION	PROJECT COST
820623, 821638, 822633, 823637	NEW WATER SUPPLY WELL	\$ 2,862,841
819623	RECONST/EMMA LEE/GRGV/CONQ	1,221,858
822601	ARPA PUBLIC SAFETY RADIO REPL	791,790
821621	CAMPUS DR RESURF/LACEY-GREENFL	760,693
823616	UNSCH ARTERIAL UPGR/TRAF SIGNL	699,823
822639	POLICE DEPT PARKING LOT EXPNSN	572,554
821647	PAL PARKING LOT	465,068
822644	REPR WELL 45 AND WELL 49	361,841
823007	COMMERCIAL/RECYCLE DUMPSTER	342,234
821615	STREET DIVISION MAINTENANCE	340,000

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

	CAPITAL ASSETS (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 60,455,620	\$ 60,801,667	\$ 11,950,873	\$ 11,928,488	\$ 72,406,493	\$ 72,730,155
Construction in progress	817,424	309,369	4,044,330	1,195,166	4,861,754	1,504,535
Buildings and improvements	15,049,886	15,235,957	111,167,236	108,581,129	126,217,122	123,817,086
Infrastructure	76,738,687	67,915,574	-	-	76,738,687	67,915,574
Machinery and equipment	9,193,868	9,535,396	14,445,607	15,586,623	23,639,475	25,122,019
Right to use leased asset	33,223	67,321	-	-	33,223	67,321
Right to use SBITA asset	394,948	-	-	-	394,948	-
Total Capital Assets	<u>\$ 162,683,656</u>	<u>\$ 153,865,284</u>	<u>\$ 141,608,046</u>	<u>\$ 137,291,406</u>	<u>\$ 304,291,702</u>	<u>\$ 291,156,690</u>

**Long-Term Debt** - At the end of the current fiscal year, the City had a total debt outstanding of \$55,773,084.

	OUTSTANDING DEBT					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ 25,460,230	\$ 26,506,940	\$ 18,793,770	\$ 20,709,060	\$ 44,254,000	\$ 47,216,000
Unamortized bond premium	-	-	483,118	556,425	483,118	556,425
Lease payable	34,041	67,378	-	-	34,041	67,378
SBITA payable	353,827	-	-	-	353,827	-
Notes payable	-	-	4,306,151	4,707,418	4,306,151	4,707,418
Finance purchase arrangement	-	-	6,341,947	7,181,833	6,341,947	7,181,833
Total Outstanding Debt	<u>\$ 25,848,098</u>	<u>\$ 26,574,318</u>	<u>\$ 29,924,986</u>	<u>\$ 33,154,736</u>	<u>\$ 55,773,084</u>	<u>\$ 59,729,054</u>

In the Business-Type Activities, the revenue bonds payable consists of four bond issues. In 2013, for the water system, the City received \$12,725,000 from the issuance of Water Revenue Bonds for the purpose of refinancing a 2003 Revenue Bond and 2007 note payable, of which \$5,055,000 remains. For the sewer system there remains a 2015 \$2,425,000 Refunding Revenue Bond, and a 2012 \$7,050,000 Refunding Revenue Bond. In 2022, the City issued Pension Obligation Bonds of which \$4,263,770 is payable from the Business-Type Activities.

The notes payable portion of the outstanding debt totaling \$4,306,151 consists of one loan. In 2002, the City obtained a \$10,000,000 loan for the purpose of expanding the wastewater treatment plant.

The outstanding lease purchase amount, \$6,341,947, is comprised of two different finance purchase arrangements. The first lease was for an energy efficient solar tracker system at the wastewater treatment plant for \$4,325,556. The second lease was for a second energy efficient solar tracking system in the amount of \$8,495,138. This system is located at the wastewater treatment plant but is serving the whole city.

For detail information regarding each of these bonds or notes, please refer to Note 5 Long-Term Debt.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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In May 2022, Council approved issuance of a \$30,946,000 private taxable Pension Obligation Bond with maturity in 2039 to take advantage of historically low interest rates and to increase the City's funding ratio of pension unfunded accrued liability with CalPERS. This bond issuance is intended to result in near term cash savings, smoother long-term budget reliability, flexibility in maturity and potential savings. In conjunction with this debt issue, the City established a pension funding policy that would work to establish prefunding this debt issue should sufficient reserve be established.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year budget did not have significant net changes throughout the year.

Actual revenues were \$3.6 million over estimated budget amounts. This was due to revenues exceeding projections of property tax. Expenditures were significantly under budget in the amount of \$8.4 million. This was primarily a result of the roll-over of appropriation of a large capital park project in which grant funding was awarded. However, the project commencement expenses were minimal and will be spent over the next several years. In addition, unfilled positions throughout the year and some operational savings also attributed to the lower expenditures.

In addition, federal funding in the amount of \$2.83 million was used to cover eligible costs of public safety workers performing essential work during Covid-19. This transfer in addition to other better than projected revenues allowed for over 100% growth of the general fund balance available.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The key assumptions and considerations in the General Fund revenue forecast for fiscal year 2022-2023 budget process were:

- Budget was balanced per Resolution 23-19-R
- Conservative revenue projections due to potential recession concerns and fiscal prudence
- Reduction of non-essential expenditures
- Deferred capital replacements
- No increase to personnel or programs (unless offset by new revenues or expense reductions)

Resolution 22-20-R implemented a Reserve and Pension Funding Policy. This policy formally recognizes having a 35% goal of General Fund Reserve of unrestricted fund balance to budgeted expenditures in preparation of financial pressures or emergencies.

Items addressed in the budget were:

General Fund Operations – Maintain current services and increase efficiency in operations, decrease expenses where possible and anticipate minimal revenue growth with no draw from reserves. No capital projects unless offset by grants or related revenue. Accumulated capital outlay fund was used when a special revenue or restricted fund was not available for use.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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Parks and Community Services - Continue with a variety of recreation programs and activities. Budget was increased for City's second annual Winter Wonderland Event, which drew in many visitors from the region. In process of installing parks cameras and solar powered lights for overall park safety, funded by grant. Worked with consultants to identify land necessary for annexation for the new Heroes Park. Through some development projects required construction of park areas for citywide use and utilized impact fees for a new basketball court.

Streets - Resurfacing, sealing, and maintenance on several streets, replacing curb, gutters, and sidewalks, lane widening, signage replacement and installing/replacing traffic signals at various locations.

Airport - No capital projects this fiscal year.

Wastewater - Sewer main oversizing, extension and replacement, sewer video inspection, manhole repair/coating, maintain inventory of interchangeable spare pumps and lift station pump monitoring projects.

Water - The completion of various water main replacements and additions, and the continuation of meter replacement and automated meter reading device replacement. There were several well repairs necessary and new water supply wells as this is an ongoing project.

Storm Drain - Continued curb and gutter installation, increased flow capacity in Peoples Ditch, storm drain oversizing, pump station upgrades, basin improvements and installation of a new pump.

Building - Security modifications throughout City Hall as well as other City facilities. Completion of Civic Auditorium roof replacement.

**REQUESTS FOR INFORMATION**

This Financial Report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in the report or requests for additional financial information can be sent via e-mail to [finance@hanfordca.gov](mailto:finance@hanfordca.gov). Formal written requests should be addressed to: City of Hanford, Attn: Finance Department, 315 N. Douty Street, Hanford, California 93230.

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**FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# City of Hanford

## Statement of Net Position June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 74,814,838	\$ 34,858,958	\$ 109,673,796
Receivables	6,759,213	3,487,855	10,247,068
Leases receivables	-	202,952	202,952
Internal Balances	(9,490,940)	9,490,940	-
Inventory	319,709	365,149	684,858
Deposits	289,500	14,000	303,500
Prepaid expenses and other assets	205,892	368,949	574,841
Loan receivables	20,378,274	-	20,378,274
Restricted cash and investments	-	4,743	4,743
Capital Assets:			
Capital assets, not being depreciated	61,273,044	15,995,203	77,268,247
Capital assets, net of accumulated depreciation	101,410,612	125,612,843	227,023,455
Total assets	<u>255,960,142</u>	<u>190,401,592</u>	<u>446,361,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	22,547,037	3,660,907	26,207,944
Deferred outflows related to OPEB	1,437,808	590,640	2,028,448
Total deferred outflows of resources	<u>23,984,845</u>	<u>4,251,547</u>	<u>28,236,392</u>
<b>LIABILITIES</b>			
Accounts payable	2,174,020	2,687,420	4,861,440
Salary and benefits payable	1,026,737	94,792	1,121,529
Accrued interest payable	-	267,665	267,665
Deposits and unearned revenue	6,361,075	344,923	6,705,998
Compensated absences - current portion	327,654	36,083	363,737
Compensated absences - noncurrent portion	1,105,410	271,040	1,376,450
Long-term debt - current	1,873,820	3,482,023	5,355,843
Long-term debt - noncurrent	23,974,278	25,959,845	49,934,123
Unamortized bond premium	-	483,118	483,118
Claims payable	5,776,000	-	5,776,000
Total OPEB liability	3,106,490	831,702	3,938,192
Net pension liability	18,605,322	4,712,414	23,317,736
Settlement liability - current	5,000,000	-	5,000,000
Total liabilities	<u>69,330,806</u>	<u>39,171,025</u>	<u>108,501,831</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	14,738,664	476,933	15,215,597
Deferred inflows related to OPEB	610,379	182,321	792,700
Deferred inflows related to leases	-	196,762	196,762
Total deferred inflows of resources	<u>15,349,043</u>	<u>856,016</u>	<u>16,205,059</u>
<b>NET POSITION</b>			
Net investment in capital assets	155,203,294	141,608,046	296,811,340
Restricted for:			
Street and Roads	15,276,502	-	15,276,502
Recreation	5,705,236	4,743	5,709,979
Landscape Maintenance	1,451,419	-	1,451,419
Public Safety	852,390	-	852,390
Unrestricted	16,776,297	13,013,309	29,789,606
Total net position	<u>\$ 195,265,138</u>	<u>\$ 154,626,098</u>	<u>\$ 349,891,236</u>

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Activities For the Year Ended June 30, 2023

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Business-type	Total
		Services	Grants and Contributions	Grants and Contributions			
Primary Government:							
Governmental activities:							
General government	\$ 8,647,803	\$ 101,279	\$ 3,861,918	\$ -	\$ (4,684,606)	\$ -	\$ (4,684,606)
Public safety	36,761,886	927,478	1,125,716	322,493	(34,386,199)	-	(34,386,199)
Public works	4,151,802	1,127,022	1,884,294	13,740,355	12,599,869	-	12,599,869
Recreation	4,163,652	829,537	128,430	968,060	(2,237,625)	-	(2,237,625)
Community development	2,468,828	3,506,235	1,160,360	-	2,197,767	-	2,197,767
Interest expense	1,140,021	-	-	-	(1,140,021)	-	(1,140,021)
Total governmental activities	57,333,992	6,491,551	8,160,718	15,030,908	(27,650,815)	-	(27,650,815)
Business-type activities:							
Water system	10,805,234	9,985,458	-	2,289,780	-	1,470,004	1,470,004
Wastewater system	7,127,609	5,784,561	-	1,285,875	-	(57,173)	(57,173)
Storm drain	1,624,217	1,455,905	-	1,578,449	-	1,410,137	1,410,137
Refuse	10,388,974	9,271,047	-	-	-	(1,117,927)	(1,117,927)
Airport	671,372	143,299	-	-	-	(528,073)	(528,073)
Intermodal	56,589	40,249	-	-	-	(16,340)	(16,340)
Courthouse square	63,436	52,917	-	-	-	(10,519)	(10,519)
Total business-type activities	30,737,431	26,733,436	-	5,154,104	-	1,150,109	1,150,109
Total Primary Government	\$ 88,071,423	\$ 33,224,987	\$ 8,160,718	\$ 20,185,012	(27,650,815)	1,150,109	(26,500,706)
General Revenues:							
Taxes:							
Property taxes					13,988,031	-	13,988,031
Sales and use tax					18,011,255	-	18,011,255
Franchise taxes					1,256,488	-	1,256,488
Other taxes					2,696,299	-	2,696,299
Investment earnings					976,872	871,114	1,847,986
Gain on disposal of capital assets					279,583	-	279,583
Loss on lease termination						(724,690)	(724,690)
Miscellaneous/other					124,250	2,384,559	2,508,809
Lease revenue					-	193,373	193,373
Transfers - interfund					(243,210)	243,210	-
Total General Revenues and Transfers					37,089,568	2,967,566	40,057,134
Change in Net Position					9,438,753	4,117,675	13,556,428
Net Position							
Beginning of year, as restated					185,826,385	150,508,423	336,334,808
End of year					\$ 195,265,138	\$ 154,626,098	\$ 349,891,236

The accompanying notes are an integral part of these financial statements.

**GOVERNMENTAL FUNDS**  
**FINANCIAL STATEMENTS**

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# City of Hanford

## Balance Sheet – Governmental Funds June 30, 2023

	Special Revenue				All Other Non-Major Governmental Funds	
	General Fund	CDBG/HOME/Housing Fund	Transportation Development Act Fund	American Rescue Plan Act		Total
ASSETS						
Cash and investments	\$ 10,964,678	\$ 2,139,933	\$ 6,069,012	\$ 6,216,756	\$ 22,640,674	\$ 48,031,053
Receivables	4,246,146	170,144	-	-	780,813	5,197,103
Taxes receivable	-	-	1,460,388	-	-	1,460,388
Loans receivable	-	18,547,440	-	-	1,830,834	20,378,274
Due from other funds	1,175,894	-	-	-	-	1,175,894
Deposits	104,500	-	-	-	-	104,500
Prepaid expenses and other assets	199,992	-	-	-	1,100	201,092
Advances to other funds	-	-	-	-	1,659,025	1,659,025
Total assets	\$ 16,691,210	\$ 20,857,517	\$ 7,529,400	\$ 6,216,756	\$ 26,912,446	\$ 78,207,329
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 757,793	\$ 32,570	\$ -	\$ 5,528	\$ 324,300	\$ 1,120,191
Accrued wages payable	411,196	-	-	-	3,010	414,206
Advance from other governments	-	-	-	6,357,940	-	6,357,940
Consumer deposits	3,135	-	-	-	-	3,135
Settlement liability	5,000,000	-	-	-	-	5,000,000
Due to other funds	-	-	-	-	230,309	230,309
Total liabilities	6,172,124	32,570	-	6,363,468	557,619	13,125,781
Fund Balances (deficit):						
Nonspendable:						
Loans receivable	-	18,547,440	-	-	1,830,834	20,378,274
Prepaid expenses	199,992	-	-	-	1,100	201,092
Deposits	104,500	-	-	-	-	104,500
Restricted for:						
Street and roads	-	2,277,507	7,529,400	-	5,469,595	15,276,502
Recreation	-	-	-	-	5,705,236	5,705,236
Landscape maintenance	-	-	-	-	1,451,419	1,451,419
Public Safety	-	-	-	-	852,390	852,390
Committed for:						
Parking and business improvement	-	-	-	-	3,537,705	3,537,705
Community development	-	-	-	-	7,550,690	7,550,690
Cannabis	-	-	-	-	126,255	126,255
Unassigned	10,214,594	-	-	(146,712)	(170,397)	9,897,485
Total fund balances	10,519,086	20,824,947	7,529,400	(146,712)	26,354,827	65,081,548
Total liabilities and fund balances	\$ 16,691,210	\$ 20,857,517	\$ 7,529,400	\$ 6,216,756	\$ 26,912,446	\$ 78,207,329

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

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Total Fund Balances Governmental Funds \$ 65,081,548

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets: In governmental funds, only current assets are reported. In the Statement of Net Position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets at historical cost	\$ 303,961,956	
Right to use asset	879,090	
Accumulated depreciation	(141,706,471)	
Accumulated amortization	(450,919)	
Adjustments for Internal Service Fund capital assets, net	<u>(7,092,494)</u>	155,591,162

Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, risk management, building usage, and computer maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

13,446,431

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Compensated absences	(1,433,064)	
Pension obligation bonds	(25,460,230)	
Lease payable	(34,041)	
SBITA payable	(353,827)	
OPEB liability	(3,106,490)	
Net pension liability	(18,605,322)	
Adjustments for Internal Service Fund long term debt	<u>2,068,775</u>	(46,924,199)

Deferred outflows related to pensions and OPEB

23,984,845

Adjustment for Internal Service Fund Deferred outflows related to pension

(650,330)

23,334,515

Deferred inflows related to pensions and OPEB

(15,349,043)

Adjustment for Internal Service Fund Deferred inflows related to pension

84,724

(15,264,319)

Total Net Position - Governmental Activities

\$ 195,265,138

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2023

	Special Revenue				All Other Non-Major Governmental Funds	Total
	General Fund	CDBG/HOME/Housing Fund	Transportation Development Act Fund	American Rescue Plan Act		
<b>REVENUES</b>						
Taxes and special assessments	\$ 33,411,258	\$ -	\$ 1,423,998	\$ -	\$ 8,424,890	\$ 43,260,146
Aid from other government agencies	1,443,000	797,092	45,918	3,732,941	189,814	6,208,765
Licenses and permits	1,849,277	-	-	-	-	1,849,277
Fines and forfeitures	202,822	-	-	-	39,853	242,675
Charges for services	3,205,579	-	-	-	-	3,205,579
Revenue from use of money and property	469,550	328,875	100,397	128,976	308,146	1,335,944
Miscellaneous	69,171	1,891	-	-	78,507	149,569
Total revenues	40,650,657	1,127,858	1,570,313	3,861,917	9,041,210	56,251,955
<b>EXPENDITURES</b>						
Current:						
General government	2,971,558	-	5,743	-	64,991	3,042,292
Public safety	23,465,277	-	-	-	-	23,465,277
Public works	3,071,761	-	-	-	698,676	3,770,437
Recreation	4,670,976	-	-	-	-	4,670,976
Community development	2,036,025	354,026	-	-	326,519	2,716,570
Debt service:						
Principal	1,243,300	-	-	-	-	1,243,300
Interest	1,140,021	-	-	-	-	1,140,021
Capital outlay	541,332	225,406	232,958	1,049,459	4,312,963	6,362,118
Total expenditures	39,140,250	579,432	238,701	1,049,459	5,403,149	46,410,991
Excess (deficiency) of revenues over (under) expenditures	1,510,407	548,426	1,331,612	2,812,458	3,638,061	9,840,964
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,880,591	43,117	-	-	703,988	4,627,696
Transfers out	(449,787)	(169,872)	-	(2,833,333)	(1,481,151)	(4,934,143)
Loss on lease termination	-	-	-	-	(11,319)	(11,319)
Proceeds from sale of assets	784	-	-	-	303,240	304,024
Total other financing sources (uses)	3,431,588	(126,755)	-	(2,833,333)	(485,242)	(13,742)
Net change in fund balances	4,941,995	421,671	1,331,612	(20,875)	3,152,819	9,827,222
<b>FUND BALANCE (DEFICIT)</b>						
Beginning of year, as restated	5,577,091	20,403,276	6,197,788	(125,837)	23,202,008	55,254,326
End of year	\$ 10,519,086	\$ 20,824,947	\$ 7,529,400	\$ (146,712)	\$ 26,354,827	\$ 65,081,548

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities Governmental Funds For the Year Ended June 30, 2023

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Total net changes in fund balances - governmental funds \$ 9,827,222

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation and disposals in the current period.

Capital outlay expense	\$ 6,996,125	
Contributed capital assets	10,059,892	
Depreciation expense (net of internal service funds)	<u>(7,402,116)</u>	9,653,901

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatments of long-term debt and related items.

Principal payments on long term liabilities, net of internal service funds	1,258,691	
SBITA acquisition, net of internal service funds	<u>(476,192)</u>	782,499

Internal Service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities:

58,563

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(197,921)

Pension expenditures reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.

(10,362,345)

OPEB expenditures reported in the governmental funds includes the actual premium payments. In the statement of activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows deferred inflows of resources.

(323,166)

Changes in net position of governmental activities

\$ 9,438,753

The accompanying notes are an integral part of these financial statements.



**PROPRIETARY FUNDS**  
**FINANCIAL STATEMENTS**

# City of Hanford

## Statement of Net Position Proprietary Funds June 30, 2023

	Water System Fund	Sewer Improvement Funds		Refuse Fund
		Wastewater Fund	Storm Drain Fund	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 21,863,512	\$ 7,169,840	\$ 5,308,478	\$ 354,695
Restricted cash and investments	2,135	2,608	-	-
Receivables	1,411,328	691,735	188,867	1,150,699
Lease receivables	-	-	-	-
Deposits	10,000	4,000	-	-
Prepaid expenses	8,135	360,814	-	-
Inventory	365,149	-	-	-
Due from other funds	-	1,399,758	-	-
Advances from other funds	531,130	-	-	-
Total current assets	24,191,389	9,628,755	5,497,345	1,505,394
Noncurrent assets:				
Capital Assets:				
Land	352,240	4,135,650	4,587,476	-
Construction in progress	3,989,481	13,193	41,656	-
Buildings and improvements	62,554,693	89,032,630	23,488,089	1,351,845
Machinery and equipment	18,092,631	2,427,022	1,163,479	9,053,231
Right to use assets	-	-	-	-
Less accumulated depreciation	(30,813,549)	(42,098,991)	(7,010,587)	(5,793,437)
Less accumulated amortization	-	-	-	-
Capital assets, net	54,175,496	53,509,504	22,270,113	4,611,639
Total noncurrent assets	54,175,496	53,509,504	22,270,113	4,611,639
Total assets	78,366,885	63,138,259	27,767,458	6,117,033
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	1,378,213	819,453	150,435	1,312,806
Deferred outflows related to OPEB	179,760	154,080	-	256,800
Total Deferred Outflows of Resources	1,557,973	973,533	150,435	1,569,606
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,277,727	138,372	12,302	252,113
Salaries and benefits payable	31,730	20,354	5,627	36,418
Interest payable	87,754	179,911	-	-
Deposits and unearned revenue	340,239	819	410	974
Due to other funds	-	1,716,645	-	-
Advances to other funds	531,130	-	-	-
Compensated absences - current portion	12,301	12,963	2,588	8,231
Bonds and notes payable - current portion	1,709,266	1,655,220	19,661	97,876
SBITA payable	-	-	-	-
Total current liabilities	4,990,147	3,724,284	40,588	395,612
Noncurrent liabilities:				
Compensated absences payable	115,871	42,131	23,871	89,167
Claims payable	-	-	-	-
Unamortized bond premium	145,291	337,827	-	-
Bonds and notes payable	9,846,422	14,284,600	305,932	1,522,891
Total OPEB liability	265,267	210,694	-	355,741
Net pension liability (asset)	1,774,071	1,054,821	193,644	1,689,878
Total noncurrent liabilities	12,146,922	15,930,073	523,447	3,657,677
Total liabilities	17,137,069	19,654,357	564,035	4,053,289
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	179,550	106,756	19,598	171,029
Deferred inflows related to OPEB	55,489	47,562	-	79,270
Deferred inflows related to leases	-	-	-	-
Total deferred inflows of resources	235,039	154,318	19,598	250,299
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	54,175,496	53,509,504	22,270,113	4,611,639
Restricted for debt service	2,135	2,608	-	-
Unrestricted	8,375,119	(9,208,995)	5,064,147	(1,228,588)
Total net position	\$ 62,552,750	\$ 44,303,117	\$ 27,334,260	\$ 3,383,051

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Net Position Proprietary Funds June 30, 2023

(concluded)

	Non-major Funds			Total	Governmental
	Airport Fund	Intermodal Fund	Courthouse Square	Enterprise Funds	Activities Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 124,554	\$ 31,677	\$ 6,202	\$ 34,858,958	\$ 26,783,785
Restricted cash and investments	-	-	-	4,743	-
Receivables	5,127	38,328	1,771	3,487,855	101,722
Lease receivables	-	202,952	-	202,952	-
Deposits	-	-	-	14,000	185,000
Prepaid expenses	-	-	-	368,949	4,800
Inventory	-	-	-	365,149	319,709
Due from other funds	-	-	-	1,399,758	-
Advances from other funds	-	-	-	531,130	-
Total current assets	<u>129,681</u>	<u>272,957</u>	<u>7,973</u>	<u>41,233,494</u>	<u>27,395,016</u>
Noncurrent assets:					
Capital Assets:					
Land	2,596,623	278,884	-	11,950,873	-
Construction in progress	-	-	-	4,044,330	-
Buildings and improvements	10,123,741	1,305,817	-	187,856,815	670,777
Machinery and equipment	81,851	-	-	30,818,214	17,410,846
Right to use assets	-	-	-	-	307,217
Less accumulated depreciation	(6,628,540)	(717,082)	-	(93,062,186)	(11,114,837)
Less accumulated amortization	-	-	-	-	(181,509)
Capital assets, net	<u>6,173,675</u>	<u>867,619</u>	<u>-</u>	<u>141,608,046</u>	<u>7,092,494</u>
Total noncurrent assets	<u>6,173,675</u>	<u>867,619</u>	<u>-</u>	<u>141,608,046</u>	<u>7,092,494</u>
Total assets	<u>6,303,356</u>	<u>1,140,576</u>	<u>7,973</u>	<u>182,841,540</u>	<u>34,487,510</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	-	-	-	3,660,907	650,330
Deferred outflows related to OPEB	-	-	-	590,640	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,251,547</u>	<u>650,330</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	2,522	588	3,796	2,687,420	1,053,829
Salaries and benefits payable	663	-	-	94,792	612,531
Interest payable	-	-	-	267,665	-
Deposits and unearned revenue	2,481	-	-	344,923	-
Due to other funds	-	-	153,062	1,869,707	475,636
Advances to other funds	375,467	261,224	1,022,334	2,190,155	-
Compensated absences - current portion	-	-	-	36,083	58,872
Bonds and notes payable - current portion	-	-	-	3,482,023	64,761
SBITA payable	-	-	-	-	100,367
Total current liabilities	<u>381,133</u>	<u>261,812</u>	<u>1,179,192</u>	<u>10,972,768</u>	<u>2,365,996</u>
Noncurrent liabilities:					
Compensated absences payable	-	-	-	271,040	-
Claims payable	-	-	-	-	5,776,000
Unamortized bond premium	-	-	-	483,118	-
Bonds and notes payable	-	-	-	25,959,845	1,007,654
Total OPEB liability	-	-	-	831,702	-
Net pension liability (asset)	-	-	-	4,712,414	837,121
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,258,119</u>	<u>7,620,775</u>
Total liabilities	<u>381,133</u>	<u>261,812</u>	<u>1,179,192</u>	<u>43,230,887</u>	<u>9,986,771</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	-	-	-	476,933	84,724
Deferred inflows related to OPEB	-	-	-	182,321	-
Deferred inflows related to leases	-	196,762	-	196,762	-
Total deferred inflows of resources	<u>-</u>	<u>196,762</u>	<u>-</u>	<u>856,016</u>	<u>84,724</u>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	6,173,675	867,619	-	141,608,046	7,092,494
Restricted for debt service	-	-	-	4,743	-
Unrestricted	<u>(251,452)</u>	<u>(185,617)</u>	<u>(1,171,219)</u>	<u>1,393,395</u>	<u>17,973,851</u>
Total net position	<u>\$ 5,922,223</u>	<u>\$ 682,002</u>	<u>\$ (1,171,219)</u>	<u>143,006,184</u>	<u>\$ 25,066,345</u>
Adjustment to reflect the consolidation of internal service fund activities				11,619,914	
Net Position of Business-type Activities				<u>\$ 154,626,098</u>	

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2023

	Water Fund	Sewer Improvement Funds Wastewater Fund	Storm Drain Fund	Refuse Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 9,985,458	\$ 5,784,561	\$ 1,455,905	\$ 9,271,047
Other revenues	975,302	793,881	107,107	282,225
Total operating revenues	10,960,760	6,578,442	1,563,012	9,553,272
<b>OPERATING EXPENSES</b>				
Personnel services	3,225,262	1,905,111	881,572	3,039,548
Services and supplies	4,847,626	2,922,381	728,858	6,555,755
Depreciation and amortization	2,299,013	1,788,007	337,586	697,244
Total operating expenses	10,371,901	6,615,499	1,948,016	10,292,547
Operating income (loss)	588,859	(37,057)	(385,004)	(739,275)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	580,479	253,777	150,368	27,828
Interest expense	(456,502)	(552,886)	(15,212)	(75,723)
Unrealized gain (loss) on investments	(141,325)	(23,905)	(7,707)	27,805
Lease revenue	-	154,022	-	-
Loss on disposal of capital assets	-	-	-	-
Loss on lease termination	-	(724,690)	-	-
Total Nonoperating Revenues (Expenses)	(17,348)	(893,682)	127,449	(20,090)
Income (Loss) Before Capital Contributions and Transfers	571,511	(930,739)	(257,555)	(759,365)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	2,289,780	1,285,875	1,578,449	-
Transfers in (out)	241,153	(14,131)	20,967	-
Total Capital Contributions and Transfers	2,530,933	1,271,744	1,599,416	-
Change in Net Position	3,102,444	341,005	1,341,861	(759,365)
<b>NET POSITION (DEFICIT)</b>				
Beginning of year	59,450,306	43,962,112	25,992,399	4,142,416
End of year	\$ 62,552,750	\$ 44,303,117	\$ 27,334,260	\$ 3,383,051

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2023

(concluded)

	Non-major Funds				Governmental
	Airport Fund	Intermodal Fund	Courthouse Square	Total Funds	Activities Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 143,299	\$ 40,249	\$ 52,917	\$ 26,733,436	\$ 11,413,863
Other revenues	224,105	1,338	601	2,384,559	82,120
Total operating revenues	<u>367,404</u>	<u>41,587</u>	<u>53,518</u>	<u>29,117,995</u>	<u>11,495,983</u>
<b>OPERATING EXPENSES</b>					
Personnel services	50,492	-	-	9,101,985	1,864,645
Services and supplies	295,390	30,473	62,733	15,443,216	8,180,527
Depreciation and amortization	324,084	26,116	-	5,472,050	1,424,062
Total operating expenses	<u>669,966</u>	<u>56,589</u>	<u>62,733</u>	<u>30,017,251</u>	<u>11,469,234</u>
Operating income (loss)	<u>(302,562)</u>	<u>(15,002)</u>	<u>(9,215)</u>	<u>(899,256)</u>	<u>26,749</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	2,801	1,404	947	1,017,604	617,553
Interest expense	-	-	-	(1,100,323)	(50,163)
Unrealized gain (loss) on investments	(619)	(739)	-	(146,490)	(206,150)
Lease revenue	-	39,351	-	193,373	-
Loss on disposal of capital assets	-	-	-	-	(12,520)
Loss on lease termination	-	-	-	(724,690)	-
Total Nonoperating Revenues (Expenses)	<u>2,182</u>	<u>40,016</u>	<u>947</u>	<u>(760,526)</u>	<u>348,720</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(300,380)</u>	<u>25,014</u>	<u>(8,268)</u>	<u>(1,659,782)</u>	<u>375,469</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	-	-	-	5,154,104	-
Transfers in (out)	(4,779)	-	-	243,210	63,237
Total Capital Contributions and Transfers	<u>(4,779)</u>	<u>-</u>	<u>-</u>	<u>5,397,314</u>	<u>63,237</u>
Change in Net Position (Deficit)	<u>(305,159)</u>	<u>25,014</u>	<u>(8,268)</u>	<u>3,737,532</u>	<u>438,706</u>
<b>NET POSITION (DEFICIT)</b>					
Beginning of year	<u>6,227,382</u>	<u>656,988</u>	<u>(1,162,951)</u>		<u>24,627,639</u>
End of year	<u>\$ 5,922,223</u>	<u>\$ 682,002</u>	<u>\$ (1,171,219)</u>		<u>\$ 25,066,345</u>
Adjustment to reflect the consolidation of internal service funds				<u>380,143</u>	
Change in Net Position of Business-type Activities				<u>\$ 4,117,675</u>	

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

		Sewer Improvement Funds		
	Water System Fund	Wastewater Fund	Storm Drain Fund	Refuse Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for current services	\$ 10,193,508	\$ 5,859,117	\$ 1,443,450	\$ 9,104,481
Cash received for other operating revenues	975,302	793,881	107,107	282,225
Cash paid to suppliers for goods and services	(2,867,060)	(3,203,888)	(730,524)	(6,794,862)
Cash paid for salaries and benefits	(2,287,703)	(1,445,312)	(433,286)	(2,536,490)
Net cash provided (used) by operating activities	6,014,047	2,003,798	386,747	55,354
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers (to) from other funds	241,153	(14,131)	20,967	-
Loans from/(to) other funds	(159,912)	476,799	-	-
Net cash provided (used) by noncapital financing activities	81,241	462,668	20,967	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal payments on long-term debt	(1,535,665)	(1,540,760)	(13,386)	(66,632)
Interest payments on long-term debt	(507,160)	(623,213)	(15,212)	(75,723)
Capital expenditures	(3,066,847)	(75,764)	(917,368)	(574,608)
SBITA payments	-	-	-	-
Lease income	-	(109,613)	-	-
Net cash provided (used) by capital and related financing activities	(5,109,672)	(2,349,350)	(945,966)	(716,963)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Unrealized gain (loss) on investments	(141,325)	(23,905)	(7,707)	27,805
Interest received on investments	580,479	253,777	150,368	27,828
Net cash provided (used) by investing activities	439,154	229,872	142,661	55,633
Net increase (decrease) in cash and investments	1,424,770	346,988	(395,591)	(605,976)
Cash and investments, beginning of year	20,440,877	6,825,460	5,704,069	960,671
Cash and investments, end of year	\$ 21,865,647	\$ 7,172,448	\$ 5,308,478	\$ 354,695
Reconciliation to Statement of Net Position:				
Cash and investments	\$ 21,863,512	\$ 7,169,840	\$ 5,308,478	\$ 354,695
Restricted cash and investments	2,135	2,608	-	-
Total cash and investments	\$ 21,865,647	\$ 7,172,448	\$ 5,308,478	\$ 354,695

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	Non-major Funds			Total	Governmental
	Airport Fund	Intermodal Fund	Courthouse Square	Enterprise Funds	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received for current services	\$ 143,374	\$ 8,123	\$ 54,331	\$ 26,806,384	\$ 11,390,886
Cash received for other operating revenues	224,105	1,338	601	2,384,559	82,120
Cash paid to suppliers for goods and services	(313,021)	(30,424)	(61,320)	(14,001,099)	(6,695,529)
Cash paid for salaries and benefits	(49,645)	-	-	(6,752,436)	(2,043,991)
Net cash provided (used) by operating activities	4,813	(20,963)	(6,388)	8,437,408	2,733,486
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfers (to) from other funds	(4,779)	-	-	243,210	63,237
Loans from/(to) other funds	(1)	-	6,388	323,274	176,951
Net cash provided (used) by noncapital financing activities	(4,780)	-	6,388	566,484	240,188
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on long-term debt	-	-	-	(3,156,443)	(44,088)
Interest payments on long-term debt	-	-	-	(1,221,308)	(50,163)
Capital expenditures	-	-	-	(4,634,587)	(293,836)
SBITA payments	-	-	-	-	(206,850)
Lease income	-	36,778	-	(72,835)	-
Net cash provided (used) by capital and related financing activities	-	36,778	-	(9,085,173)	(594,937)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Unrealized gain (loss) on investments	(619)	(739)	-	(146,490)	(206,150)
Interest received on investments	2,801	1,404	947	1,017,604	617,553
Net cash provided (used) by investing activities	2,182	665	947	871,114	411,403
Net increase (decrease) in cash and investments	2,215	16,480	947	789,833	2,790,140
Cash and investments, beginning of year	122,339	15,197	5,255	34,073,868	23,993,645
Cash and investments, end of year	<u>\$ 124,554</u>	<u>\$ 31,677</u>	<u>\$ 6,202</u>	<u>\$ 34,863,701</u>	<u>\$ 26,783,785</u>
Reconciliation to Statement of Net Position:					
Cash and investments	\$ 124,554	\$ 31,677	\$ 6,202	\$ 34,858,958	\$ 26,783,785
Restricted cash and investments	-	-	-	4,743	-
Total cash and investments	<u>\$ 124,554</u>	<u>\$ 31,677</u>	<u>\$ 6,202</u>	<u>\$ 34,863,701</u>	<u>\$ 26,783,785</u>

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	Water System Fund	Sewer Improvement Funds		Refuse Fund
		Wastewater Fund	Storm Drain Fund	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 588,859	\$ (37,057)	\$ (385,004)	\$ (739,275)
Adjustments to reconcile net income (loss) from operating to net cash provided (used) by operating activities:				
Depreciation	2,299,013	1,788,007	337,586	697,244
Changes in assets, liabilities, and deferred resources in:				
Receivables	213,015	78,942	(12,380)	(166,086)
Deposits	-	4,000	-	-
Prepaid expenses	8,918	(308,221)	1,074	6,300
Inventory	11,502	-	-	-
Deferred outflows of resources	519,790	435,428	210,289	1,020,174
Accounts payable	1,960,146	22,714	(2,740)	(245,407)
Salaries and benefits payable	23,515	15,518	5,473	24,820
Compensated absences	25,585	10,324	9,821	25,057
Deposits and unearned revenue	(4,965)	(4,386)	(75)	(480)
Claims payable	-	-	-	-
Net OPEB liability	1,508,439	843,814	-	1,333,616
Net pension liability	(10,208)	(103,482)	471,617	(502,347)
Deferred inflows of resources	(1,129,562)	(741,803)	(248,914)	(1,398,262)
Net cash provided (used) by operating activities	<u>\$ 6,014,047</u>	<u>\$ 2,003,798</u>	<u>\$ 386,747</u>	<u>\$ 55,354</u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Contributed Capital	\$ 2,289,780	\$ 1,285,875	\$ 1,578,449	\$ -

The accompanying notes are an integral part of these financial statements.



# City of Hanford

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

(concluded)

	Non-major Funds			Total	Governmental
	Airport	Intermodal	Courthouse	Enterprise	Activities
	Fund	Fund	Square	Funds	Internal
					Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (302,562)	\$ (15,002)	\$ (9,215)	\$ (899,256)	\$ 26,749
Adjustments to reconcile net income (loss) from operating to net cash provided (used) by operating activities:					
Depreciation	324,084	26,116	-	5,472,050	1,424,062
Changes in assets, liabilities, and deferred resources in:					
Receivables	75	(32,126)	1,414	82,854	(22,977)
Deposits	-	-	-	4,000	(10,000)
Prepaid expenses	-	-	-	(291,929)	(2,413)
Inventory	-	-	-	11,502	649,822
Deferred outflows of resources	-	-	-	2,185,681	596,998
Accounts payable	(17,631)	49	1,413	1,718,544	660,589
Salaries and benefits payable	847	-	-	70,173	(385,450)
Compensated absences	-	-	-	70,787	(5,830)
Deposits and unearned revenue	-	-	-	(9,906)	-
Claims payable	-	-	-	-	187,000
Net OPEB liability	-	-	-	3,685,869	-
Net pension liability	-	-	-	(144,420)	364,190
Deferred inflows of resources	-	-	-	(3,518,541)	(749,254)
Net cash provided (used) by operating activities	<u>\$ 4,813</u>	<u>\$ (20,963)</u>	<u>\$ (6,388)</u>	<u>\$ 8,437,408</u>	<u>\$ 2,733,486</u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

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**FIDUCIARY FUNDS**  
**FINANCIAL STATEMENTS**

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# City of Hanford

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2023

	Redevelopment Successor Agency Private Purpose Trust Fund	Trust and Custodial Funds
<b>ASSETS</b>		
Cash and investments	\$ 240,178	\$ 1,774,746
Accounts receivable	-	18,920
Assets held for resale	135,265	-
Total assets	<u>375,443</u>	<u>1,793,666</u>
<b>LIABILITIES</b>		
Accounts payable	-	504,623
Deposits held for others	-	1,265,299
Total liabilities	<u>-</u>	<u>1,769,922</u>
<b>FIDUCIARY NET POSITION</b>		
Held in trust for the retirement of obligations of the former Hanford Redevelopment Agency and other purposes	375,443	-
Restricted	-	23,744
Total fiduciary net position	<u>\$ 375,443</u>	<u>\$ 23,744</u>

The accompanying notes are an integral part of these financial statements.

# City of Hanford

## Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended June 30, 2023

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	Redevelopment Successor Agency Private-Purpose Trust Fund	Trust and Custodial Fund
<b>ADDITIONS</b>		
Investment earnings	\$ 6,073	\$ -
Unrealized gain/(loss) on investments	(1,205)	52,478
Other additions	-	10,176
Total additions	<u>4,868</u>	<u>62,654</u>
<b>DEDUCTIONS</b>		
General government	<u>228</u>	<u>250</u>
Total deductions	<u>228</u>	<u>250</u>
Change in fiduciary net position	4,640	62,404
<b>NET POSITION (DEFICIT)</b>		
Beginning of year, restated	<u>370,803</u>	<u>(38,660)</u>
End of year	<u>\$ 375,443</u>	<u>\$ 23,744</u>

The accompanying notes are an integral part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Hanford, California (the City) have been prepared in conformity with U.S. Generally Accepted Accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2023 and for the year then ended.

*Description of the Reporting Entity*

The City was incorporated as a General Law city in 1891. The City operates under a Council-Administrator form of government and provides the following services: Public safety (police and fire), community development, community services, public works, cultural, general administrative services, and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. The component units discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City. However, elected officials of the City have a continuing accountability for fiscal matters of the other entities. The financial reporting entity consists of: (1) the City (2) organizations for which the City is financially accountable and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component unit balances and transactions are reported in a manner similar to the balances and transactions of the City. A component unit is presented on a blended basis component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City; otherwise, the component unit is presented discretely.

*Blended Component Unit*

The financial statements of the City include the financial activities of the City as well as of the Hanford Improvement Corporation. Although the Hanford Improvement Corporation is a legally distinct unit from the City, their financial operations are overseen by the City and the City Council is the board of directors of the Corporation.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

*Government-Wide Financial Statements*

The Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information of all of the non-fiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting on internal activities. These statements distinguish between the governmental and business type activities of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and of each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net Position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

*Governmental Fund Financial Statements*

The fund financial statements provide information about the City's funds, with separate statements presented for each fund category - *governmental, proprietary, and fiduciary*. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the principle operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. For the City, the General Fund includes basic governmental activities such as general government, public safety, public works, recreation and community development.



**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

*CDBG Home/Housing Fund* – This fund is used to receive and disburse funds in accordance with grants received from the Department of Housing and Urban Development for the repair and improvement of targeted housing areas.

*Transportation Development Act Fund* – This fund is used to account for financial resources to be used for transit and non-transit related purposes that comply with regional transportation plans. The City has elected to present this fund as a major fund.

*American Rescue Plan Act Fund* – This fund is used to account for financial resources provided by the American Rescue Plan Act.

The City reports the following major enterprise funds:

*Water System Fund* – The Water System Fund is used to account for the financial activities of water utility of the City.

*Wastewater Fund* – The Wastewater Fund is used to account for financial activities of sewage collection and wastewater treatment utility of the City.

*Storm Drain Fund* – The Storm Drain Fund is used to account for the financial activities of the City's storm drains.

*Refuse Fund* – The Refuse Fund is used to account for the financial activities of the collection of solid waste and disposal utility of the City.

The City presents the following non-major enterprise funds:

*Airport Fund* – To account for all activities necessary to provide an airport to the residents of the City and surroundings areas.

*Intermodal Fund* – The Intermodal Fund is used to account for the financial activities of a building used to support state regional and local transportation.

*Courthouse Square Fund* – The Courthouse Square Fund is used to account for the financial activities of the maintenance and improvement of the property known as the Courthouse Square in downtown Hanford.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

The City reports the following fund types in aggregate as part of other non-major governmental funds:

*Special Revenue Funds* – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Capital Projects Fund* – *Capital Projects* Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Additionally, the City reports the following fund types:

*Internal Service Funds* – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of the City to another on a cost-reimbursement basis.

*Private-Purpose Trust Fund* – The Private Purpose Trust Fund is used to account for the activities of the former Hanford Redevelopment Agency during the wind down period.

*Trust and Custodial Funds* – Trust and Custodial Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governments.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

In accordance with generally accepted accounting principles the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

*Deferred Outflows of Resources* – This amount represents outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

*Deferred Inflows of Resources* – This amount represents inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Revenues and expenses not meeting this definition are reported as non-operating.

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items**

*Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the City considers all short term and highly liquid investments (including restricted assets) to be cash and cash equivalents, as reported on the Statement of Net Position and Balance Sheet as cash and investments.

*Investments*

Investments are stated at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale).

Further cash and investment disclosures are presented in Note 2.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

*Interfund Transactions*

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government wide financial statement as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be a market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

*Receivables*

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include intergovernmental and tax revenue receivable. Business-type activities report trade and intergovernmental revenue as their major receivables.

*Inventory*

Inventories of materials and supplies in the proprietary and internal services funds are valued at the lower of cost or market, carried on a first-in, first-out (FIFO) basis.

*Capital Assets*

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements and proprietary fund statements, capital assets are presented on the statement of net position and valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at acquisition value at the date of acquisition.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

The City's capitalization threshold is \$10,000. In other words, capital assets are capitalized only if they have a cost in excess of \$10,000 and have an expected useful life of three years or more. Capital assets that have a cost below \$10,000 are expended during the fiscal year they are acquired.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized.

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Infrastructure	20 to 50 years
Buildings	20 to 50 years
Improvements other than buildings	20 to 50 years
Machinery and equipment	4 to 20 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unsaved vacation, sick pay benefits and compensatory time. All vacation and compensatory pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. For additional information regarding compensated absences, see Note 7.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

*Long-Term Obligations*

In the government-wide financial statements, and 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 type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund types recognize bond premiums 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 withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

*Leases*

The City is a lessee for noncancelable leases of copiers and recognizes the liability and an intangible right-to-use lease asset at the inception of the lease agreement at the current present value of future payments, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The City is a lessor for noncancelable leases of the Hanford train station, hotel parking spaces, and agricultural ground leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and governmental fund financial statements at the inception of the lease agreement at current present value of all future payments.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the interest rate charges to the lessees as the discount rate. When the interest rate charged the lessees is not provided, the City generally uses the implied rate of return as the discount rate for leases. When the implied rate of return cannot be determined, the City uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of lease receivable.

*Right-to-Use Lease / Subscription Based Information Technology Arrangements (SBITA) Assets*

Right-to-use lease/SBITA assets are recorded at the amount of the initial measurement of the lease/SBITA liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease/SBITA assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised.

*Other Post-employment Benefits (OPEB)*

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an independent actuary.

For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

<u>OPEB</u>	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023



**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

*Pensions*

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

<u>CalPERS</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

*Net Position*

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

- *Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constructional provisions or enabling legislation.
- *Unrestricted net position* – This category represents net position of the City, not restricted for any project or other purpose.

When expenses are incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

*Fund Balance*

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established by either the highest level of decision making, or by a body or an official designated for that purpose.
- *Unassigned fund balance* – the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

*Property Taxes*

In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County Collects property taxes and distributes them to taxing-approved debt. In the fund financial statements, property tax is recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

The property tax calendar for the City is as follows:

Lien date	January 1
Levy dates	September 1
Due dates	November 1 - 1st installment February 1 - 2nd installment
Collection dates	December 10 - 1st installment April 10 - 2nd installment

*Advances from other Governments*

The City reports advances from other governments in its financial statements. These advances arise when resources are received by the government before it has legal claim to them.

*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/expenses during the reporting period. Actual results could differ from those estimates.

***Stewardship, Compliance, and Accountability***

*Budgets and Budgetary Accounting*

The procedures established by the City Council in adopting the budgetary data reflected in the financial statements are as follows:

On or before the second meeting in May, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing the following July 1. Following publication and public hearings, the budget is legally enacted by resolution.

The City Manager is authorized to transfer funds appropriated with respect to all classifications within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to existing capital outlay and capital projects classifications within the same department only; however, any revisions that alter the total expenditures of any department or create additional projects must be approved by the City Council.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2023. All unencumbered appropriations lapse at year-end.

For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department. Revenues are budgeted on a line-item basis. A comparison of budgeted and actual revenues by line item would be too voluminous for this report.

Budgets for the General and major Special Revenue Funds are presented in the accompanying general purpose financial statements on a basis consistent with accounting principles generally accepted in the United States of America. Budgets for Capital Projects Funds are not presented because they are budgeted on a project basis rather than on an annual basis. No budgets are adopted for the Proprietary and Fiduciary Fund types.

*Reclassification and Eliminations*

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expense of the function from which the expenses are being allocated, so that expenses are reported only once in the function in which they are allocated.

*Governmental Accounting Standards Update*

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

*GASB Statement No. 99, Omnibus 2022* has varying implementation dates with the earliest being effective for fiscal years beginning after June 15, 2022.

*GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* is effective for fiscal years beginning after June 15, 2023.

*GASB Statement No. 101, Compensated Absences* is effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Net Assets or Fund Balance, and Other Financial Statement Items  
(Continued)**

*Implementation of New Pronouncements*

GASB has issued Statement No. 96, *Subscription Based Information Technology Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for these arrangements by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain subscription assets and liabilities for arrangements that previously were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that subscriptions are financings of the right to use an underlying asset and a liability.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 109,673,796
Restricted cash and investments	4,743
Fiduciary funds:	
Cash and investments	<u>2,014,924</u>
Total Cash and Investments	<u>\$ 111,693,463</u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	6,466,120
Investments	<u>105,223,193</u>
Total Cash and Investments	<u>\$ 111,693,463</u>

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 trustees 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.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Corporate Investments	N/A	None	None

\*Excluding amounts held by bond trustees that are not subject to California Government Code Restrictions.

*Investments Authorized by Debt Agreements*

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper	270 days	40%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	30%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Corporate Investments	N/A	None	None

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

*Disclosure Relating to Interest Rate Risk*

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

Information about the sensitivity of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Federal Agency Securities	\$ 13,999,378	\$ -	\$ 6,050,358	\$ 7,949,020	\$ -
State and County Investment Pools	74,370,136	74,370,136	-	-	-
Negotiable Certificates of Deposits	10,578,406	2,976,585	4,677,153	2,924,668	-
Corporate Investments	5,763,134	4,588,075	1,175,059	-	-
Held by bond trustee:					
Money Market Funds	512,139	-	-	512,139	-
Total	<u>\$ 105,223,193</u>	<u>\$ 81,934,796</u>	<u>\$ 11,902,570</u>	<u>\$ 11,385,827</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 on the following page is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

Investment Type	Amount	Standard's & Poor's Ratings as of Year End			
		Minimum Legal Rating	A/A+	AA+	Unrated
Federal Agency Securities	\$ 13,999,377	AA	\$ -	\$ 13,999,377	\$ -
State and County Investment Pools	74,370,136	N/A	-	-	74,370,136
Negotiable Certificates of Deposits	10,578,407	N/A	235,003	-	10,343,404
Corporate Investments	5,763,134	N/A	3,589,723	-	2,173,411
Held by bond trustee:					
Money Market Funds	512,139	N/A	-	-	512,139
Total	<u>\$ 105,223,193</u>		<u>\$ 3,824,726</u>	<u>\$ 13,999,377</u>	<u>\$ 87,399,090</u>

*Concentration of Credit Risk*

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City had no investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party (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 provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

*Investment in State and County Investment Pools*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amount 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. For withdrawals over \$10,000,000 LAIF requires at least 24-hour notice. Also, there is a \$5,000 minimum and a limit of 15 transactions per month.

The City is also a voluntary participant in the County of Tulare Investment Pool. Assumptions made in determining the fair value of the investment portfolio are available from the County Treasurer.

*Fair Value Measurements*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

The City has the following recurring fair value measurements as of June 30, 2023:

Investment type	Level 1	Level 2	Level 3	Total
Federal Agency Securities	\$ -	\$ 13,999,377	\$ -	\$ 13,999,377
Certificates of Deposit	-	10,578,407	-	10,578,407
Corporate Investments	-	5,763,134	-	5,763,134
	<u>\$ -</u>	<u>\$ 30,340,918</u>	<u>\$ -</u>	<u>30,340,918</u>
Investments not subject to fair value hierarchy				
State and County Investment Pools				74,370,136
Money Market Funds				512,139
Total				<u>\$ 105,223,193</u>

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. There have been no changes in fair value measurement classifications from the prior year.

**NOTE 3 - RECEIVABLES**

Receivables as of June 30, 2023 for the City's individual major funds, nonmajor funds and internal service funds in the aggregate are as follows:

	Accounts	Taxes	Loans	Leases	Total
<b>Governmental Funds</b>					
General	\$ 4,246,146	\$ -	\$ -	\$ -	\$ 4,246,146
CDBG Home/Housing	170,144	-	18,547,440	-	18,717,584
Transportation Development Act	-	1,460,388	-	-	1,460,388
Nonmajor and Other	780,813	-	1,830,834	-	2,611,647
	<u>5,197,103</u>	<u>1,460,388</u>	<u>20,378,274</u>	<u>-</u>	<u>27,035,765</u>
<b>Enterprise Funds</b>					
Water System	1,411,328	-	-	-	1,411,328
Wastewater	691,735	-	-	-	691,735
Storm Drain	188,867	-	-	-	188,867
Refuse	1,150,699	-	-	-	1,150,699
Airport Fund	5,127	-	-	-	5,127
Intermodal	38,328	-	-	202,952	241,280
Courthouse Square	1,771	-	-	-	1,771
	<u>3,487,855</u>	<u>-</u>	<u>-</u>	<u>202,952</u>	<u>3,690,807</u>
<b>Internal Service Funds</b>					
City Payroll Fund	45,205	-	-	-	45,205
Risk Management Fund	45,828	-	-	-	45,828
Building Fund	6,141	-	-	-	6,141
Fleet Management	3,942	-	-	-	3,942
Medical Fund	606	-	-	-	606
	<u>101,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,722</u>
Total	<u>\$ 8,786,680</u>	<u>\$ 1,460,388</u>	<u>\$ 20,378,274</u>	<u>\$ 202,952</u>	<u>\$ 30,828,294</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 60,801,667	\$ 32,151	\$ (378,198)	\$ 60,455,620
Construction in progress	309,369	616,557	(108,502)	817,424
Total capital assets not being depreciated	61,111,036	648,708	(486,700)	61,273,044
Capital assets being depreciated:				
Buildings	24,975,448	285,821	-	25,261,269
Infrastructure	178,003,141	15,143,551	-	193,146,692
Equipment	23,207,518	1,514,418	(440,985)	24,280,951
Right to use leased equipment	89,570	-	(20,036)	69,534
Right to use SBITA asset	-	809,556	-	809,556
Total capital assets being depreciated	226,275,677	17,753,346	(461,021)	243,568,002
Less accumulated depreciation:				
Buildings	(9,739,491)	(471,892)	-	(10,211,383)
Infrastructure	(110,087,567)	(6,320,438)	-	(116,408,005)
Equipment	(13,672,122)	(1,596,273)	181,312	(15,087,083)
Right to use leased equipment	(22,249)	(22,967)	8,905	(36,311)
Right to use SBITA asset	-	(414,608)	-	(414,608)
Total accumulated depreciation	(133,521,429)	(8,826,178)	190,217	(142,157,390)
Total capital assets being depreciated, net	92,754,248	8,927,168	(270,804)	101,410,612
Governmental Activities capital assets, net	\$ 153,865,284	\$ 9,575,876	\$ (757,504)	\$ 162,683,656
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 11,928,488	\$ 22,385	\$ -	\$ 11,950,873
Construction in progress	1,195,166	2,878,318	(29,154)	4,044,330
Total capital assets not being depreciated	13,123,654	2,900,703	(29,154)	15,995,203
Capital assets being depreciated:				
Buildings and improvements	182,006,151	10,069,498	(4,218,834)	187,856,815
Machinery and equipment	30,006,539	811,675	-	30,818,214
Total capital assets being depreciated	212,012,690	10,881,173	(4,218,834)	218,675,029
Less accumulated depreciation:				
Buildings and improvements	(73,425,022)	(3,519,359)	254,802	(76,689,579)
Machinery and equipment	(14,419,916)	(1,952,691)	-	(16,372,607)
Total accumulated depreciation	(87,844,938)	(5,472,050)	254,802	(93,062,186)
Total capital assets being depreciated, net	124,167,752	5,409,123	(3,964,032)	125,612,843
Business-type Activities capital assets, net	\$ 137,291,406	\$ 8,309,826	\$ (3,993,186)	\$ 141,608,046

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Depreciation expense for the fiscal year ending June 30, 2023 was charged to the following activities:

**Governmental Activities:**

General governmental	\$ 5,589,577
Public safety	217,776
Public works	1,304,395
Recreation	217,776
Community development	72,592
Capital assets held by the internal service funds that were charged to the various functions based on their usage	1,424,062
Total	<u>\$ 8,826,178</u>

**Business-type Activities:**

Water system	\$ 2,299,013
Wastewater	1,788,007
Storm drain	337,586
Refuse	697,244
Airport	324,084
Intermodal	26,116
Total	<u>\$ 5,472,050</u>

**NOTE 5 - LONG-TERM DEBT**

The following is a summary of the long-term debt activity for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions/ Adjustments	Balance June 30, 2023	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 26,506,940	\$ -	\$ (1,046,710)	\$ 25,460,230	\$ 1,537,514
Lease payable	67,378	-	(33,337)	34,041	17,972
SBITA payable	-	730,850	(377,023)	353,827	318,334
Total Governmental Activities	<u>26,574,318</u>	<u>730,850</u>	<u>(1,457,070)</u>	<u>25,848,098</u>	<u>1,873,820</u>
<b>Business-type Activities</b>					
Bonds payable	20,709,060	-	(1,915,290)	18,793,770	2,062,484
Bond premiums	556,425	-	(73,307)	483,118	73,307
Note payable - direct	4,707,418	-	(401,267)	4,306,151	415,311
Finance purchase arrangement - direct borrowing	7,181,833	-	(839,886)	6,341,947	930,924
Total Business-type Activities	<u>33,154,736</u>	<u>-</u>	<u>(3,229,750)</u>	<u>29,924,986</u>	<u>3,482,026</u>
Total Primary Government	<u>\$ 59,729,054</u>	<u>\$ 730,850</u>	<u>\$ (4,686,820)</u>	<u>\$ 55,773,084</u>	<u>\$ 5,355,846</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 5 - LONG-TERM DEBT (Continued)****Governmental Activities***Bonds Payable*

On May 23, 2022, the City of Hanford issued \$30,946,000 Pension Obligation Bonds bearing interest of 4.39% payable annually on June 1 commencing June 1, 2023. The bonds mature annually at various amounts through June 1, 2039. The bonds are payable from net revenues in both the governmental activities and business-type activities created under the Indenture.

The Bonds were issued to pay the City's unfunded accrued actuarial liability (UAAL), now known as Net Pension Liability, to the California Public Employees' Retirement System (CalPERS).

Significant terms that pertain to the Pension Obligation Bonds are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the bond agreement; if the City commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute; the City shall be considered in default. In the event of a default, the Trustee may declare the principal and interest of the bond immediately due and payable. The revenues pledged from the bond are the revenues payable from the various funds allocated the issuance of the debt.

Pension obligation bonds outstanding on June 30, 2023 for governmental activities are \$25,460,230.

The future maturities of the pension obligation bonds payable for governmental activities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,537,514	\$ 1,117,703	\$ 2,655,217
2025	1,500,683	1,050,206	2,550,889
2026	1,506,678	984,289	2,490,967
2027	1,498,113	918,146	2,416,259
2028	1,564,068	852,378	2,416,446
2029-2033	6,769,346	3,340,099	10,109,445
2034-2038	8,806,232	1,724,160	10,530,392
2039	2,277,596	99,957	2,377,553
Totals	<u>\$ 25,460,230</u>	<u>\$ 10,086,939</u>	<u>\$ 35,547,169</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 5 - LONG-TERM DEBT (Continued)**
*Leases Payable*

In fiscal year 2020 entered into a lease agreement as a lessee for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$28,976. As of June 30, 2023, the value of the lease liability was \$13,547. The City is required to make monthly principal and interest payments of \$646. The lease has an interest rate of 0.20%. The copiers have a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$28,859 and had accumulated amortization of \$16,237.

In fiscal year 2020, the City entered into a lease agreement as lessee for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$40,914. As of June 30, 2023, the value of the lease liability was \$20,494. The City is required to make monthly principal and interest payments of \$856. The lease has an interest rate of 0.20%. The copiers have a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$40,675 and had accumulated amortization of \$20,074.

In fiscal year 2021, the City entered into a lease agreement as a lessee for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$19,681. As of June 30, 2023, the value of the lease liability was \$0. The City is required to make monthly principal and interest payments of \$359. The lease has an interest rate of 0.20%. The copiers have a five-year estimated useful life. The lease was terminated in the current year.

The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,972	\$ 49	\$ 18,021
2025	16,069	14	16,083
Totals	<u>\$ 34,041</u>	<u>\$ 63</u>	<u>\$ 34,104</u>

*Subscription based IT arrangement (SBITA) payable*

In current year, the City entered into several subscription-based IT arrangements for the acquisition and use of various software packages. An initial liability was recorded in the amount of \$730,850. As of June 30, 2023, the value of the liability was \$353,827. The City is required to make (monthly and annually) principal and interest payments of ranging from \$7,056 to \$104,763. The interest rates range from 0.20% to 2.40%. The assets have a between 2 and 3 year estimated useful lives. The value of the right-to-use assets as of the end of the current fiscal year was \$809,556 and had accumulated amortization of \$414,608.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 318,334	\$ 306	\$ 318,640
2025	35,493	35	35,528
Totals	<u>\$ 353,827</u>	<u>\$ 341</u>	<u>\$ 354,168</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 5 - LONG-TERM DEBT (Continued)****Business-type Activities***Bonds Payable*

On July 1, 2012, the City of Hanford issued \$13,165,000 Wastewater Revenue Refunding Bonds Series 2012 bearing interest of 3.0% to 5.0% payable semi-annually on April 1 and October 1 commencing October 1, 2012. The bonds mature annually at various amounts through October 1, 2032. The bonds are payable from net revenues of the City's Wastewater System and from amounts on deposit in certain funds and accounts created under the Indenture.

The Bonds were issued to refinance the City's previously issued \$5,000,000 CSCDA Water and Wastewater Revenue Bonds, dated October 1, 1999 and the \$10,555,000 CSCDA Water and Wastewater Revenue Bonds dated April 16, 2002. As a result, the 1999 and 2002 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities of the Business Activities Debt.

The aggregate debt service payments of the new debt is \$2,121,034 less than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the present value of the old debt and new debt payments) of approximately \$1,537,677.

Significant terms that pertain to the Wastewater Revenue Refunding Bonds Series 2012 are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the bond agreement; if the City files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws; the City shall be considered in default. In the event of a default, the Trustee may declare the principal and interest of the bonds immediately due and payable. The revenues pledged of the bond are the revenues payable from the City's Wastewater fund for the life of the bonds.

Wastewater revenue bonds outstanding on June 30, 2023 are \$7,050,000.

The future maturities of the wastewater revenue bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 670,000	\$ 255,264	\$ 925,264
2025	695,000	214,063	909,063
2026	725,000	201,375	926,375
2027	750,000	175,563	925,563
2028	785,000	148,209	933,209
2029-2033	3,425,000	316,590	3,741,590
Totals	<u>\$ 7,050,000</u>	<u>\$ 1,311,064</u>	<u>\$ 8,361,064</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 5 - LONG-TERM DEBT (Continued)***Bonds Payable (Continued)*

On July 1, 2013, the City of Hanford issued \$12,725,000 Water Revenue Refunding Bonds Series 2013 bearing interest of 2.0% to 5.0% payable semi-annually on April 1 and October 1, commencing October 1, 2013. The bonds mature annually at various amounts through October 1, 2028. The bonds are payable from net revenues of the City's Water System and from amounts on deposit in certain funds and accounts created under the Indenture.

The Bonds are being issued to refinance the City's previously issued to refinance the City's previously issued \$8,925,000 CSDA Water and Wastewater Revenue Bonds, dated December 9, 2003 and the \$8,150,000 Installment Sale Agreement Water System dated December 20, 2007. As a result the 2003 Revenue Bond and 2007 Installment Sale Agreement are considered defeased and the liability for those issues has been removed from the long-term liabilities of the Business Activities Debt.

The aggregate debt service payments of the new debt are \$1,430,167 less than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the difference between the present value of the old debt and new debt payments) of approximately \$567,774.

Significant terms that pertain to the Water Revenue Refunding Bonds Series 2013 are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the bond agreement; if the City files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws; the City shall be considered in default. In the event of a default, the Trustee may declare the principal and interest of the bonds immediately due and payable. The revenues pledged for the bond are the revenues payable from the City's Water fund for the life of the bonds.

Water revenue bonds outstanding on June 30, 2023 are \$5,055,000.

The future maturities of the water revenue bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 930,000	\$ 197,650	\$ 1,127,650
2025	970,000	157,425	1,127,425
2026	1,015,000	115,075	1,130,075
2027	1,055,000	68,600	1,123,600
2028	530,000	36,238	566,238
2029	555,000	12,488	567,488
Totals	<u>\$ 5,055,000</u>	<u>\$ 587,476</u>	<u>\$ 5,642,476</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 5 - LONG-TERM DEBT (Continued)**
*Bonds Payable (Continued)*

On January 28, 2015, the City of Hanford issued \$3,885,000 Wastewater Revenue Refunding Bonds Series 2015, bearing interest of 2.0% to 4.0% payable semi-annually on April 1 and October 1, commencing April 1, 2015. The bonds mature annually at various amounts through October 1, 2032. The bonds are payable from net revenues of derived from charges and revenues received by the City from the operation of the Wastewater System.

The bonds are being issued to provide funds to refund the City's outstanding City of Hanford, Variable Rate Demand Sewer System Refunding Revenue Bonds, 1996 Series A, to purchase a reserve fund municipal bond insurance policy in lieu of cash funding a bond reserve fund for the Bonds, and to pay the cost of issuing the Bonds. As a result, the 1996 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities of the Business Activities Debt.

The aggregate debt service payments of the new debt are \$644,540 more than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic loss (the difference between the present value of the old debt and new debt payments) of approximately \$621,656.

Significant terms that pertain to the Wastewater Revenue Refunding Bonds Series 2015 are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the bond agreement; if the City abandons a substantial part that shall continue for a period of sixty consecutive days; if the City files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws; the City shall be considered in default. In the event of a default, the Trustee may declare the principal and interest of the bonds immediately due and payable. The revenue pledged for the bond are the revenues payable from the City's Wastewater fund for the life of the bonds.

Wastewater revenue bonds outstanding on June 30, 2023 are \$2,425,000.

The future maturities of the wastewater revenue bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 205,000	\$ 85,275	\$ 290,275
2025	215,000	78,975	293,975
2026	220,000	72,450	292,450
2027	225,000	65,775	290,775
2028	235,000	57,700	292,700
2029-2033	1,325,000	136,500	1,461,500
Totals	<u>\$ 2,425,000</u>	<u>\$ 496,675</u>	<u>\$ 2,921,675</u>



## City of Hanford

### Notes to the Financial Statements For the Year Ended June 30, 2023

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#### NOTE 5 - LONG-TERM DEBT (Continued)

##### *Bonds Payable (Continued)*

On May 23, 2022, the City of Hanford issued \$30,946,000 Pension Obligation Bonds bearing interest of 4.39% payable annually on June 1 commencing June 1, 2023. The bonds mature annually at various amounts through June 1, 2039. The bonds are payable from net revenues in both the governmental activities and business-type activities created under the Indenture.

Pension obligation bonds outstanding on June 30, 2023 for business-type activities are \$4,263,770.

The future maturities of the pension obligation bonds payable for business activities are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 257,484	\$ 187,179	\$ 444,663
2025	251,316	175,876	427,192
2026	252,320	164,837	417,157
2027	250,886	153,760	404,646
2028	261,931	142,746	404,677
2029-2033	1,133,648	559,359	1,693,007
2034-2038	1,474,761	288,741	1,763,502
2039	381,424	16,738	398,162
Totals	<u>\$ 4,263,770</u>	<u>\$ 1,689,236</u>	<u>\$ 5,953,006</u>

##### *Notes Payable – direct borrowing*

On May 28, 2002, the City of Hanford obtained a loan from the California Infrastructure and Economic Development Bank in the amount of \$10,000,000. The term of the agreement is thirty (30) years with a maturity date of February 1, 2034, and an annual interest rate of 3.50%. Prior to the Bond Date, there is a .26% reduction in the interest rate, resulting in an initial rate of 3.24%. Interest on the loan is payable semi-annually on each February 1 and August 1, commencing August 1, 2003. As of June 30, 2023, the balance outstanding was \$4,306,151.

Significant terms that pertain to the California Infrastructure and Economic Development Bank loan are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the note agreement; if the City made any representation or other written statement contained in the agreement that was incorrect in any material respect; if the City files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws; the City shall be considered in default. In the event of a default, the CIEDB may declare the principal and interest of the bonds immediately due and payable. Additionally, revenues pledged for the note are the revenues payable from the City's Wastewater fund.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 5 - LONG-TERM DEBT (Continued)***Notes Payable – direct borrowing (Continued)*

The future maturities of the note payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 415,311	\$ 143,447	\$ 558,758
2025	429,846	128,657	558,503
2026	444,892	113,349	558,241
2027	460,463	97,505	557,968
2028	476,579	81,107	557,686
2029-2032	2,079,060	148,664	2,227,724
Totals	<u>\$ 4,306,151</u>	<u>\$ 712,729</u>	<u>\$ 5,018,880</u>

*Finance Purchase Arrangements – direct borrowing*

In November, 2011, the City entered into a finance purchase arrangement with Bank of America to design and construct an energy efficient tracker system for the City's wastewater treatment plant. The purchase price of this project is \$4,325,556, with annual payments in varying amounts including interest at 3.33% commencing on July 8, 2012 with a final payment in July, 2026. The balance outstanding as of June 30, 2023 was \$1,274,076.

Significant terms that pertain to the 2011 Finance Purchase Arrangement are as follows. If the City fails to make the payment of principal or interest when due and payable; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the agreement; if the City had a statement, representation, or warranty that was proven to be false, incorrect, misleading, or breached; if the City defaults on any other agreement for borrowing money, lease financing of property, or other credit under which the City is an obligor; if the City files a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws; the City shall be considered in default. In the event of a default, the Lessor may take whatever action necessary or desirable to collect each rental payment as they become due and payable, or they may enter the premises where the equipment is located and retake possession or they may take whatever action at law or in equity may appear necessary or desirable to enforce. The collateral pledged for the lease is the equipment noted in the capital lease.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 5 - LONG-TERM DEBT (Continued)***Finance Purchase Arrangements – direct borrowing (Continued)*

The annual debt service requirements for the 2011 Finance Purchase Arrangement outstanding on June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 274,531	\$ 42,427	\$ 316,958
2025	302,640	33,285	335,925
2026	332,549	23,207	355,756
2027	364,357	12,133	376,490
Totals	<u>\$ 1,274,077</u>	<u>\$ 111,052</u>	<u>\$ 1,385,129</u>

In March 2014, the City entered into a finance purchase arrangement with Bank of America National Association to design and construct a solar photovoltaic energy system using an energy service contract with Chevron Energy Solutions Company for several facilities throughout the City. The purchase price of this contract is \$8,495,138, with semi-annual payments in varying amounts including interest at 3.54% commencing on October 26, 2014 with a final payment in April, 2029. The balance outstanding as of June 30, 2023 was \$5,067,870.

Significant terms that pertain to the 2014 Finance Purchase Arrangement are as follows. If the City fails to make the payment of principal or interest within 10 days after the date when due; if the City fails to observe and perform any of the covenants, agreements, or conditions required in the agreement; if the City had a statement, representation, or warranty that was proven to be false, incorrect, misleading, or breached; if the City defaults on any other agreement for borrowing money, lease financing of property, or other credit under which the City is an obligor; the City shall be considered in default. In the event of a default, the Lessor may take whatever action necessary or desirable to collect each rental payment as they become due and payable or they may enter the premises where the equipment is located and retake possession or they may take whatever action at law or in equity may appear necessary or desirable to enforce. The collateral pledged for the lease is the equipment noted in the capital lease.

The annual debt service requirements for the 2014 Finance Purchase Arrangement outstanding on June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 656,393	\$ 173,644	\$ 830,037
2025	725,344	149,803	875,147
2026	798,858	123,481	922,339
2027	877,195	94,514	971,709
2028	960,630	62,730	1,023,360
2029-2030	1,049,450	27,946	1,077,396
Totals	<u>\$ 5,067,870</u>	<u>\$ 632,118</u>	<u>\$ 5,699,988</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 6 - LEASE RECEIVABLE***Lease Receivables*

In fiscal year 1993, the City's intermodal fund leased a building to a third party. The lease is for thirty-five years and the City will receive rent of \$13,308 annually with an increase of 3% each year. The City recognized \$39,352 in lease revenue and \$439 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$202,952. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$196,762.

In fiscal year 2001, the City's parking fund leased seventy-five parking spaces to a third party. The lease is for fifty years and the City will receive \$9,000 annually for the first three years of the agreement after which the lease fee will increase 3% annually. The City recognized \$19,496 in lease revenue and \$7,601 in interest revenue during the current fiscal year related to this lease. During the current fiscal year, this lease was terminated.

In fiscal year 2020, the City's wastewater fund leased 960-acres of agricultural ground to a third party. The lease is for twenty-five years and the City will receive annual payments of \$100 per acre. Beginning in fiscal year 2021, the rental amount shall increase by \$50 per acre and continue to increase by the same amount each year that the lease remains in effect. During the current fiscal year, this lease was terminated.

Payments for the lease receivables are expected to be received in the following subsequent years:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 37,972	\$ 330	\$ 38,302
2025	39,198	251	39,449
2026	40,463	170	40,633
2027	41,766	86	41,852
2028	43,553	-	43,553
Totals	<u>\$ 202,952</u>	<u>\$ 837</u>	<u>\$ 203,789</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 7 - CHANGES IN OTHER LONG-TERM LIABILITIES**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Compensated absences	\$ 1,240,973	\$ 796,265	\$ (604,174)	\$ 1,433,064	\$ 327,654
Total Governmental Activities	<u>\$ 1,240,973</u>	<u>\$ 796,265</u>	<u>\$ (604,174)</u>	<u>\$ 1,433,064</u>	<u>\$ 327,654</u>
Business-type Activities					
Compensated absences	\$ 236,336	\$ 185,412	\$ (114,625)	\$ 307,123	\$ 36,083
Total Business-type Activities	<u>\$ 236,336</u>	<u>\$ 185,412</u>	<u>\$ (114,625)</u>	<u>\$ 307,123</u>	<u>\$ 36,083</u>

***Compensated Absences***

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with generally accepted accounting principles. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's intention to liquidate any unpaid compensated absences as of June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the government-wide statement of net assets. The General Fund typically liquidates governmental funds compensated absences.

**NOTE 8 - PENSION PLAN**
***Plan Descriptions***

The City's defined benefit plans, the Miscellaneous, Police Safety and Fire Safety Plans of the City, are open to all qualified permanent and probationary employees. The miscellaneous plan is an agent multiple-employer plan and the police and fire safety plans are cost-sharing multiple employer plans. The Plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 8 - PENSION PLAN (Continued)**

*Benefits Provided (Continued)*

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect as of June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	8.00%	7.50%
Required employer contribution rates	12.57%	12.57%
Safety Police		
	Safety Police	
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3% @ 55	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits as a % of eligible compensation	3.00%	1.000% - 2.500%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	23.68%	13.66%
Safety Fire		
	Safety Fire	
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3% @ 55	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits as a % of eligible compensation	3.00%	1.000% - 2.500%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	23.68%	13.66%

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (Continued)**

As of the June 30, 2021 actuarial valuation, the following current and former City employees were covered by the agent-multiple employer miscellaneous plan:

Inactive employees or beneficiaries	
currently receiving benefits	214
Inactive employees entitled to but	
not yet receiving benefits	188
Active employees	<u>203</u>
Total	<u><u>605</u></u>

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer 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 contribution requirements are classified as plan member contributions. Employer Contributions to the cost sharing and agent Plans for the fiscal year ended June 30, 2023 were \$2,442,956 for the Safety plan and \$2,402,040 for the Miscellaneous plan. The actual employer payments of \$22,746,250 made to CalPERS by the City during the measurement period ended June 30, 2022 differed from the City's proportionate share of the employer's contributions of \$6,471,556 by \$16,274,694, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

*Net Pension Liability*

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (Continued)**

*Net Pension Liability (Continued)*

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post retirement benefit	The lessor of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

<sup>(1)</sup> 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.

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**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (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 of 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.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return<sup>1,2</sup></b>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-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%)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

*Change of Assumptions*

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability for PERF C 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.

*Subsequent Events*

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

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

*Pension Plan Fiduciary Net Position*

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 8 - PENSION PLAN (Continued)***Proportionate Share of Net Pension Liability*

The following table shows the Safety Plan's proportionate share of the net pension liability over the measurement period.

	Miscellaneous	Safety
Proportion - June 30, 2021	N/A	0.03957%
Proportion - June 30, 2022	N/A	0.01643%
Change - Increase (Decrease)	N/A	-0.02314%

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability/(asset) for the Safety Plan as of June 30, 2021 and 2022 measurement dates was as follows:

	Increase(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
<b>Safety</b>			
Balance at: 6/30/21 (Valuation date)	\$ 99,638,639	\$ 85,750,237	\$ 13,888,402
Balance at: 6/30/22 (Measurement date)	108,292,236	97,002,100	11,290,136
Net changes during 2021-2022	<u>\$ 8,653,597</u>	<u>\$ 11,251,863</u>	<u>\$ (2,598,266)</u>

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**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 8 - PENSION PLAN (Continued)**

*Change in agent-multiple employer plan*

The following table shows the changes in net pension liability of the Miscellaneous Plan over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 118,344,080	\$ 109,402,175	\$ 8,941,905
Changes recognized for the measurement period:			
Service cost	2,629,757	-	2,629,757
Interest on the Total Pension Liability	8,080,540	-	8,080,540
Changes of assumptions	1,886,393	-	1,886,393
Differences between expected and actual experience	(1,259,145)	-	(1,259,145)
Net plan to plan resource movement	-	(52,804)	52,804
Contributions from the employer	-	15,804,838	(15,804,838)
Contributions from employees	-	903,798	(903,798)
Net investment income	-	(8,335,831)	8,335,831
Benefit payments, including refunds of employee contributions	(6,353,883)	(6,353,883)	-
Administrative expense	-	(68,151)	68,151
Other miscellaneous income/(expense) <sup>1</sup>	-	-	-
Net Changes during 2020-21	4,983,662	1,897,967	3,085,695
Balance at: 6/30/2022 (MD)	\$ 123,327,742	\$ 111,300,142	\$ 12,027,600

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's net pension liabilities as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 29,112,339	\$ 26,245,124
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 12,027,600	\$ 11,290,136
1% Increase	7.90%	7.90%
Net Pension Liability/(Asset)	\$ (1,968,498)	\$ (932,189)

*Amortization of Deferred Outflows and Deferred Inflows of Resources*

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 8 - PENSION PLAN (Continued)**

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions*

As of the start of the measurement period (July 1, 2021), the City's net pension liabilities were \$8,941,905 and \$13,888,402, for the Miscellaneous and Safety plans, respectively. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense of \$2,937,859 and \$13,670,225 for the Miscellaneous and Safety Plans, respectively. The pension expense of the Miscellaneous Plan was as follows:

Description	Amount
Service cost	\$ 2,629,757
Interest on total pension liability	8,080,540
Recognized changes of assumptions	483,691
Recognized differences between expected and actual experience	(315,777)
Net plan to plan movement	52,804
Employee contributions	(903,798)
Projected earnings on pension plan investments	(7,897,326)
Recognized difference between projected and actual earnings on plan investments	739,817
Administrative expense	68,151
Total pension expense	<u>\$ 2,937,859</u>

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan			
	Deferred Outflows	Deferred	Inflows
Changes of assumptions	\$ 1,402,702	\$	-
Differences between expected and actual experiences			1,217,289
Net differences between projected and actual earnings on investments	5,539,073		-
Pension contributions subsequent to measurement date	2,402,040		-
Total	<u>\$ 9,343,815</u>	<u>\$</u>	<u>1,217,289</u>
Safety Plan			
	Deferred Outflows	Deferred	Inflows
Changes in assumptions	\$ 1,138,387	\$	-
Differences between expected and actual experience	344,656		-
Net differences between projected and actual earnings on investments	1,782,870		-
Adjustment due to differences in proportions	11,155,260		-
Adjustment due to differences between actual and proportionate share of contributions	-		-
Change in employer's proportion	-		13,998,308
Pension contributions subsequent to measurement date	2,442,956		-
Total	<u>\$ 16,864,129</u>	<u>\$</u>	<u>13,998,308</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 8 - PENSION PLAN (Continued)**

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions  
(Continued)*

The amounts above are net of outflows and inflows recognized in the 2021/22 measurement period expense. Contributions subsequent to the measurement date of \$2,402,040 and \$2,442,956, for the Miscellaneous and Safety Plans, respectively reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ended June 30	Deferred Outflows (Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2023	\$ 928,584	\$ (68,319)
2024	915,591	(281,742)
2025	633,678	(314,648)
2026	3,246,633	1,087,574
Total	<u>\$ 5,724,486</u>	<u>\$ 422,865</u>

*Payable to the Pension Plan*

The City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2023.

**NOTE 9 - POST EMPLOYMENT HEALTH CARE BENEFITS**

Plan Description: the City participates in the CalPERS medical program under the Public Employees' Medical and Hospital and Care Act (PEMHCA). As such, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City has selected the equal contribution method, where it resolves to contribute the same amount for retirees as is contributed toward active employee medical plan coverage. The City currently pays the minimum employer contribution (MEC) for both active and retired employees as well as their survivors, if covered at the time of the employees' death. The MEC is \$119 per month for 2022. The plan does not issue separate standalone financial statements.

Dental insurance is available to retired employees as well, though the cost of coverage is paid entirely by the retiree. Once the retiree reaches age 65 the City no longer allows the retiree to stay on the dental plan.

The above coverage is available for employees who satisfy the requirements for retirement under CalPERS (attained age 50 with 5 years of State or public agency service or approved disability retirement). An employee cannot terminate employment before meeting the age condition and be entitled to receive benefits. As of January 1, 2016, the City terminated its healthcare contract with CalPERS. No future retirees are eligible for healthcare coverage or benefits from the City toward the cost of retiree medical coverage.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 9 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

*Employees Covered*

As of the June 30, 2023 actuarial valuation, the following current and former City employees were covered by the OPEB plan membership:

Inactive employees or beneficiaries currently receiving benefit payments	43
Active employees	291
Total employees covered by the OPEB plan membership	<u>334</u>

*Contributions*

Currently the City funds retiree healthcare benefits on a pay-as-you-go basis, paying a maximum of \$119 per month for retiree benefits from the City funds as they are due with no prefunding for future years. The City recognizes expenditures for its share of the annual premiums as these benefits become due. For fiscal year 2022-2023, the City paid approximately \$45,696 for benefits of 44 retirees or their beneficiaries receiving benefits.

*Total OPEB Liability*

The City's total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2023
Funding Method	Entry Age Normal Cost, level of pay
Asset Valuation Method	Market value of assets
Discount Rate	3.86% as of June 30, 2023 3.69% as of June 30, 2022
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are included.
Salary Increase	3.0% per year. Since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year
Mortality	CalPERS 2017 Experienced Study
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017
Healthcare Trend	6.8% in 2024, step down to 3.9% by 2076

*Discount Rate*

The discount rate used to measure the total OPEB liability was 3.86 percent. The projection of the cash flows used to determine the discount rate assumed that the City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB City's net position was projected to be available to make all projected OPEB payments for inactive employees and beneficiaries based on the "pay as you go" annual contributions.



**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 9 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

*Changes in the total OPEB Liability*

The change in the total OPEB liability for the year ended June 30, 2023 is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022 (6/30/22 measurement date)	\$ 3,943,404	\$ -	\$ 3,943,404
Changes in the year:			
Service cost	235,139	-	235,139
Interest	151,343	-	151,343
Employer contribution	-	154,219	(154,219)
Benefit payments	(154,219)	(154,219)	-
Changes in assumptions	(100,260)	-	(100,260)
Plan experience	(137,215)	-	(137,215)
Net change	(5,212)	-	(5,212)
Balance at June 30, 2023 (6/30/23 measurement date)	\$ 3,938,192	\$ -	\$ 3,938,192

*Sensitivity of the total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the Plan as of the measurement date, calculated using the discount rate of 3.86%, if it were calculated using a discount rate that is 1 percentage-point lower (2.86%) or 1 percentage-point higher (4.86%) than the current rate:

	Discount Rate -1% (2.86%)	Current Discount Rate 3.86%	Discount Rate +1% (4.86%)
Total OPEB Liability	\$ 4,309,183	\$ 3,938,192	\$ 3,601,145

*Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the total OPEB liability of the Plan if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 3,533,262	\$ 3,938,192	\$ 4,420,705

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 9 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)**
*OPEB Expense*

As of the start of the measurement period (July 1, 2022), the total OPEB liability was \$3,943,404. For the measurement period ended June 30, 2023 (the measurement date), the City incurred an OPEB expense of \$573,916. The pension expense was as follows:

Description	Amount
Service cost	\$ 235,139
Interest cost	151,343
Assumption changes	82,301
Plan experience	105,133
Total OPEB expense	<u>\$ 573,916</u>

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to the total OPEB liability as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 784,841	\$ 125,577
Changes in assumptions or other inputs	1,243,607	667,123
Total	<u>\$ 2,028,448</u>	<u>\$ 792,700</u>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

Fiscal Year ended June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2024	\$ 187,434
2025	187,434
2026	187,434
2027	187,434
2028	187,434
Thereafter	298,578
	<u>\$ 1,235,748</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 10 - RISK MANAGEMENT**

The City participates in a public entity risk pool for workers' compensation and general liability insurance above our self-insured retention limits. For workers' compensation, the City is individually liable for claims up to \$250,000 per occurrence. Coverage in excess of the City's self-insured retention is then obtained through Public Risk Innovation, Solutions, and Management (PRISM) excess workers' compensation program up to the statutory limits. The City participates in a risk pool for general liability claims through PRISM above the City's self-insured retention of \$100,000 up to \$25,000,000 per occurrence, subject to certain exclusions. For both excess workers' compensation and general liability covered occurrences, PRISM coordinates reimbursement of costs incurred for covered actions in excess of each member's self-insured retention. While there were no reductions in excess coverage from the prior year and there were no settlements that exceeded excess pool layer of coverage for the past three fiscal years, given marketing challenges in California, additional coverage exclusions continue to apply.

The City participates in a number of supplemental insurance programs through Alliant. Alliant Property Insurance Program (APIP) is for city owned buildings and structures. In 2022 a city-wide site inspection was conducted to appraise city owned buildings and structures. The APIP deductible is \$10,000.00 per covered occurrence. APIP insurance includes elected coverage for Boiler & Machinery, Cyber Security, and Pollution Coverage. Claim reporting timeframe limitations apply to both Cyber Coverage and Pollution Coverage policies.

Worker's compensation and general liability claims incurred prior to July 1, 2012 were covered through the City's participation in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool.

**NOTE 11 - INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, service provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 11 - INTERFUND TRANSACTIONS (Continued)**

As of June 30, 2023 the City interfund due from/to other funds were as follows:

	Due From Other Funds	Due To Other Funds
Governmental Funds		
General Fund	\$ 1,175,894	\$ -
Non-major funds	-	230,309
Proprietary Funds		
Wastewater Fund	1,399,758	1,716,645
Courthouse Square	-	153,062
Computer Maintenance Fund	-	337,695
Fleet Management Fund	-	137,941
Total	<u>\$ 2,575,652</u>	<u>\$ 2,575,652</u>

These balances are to cover deficit cash balances and for short-term loans.

As of June 30, 2023 the City's interfund advances to/from other funds were as follows:

	Advances To Other Funds	Advances From Other Funds
Governmental Funds		
Capital Projects Fund	\$ 1,659,025	\$ -
Proprietary Funds		
Water System Fund	531,130	531,130
Airport Fund	-	375,467
Intermodal Fund	-	261,224
Courthouse Square Fund	-	1,022,334
Total	<u>\$ 2,190,155</u>	<u>\$ 2,190,155</u>

These balances are for long-term financing between funds.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**


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**NOTE 11 - INTERFUND TRANSACTIONS (Continued)**

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the year-ended June 30, 2023 were as follows:

	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ 3,880,591	\$ 449,787
CDBG Home/Housing Fund	43,117	169,872
ARPA Fund	-	2,833,333
Non-major Governmental Funds	703,988	1,481,151
Proprietary Funds		
Water System Fund	5,381,072	5,139,919
Wastewater Fund	2,145,812	2,159,943
Storm Drain Fund	1,642,246	1,621,279
Refuse Fund	104,391	104,391
Non-major propriety fund types		
Airport Fund	-	4,779
Building Fund	-	47,700
Fleet Management Fund	128,993	18,056
Total	<u>\$ 14,030,210</u>	<u>\$ 14,030,210</u>

**NOTE 12 - PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments for the year ended June 30, 2023 is summarized as follows:

**Governmental Activities**

	Governmental Activities
Net Position, beginning of year, as previously reported	<u>\$ 177,657,695</u>
Prior period adjustment to correct funding that should be restricted	(100,939)
Prior period adjustment to record sales tax accruals	2,396,952
Prior period adjustment for recognizing TDA revenue previously reported as an advance from other governments	<u>5,872,677</u>
Total Prior Period Adjustments	<u>8,168,690</u>
Net Position, beginning of year, restated	<u>\$ 185,826,385</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 12 - PRIOR PERIOD ADJUSTMENTS (Continued)****Governmental Fund Financial Statements**

	Governmental Funds General Fund
Fund Balance, beginning of year, as previously reported	\$ 3,281,078
Prior period adjustment to record sales tax accruals	2,396,952
Prior period adjustment to correct funding that should be restricted	(100,939)
Total Prior Period Adjustments	2,296,013
Fund Balance, beginning of year, restated	\$ 5,577,091
	Transportation Development Act Fund
Fund Balance, beginning of year, as previously reported	\$ 325,111
Prior period adjustment for recognizing TDA revenue previously reported as an advance from other governments	5,872,677
Fund Balance, beginning of year, restated	\$ 6,197,788

**Fiduciary Fund Financial Statements**

	Fiduciary Funds Miscellaneous Deposits Trust
Net Position, beginning of year, as previously reported	\$ 34,603
Prior period adjustment for correction of error	(4,963)
Net Position, beginning of year, restated	\$ 29,640

**NOTE 13 - DEFICIT FUND BALANCE/NET POSITION**

The Courthouse Square Fund has a net position deficit of \$1,171,219. The deficit will be recovered through future charges for services.

The American Rescue Plan Act Fund has a fund balance deficit of \$146,712, mainly attributable to the unearned revenues. The deficit will be recovered as the City continues to spend and earn the revenue.

The Police Protection Impact Fees Fund has a fund balance deficit of \$170,397, mainly attributable to the due to other funds balance. The deficit will be recovered through grant support received from other government agencies.

**Notes to the Financial Statements  
For the Year Ended June 30, 2023**

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**NOTE 14 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	
General government	\$ (975,595)
Debt service - interest	(1,140,021)
Transportation Development Act Fund	
General government	(5,743)
Transportation Impact Fees	
General government	(5,923)
Capital Projects	
General government	(1,419)
Park Impact Fees	
General government	(5,008)
Parking Fund	
General government	(184)
Downtown Reinvestment Fund	
General government	(123)
Landscaping Assessment District	
General government	(2,147)
City Housing Fund	
General government	(560)
Central Parking and Business Improvement Fund	
General government	(173)
Fire Protection Impact Fees	
General government	(625)
Police Protection Impact Fees	
General government	(33)
Traffic Safety	
General government	(79)
State Gas Tax Fund	
General government	(3,717)
Public Housing Authority	
Capital Outlay	(812,628)

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# City of Hanford

## Required Supplementary Information Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years

### Miscellaneous Plan

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service cost	\$ 2,629,757	\$ 2,307,283	\$ 2,151,214	\$ 2,064,352	\$ 2,105,925	\$ 2,090,309	\$ 1,914,877	\$ 1,859,399	\$ 1,803,855
Interest	8,080,540	8,011,156	7,725,010	7,440,145	7,031,320	7,021,932	6,976,069	6,689,193	6,381,234
Differences between expected and actual experience	(1,259,145)	(436,335)	(410,579)	1,398,071	(1,511,015)	(3,768,183)	(831,190)	(443,007)	-
Changes in assumptions	1,886,393	-	-	-	(3,087,527)	6,006,913	-	(1,698,571)	-
Benefit payments, including refunds of employees contributions	(6,353,883)	(5,729,725)	(5,302,018)	(5,004,441)	(4,588,971)	(4,191,413)	(4,206,587)	(3,783,672)	(3,644,252)
Net change in total pension liability	4,983,662	4,152,379	4,163,627	5,898,127	(50,268)	7,159,558	3,853,169	2,623,342	4,540,837
Total pension liability- beginning	118,344,080	114,191,701	110,028,074	104,129,947	104,180,215	97,020,657	93,167,488	90,544,146	86,003,309
Total pension liability-ending (a)	123,327,742	118,344,080	114,191,701	110,028,074	104,129,947	104,180,215	97,020,657	93,167,488	90,544,146
<b>Plan Fiduciary Net Position</b>									
Contributions-employer	15,804,838	4,300,785	4,072,920	3,791,023	3,415,348	3,213,198	295,917	2,937,484	2,451,408
Contributions-employees	903,798	908,516	852,662	874,603	796,926	760,087	709,460	712,929	686,870
Net plan to plan resource movement	(52,804)	-	-	-	(188)	-	-	-	-
Net investment income	(8,335,831)	20,183,976	4,294,558	5,316,832	6,405,074	7,625,528	366,113	1,494,371	10,020,177
Benefit payments	(6,353,883)	(5,729,725)	(5,302,018)	(5,004,441)	(4,588,971)	(4,191,413)	(4,206,587)	(3,783,672)	(3,644,252)
Administrative expense	(68,151)	(89,733)	(121,281)	(57,883)	(340,724)	(100,570)	(41,645)	(76,906)	-
Other miscellaneous income/(expense)	-	-	-	186	-	-	-	-	-
Net change in plan fiduciary net position	1,897,967	19,573,819	3,796,841	4,920,320	5,687,465	7,306,830	(2,876,742)	1,284,206	9,514,203
Total plan fiduciary net position-beginning	109,402,175	89,828,356	86,031,515	81,111,195	75,423,730	68,116,900	68,331,642	67,147,436	57,633,233
Total plan fiduciary net position-ending (b)	111,300,142	109,402,175	89,828,356	86,031,515	81,111,195	75,423,730	65,454,900	68,431,642	67,147,436
Net pension liability-ending (a)-(b)	\$ 12,027,600	\$ 8,941,905	\$ 24,363,345	\$ 23,996,559	\$ 23,018,752	\$ 28,756,485	\$ 31,565,757	\$ 24,735,846	\$ 23,396,710
Plan fiduciary net position as a percentage of the total pension liability	90.25%	92.44%	78.66%	78.19%	77.39%	72.40%	70.21%	73.34%	74.16%
City's covered-employee payroll	\$ 12,146,682	\$ 11,735,924	\$ 10,586,681	\$ 10,064,610	\$ 10,080,535	\$ 9,434,933	\$ 9,643,787	\$ 9,090,194	\$ 8,260,542
Net pension liability as a percentage of covered-employee payroll	99.02%	76.19%	230.13%	238.43%	228.35%	304.79%	299.71%	273.22%	283.23%

1 Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes.

Changes of assumptions: The discount rate was changed from 7.65 percent (net of administrative expense) to 7.25 percent.

\*The pension schedules are required to show ten years of data and the additional years' information will be displayed as it becomes available

# City of Hanford

## Required Supplementary Information Schedule of the City's Proportionate Share of the Net Pension Liability Last Ten Fiscal Years

### Safety Plan

Measurement Date	Employer's Proportion of the Collective Net Pension Liability (Asset) <sup>1</sup>	Employer's Proportion Share of the Collective Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Collection Net Pension Liability (Asset) as a Percentage of Covered Payroll	Pension's Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2014	0.2402%	\$ 14,946,492	\$ 6,602,409	226.38%	77.21%
6/30/2015	0.2194%	14,547,172	6,897,272	210.91%	78.71%
6/30/2016	0.2137%	18,487,608	6,409,767	288.43%	74.41%
6/30/2017	0.2115%	20,972,245	6,692,475	313.37%	74.07%
6/30/2018	0.2153%	20,744,090	6,673,847	310.83%	75.73%
6/30/2019	0.2161%	22,146,339	6,889,321	321.46%	75.21%
6/30/2020	0.2249%	24,469,454	9,140,252	267.71%	74.04%
6/30/2021	0.3957%	13,888,402	8,109,211	171.27%	86.06%
6/30/2022	0.1643%	11,290,136	8,380,965	134.71%	90.25%

\*The pension schedules are required to show ten years of data and the additional years' information will be displayed as it becomes available

# City of Hanford

## Required Supplementary Information Schedule of Plan Contributions Last Ten Years\*

### Miscellaneous Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,261,698	\$ 4,300,785	\$ 4,072,920	\$ 3,791,023	\$ 3,415,348	\$ 3,213,198	\$ 2,957,917	\$ 2,837,484	\$ 2,451,408
Contributions in relation to the actuarially determined contribution	(15,804,838)	(4,300,785)	(4,072,920)	(3,791,023)	(3,415,348)	(3,213,198)	(2,957,917)	(2,837,484)	(2,451,408)
Contribution deficiency (excess)	<u>\$ (11,543,140)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 12,146,682	\$ 11,735,924	\$ 10,586,681	\$ 10,064,610	\$ 10,080,535	\$ 9,434,933	\$ 9,643,787	\$ 9,090,194	\$ 8,260,542
Contributions as a percentage of covered-employee payroll	130.12%	36.65%	38.47%	37.67%	33.88%	34.06%	30.67%	31.21%	29.68%

### Safety Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,422,956	\$ 22,748,720	\$ 4,062,968	\$ 3,451,832	\$ 3,067,990	\$ 3,064,625	\$ 3,728,697	\$ 2,859,367	\$ 1,937,233
Contributions in relation to the actuarially determined contribution	(2,422,956)	(22,748,720)	(4,062,968)	(3,451,832)	(3,067,990)	(3,064,625)	(3,728,697)	(2,859,367)	(1,937,233)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,380,965	\$ 8,109,211	\$ 9,140,252	\$ 6,889,321	\$ 6,673,847	\$ 6,692,475	\$ 6,409,767	\$ 6,897,272	\$ 6,602,409
Contributions as a percentage of covered-employee payroll	28.91%	280.53%	44.45%	50.10%	45.97%	45.79%	58.17%	41.46%	29.34%

#### Notes to Schedule:

Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

\*The pension schedules are required to show ten years of data and the additional years' information will be displayed as it becomes available.

# City of Hanford

## Required Supplementary Information Schedule of Changes in Total OPEB Liability and Related Ratios Last Ten Fiscal Years\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 235,139	\$ 310,994	\$ 120,203	\$ 105,251	\$ -	\$ -
Interest on total OPEB liability	151,238	88,810	63,027	74,534	47,002	50,391
Differences between expected and actual experience	(131,402)		283,719	(1,034,539)	1,034,539	-
Changes in assumptions	(100,260)	(699,772)	1,541,087	141,650	39,397	(6,734)
Benefit payments, including refunds of employee contributions	(159,927)	(142,193)	(149,569)	(136,950)	(153,422)	(168,043)
Net change in total OPEB liability	(5,212)	(442,161)	1,858,467	(850,054)	967,516	(124,386)
Total Net OPEB liability - beginning	3,943,404	4,385,565	2,527,098	2,342,613	1,375,097	1,499,483
Total Net OPEB liability- ending (a)	3,938,192	3,943,404	4,385,565	1,492,559	2,342,613	1,375,097
<b>Plan Fiduciary Net Position</b>						
Contributions- employer	-	142,193	149,569	136,950	153,422	168,043
Benefit payments	-	(142,193)	(149,569)	(136,950)	(153,422)	(168,043)
Net change in plan fiduciary net position	-	-	-	-	-	-
Total plan fiduciary net position - beginning	-	-	-	-	-	-
Total plan fiduciary net position - ending (b)	-	-	-	-	-	-
Net OPEB liability - ending (a)-(b)	<u>\$ 3,938,192</u>	<u>\$ 3,943,404</u>	<u>\$ 4,385,565</u>	<u>\$ 1,492,559</u>	<u>\$ 2,342,613</u>	<u>\$ 1,375,097</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%
City's covered-employee payroll	\$ 26,307,809	\$ 18,572,290	\$ 19,345,356	\$ 18,420,461	\$ 19,211,409	\$ -
Net OPEB liability as a percentage of covered-employee payroll	14.97%	21.23%	22.67%	13.72%	12.19%	0%

Notes to Schedule:

\*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to ten years as information becomes available.

# City of Hanford

## Required Supplementary Information Schedule of Contributions – OPEB Last Ten Fiscal Years\*

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 154,219	\$ 142,193	\$ 149,569	\$ 136,950	\$ 153,422	\$ 168,043
Contributions in relation to the actuarially determined contribution	(154,219)	(142,193)	(149,569)	(136,950)	(153,422)	(168,043)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 26,307,809	\$ 18,572,290	\$ 19,345,356	\$ 18,420,461	\$ 19,211,409	\$ -
Contributions as a percentage of covered-employee payroll	0.59%	0.77%	0.77%	0.74%	0.80%	-

### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-2022 were as follows for the June 30, 2021 measurement date actuarial valuations.

Valuation Date	June 30, 2023
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation	Market value of assets
Discount Rate	3.86% as of June 30, 2023 3.69% as of June 30, 2022
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.
General Inflation Rate	2.50% per year.
Mortality	CalPERS 2017 Experience Study
Mortality Improvement	MacLeod Watts 2020 Scale Generationally
Healthcare Trend	6.8% in 2024, step down to 3.9%% by 2076

\*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to ten years as information becomes available.

# City of Hanford

## Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) General Fund For the Year Ended June 30, 2023

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 29,558,500	\$ 31,834,022	\$ 33,411,258	\$ 1,577,236
Aid from other government agencies	774,797	1,163,941	1,443,000	279,059
Licenses and permits	945,380	1,045,380	1,849,277	803,897
Fines and forfeitures	164,150	120,150	202,822	82,672
Charges for services	2,262,668	2,679,023	3,205,579	526,556
Revenue from use of money and property	3,500	117,500	469,550	352,050
Miscellaneous	1,900	1,900	69,171	67,271
Total Revenues	33,710,895	36,961,916	40,650,657	3,688,741
<b>EXPENDITURES</b>				
Current:				
General government	938,832	1,995,963	2,971,558	(975,595)
Public safety	21,804,791	23,626,708	23,465,277	161,431
Public works	3,080,990	3,379,538	3,071,761	307,777
Recreation	4,338,294	5,058,321	4,670,976	387,345
Community development	1,874,749	2,734,443	2,036,025	698,418
Debt service:				
Principal	1,243,300	1,243,300	1,243,300	-
Interest	-	-	1,140,021	(1,140,021)
Capital outlay	-	9,498,580	541,332	8,957,248
Total Expenditures	33,280,956	47,536,853	39,140,250	8,396,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	429,939	(10,574,937)	1,510,407	12,085,344
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	431,062	3,714,395	3,880,591	166,196
Transfers out	(77,197)	(77,197)	(449,787)	(372,590)
Proceeds from sale of assets	-	-	784	784
Total Other Financing Sources (Uses)	353,865	3,637,198	3,431,588	(205,610)
Net Change in Fund Balance	783,804	(6,937,739)	4,941,995	11,879,734
<b>FUND BALANCE</b>				
Beginning of year, as restated	5,577,091	5,577,091	5,577,091	-
End of year	\$ 6,360,895	\$ (1,360,648)	\$ 10,519,086	\$ 11,879,734



# City of Hanford

## Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) CDBG Home/Housing Fund For the Year Ended June 30, 2023

	CDBG/Home/Housing Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Aid from other government agencies	\$ 1,100,000	\$ 1,100,000	\$ 797,092	\$ (302,908)
Revenue from use of money and property	45,000	53,200	328,875	275,675
Miscellaneous	360,000	360,000	1,891	(358,109)
Total Revenues	1,505,000	1,513,200	1,127,858	(385,342)
<b>EXPENDITURES</b>				
Current:				
Community development	1,021,000	1,277,177	354,026	923,151
Capital outlay	-	236,322	225,406	10,916
Total Expenditures	1,021,000	1,513,499	579,432	934,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	484,000	(299)	548,426	548,725
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	80,000	80,000	43,117	(36,883)
Transfers out	-	-	(169,872)	(169,872)
Total Other Financing Sources (Uses)	80,000	80,000	(126,755)	(206,755)
Net Change in Fund Balance	564,000	79,701	421,671	341,970
<b>FUND BALANCE</b>				
Beginning of year	20,403,276	20,403,276	20,403,276	-
End of year	\$ 20,967,276	\$ 20,482,977	\$ 20,824,947	\$ 341,970

# City of Hanford

## Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) Transportation Development Act Fund For the Year Ended June 30, 2023

	Transportation Development Act Fund			Variance with
	Original	Final	Actual Amount	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 821,000	\$ 821,000	\$ 1,423,998	\$ 602,998
Aid from other government agencies	-	-	45,918	45,918
Revenue from use of money and property	8,400	37,800	100,397	62,597
Total revenues	829,400	858,800	1,570,313	711,513
<b>EXPENDITURES</b>				
Current:				
General government	-	-	5,743	(5,743)
Capital outlay	946,129	1,348,553	232,958	1,115,595
Total expenditures	946,129	1,348,553	238,701	1,109,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,729)	(489,753)	1,331,612	1,821,365
<b>FUND BALANCE</b>				
Beginning of year	6,197,788	6,197,788	6,197,788	-
End of year	\$ 6,081,059	\$ 5,708,035	\$ 7,529,400	\$ 1,821,365

# City of Hanford

## Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) American Rescue Plan Act Fund For the Year Ended June 30, 2023

	American Rescue Plan Act			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Aid from other government agencies	\$ -	\$ 6,538,870	\$ 3,732,941	\$ (2,805,929)
Revenue from use of money and property	-	-	128,976	128,976
Total Revenues	-	6,538,870	3,861,917	(2,676,953)
<b>EXPENDITURES</b>				
Current:				
General government	-	300,000	-	300,000
Capital outlay	-	6,173,500	1,049,459	5,124,041
Total Expenditures	-	6,473,500	1,049,459	5,424,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	65,370	2,812,458	2,747,088
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(2,833,333)	(2,833,333)	-
Total Other Financing Sources (Uses)	-	(2,833,333)	(2,833,333)	-
Net Change in Fund Balance	-	(2,767,963)	(20,875)	2,747,088
<b>FUND BALANCE</b>				
Beginning of year	(125,837)	(125,837)	(125,837)	-
End of year	\$ (125,837)	\$ (2,893,800)	\$ (146,712)	\$ 2,747,088

# *City of Hanford*

## **Notes to Budgetary Comparison Required Supplementary Information For the Year Ended June 30, 2023**

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### *Budget and Budgetary Accounting*

The procedures established by the City Council in adopting the budgetary data are as follows:

On or before the second meeting in May, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing the following July 1. Following publication and public hearings, the budget is legally enacted by resolution with a copy available on the City's website.

The City Manager is authorized to transfer funds appropriated with respect to all classifications within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to existing capital outlay and capital projects classifications within the same department only; however, any revisions that alter the total expenditures of any department or create additional projects must be approved by the City Council.

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2023. All unencumbered appropriations lapse at year-end.

See note 1 for more information regarding the City's budgetary process.

### *Excess of expenditures over appropriations*

<u>Fund</u>	<u>Amount</u>
General Fund	
General government	\$ (975,595)
Debt service - interest	(1,140,021)
Transportation Development Act Fund	
General government	(5,743)

## **SUPPLEMENTARY INFORMATION**

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# City of Hanford

## Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2023

	Special Revenue				
	CMAQ Transportation Fund	Park Impact Fees	Parking Fund	Downtown Reinvestment Fund	Landscaping Assessment District
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 5,705,236	\$ 405,048	\$ 129,399	\$ 1,428,329
Receivables	210,442	-	-	-	110,222
Loan receivable	-	-	-	30,381	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 210,442</u>	<u>\$ 5,705,236</u>	<u>\$ 405,048</u>	<u>\$ 159,780</u>	<u>\$ 1,538,551</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,644	\$ -	\$ -	\$ -	\$ 35,973
Accrued wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	52,377
Total Liabilities	<u>2,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,350</u>
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	-	-	-	30,381	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	207,798	-	-	-	-
Recreation	-	5,705,236	-	-	-
Landscape maintenance	-	-	-	-	1,450,201
Public safety	-	-	-	-	-
Committed for:					
Parking and business improvement	-	-	405,048	129,399	-
Community development	-	-	-	-	-
Cannabis	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>207,798</u>	<u>5,705,236</u>	<u>405,048</u>	<u>159,780</u>	<u>1,450,201</u>
Total Liabilities and Fund Balances	<u>\$ 210,442</u>	<u>\$ 5,705,236</u>	<u>\$ 405,048</u>	<u>\$ 159,780</u>	<u>\$ 1,538,551</u>

# City of Hanford

## Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2023

(continued)

	Special Revenue				
	City Housing Fund	Central Parking and Business Improvement	Fire Protection Impact Fees	Police Protection Impact Fees	Special Aviation
<b>ASSETS</b>					
Cash and investments	\$ 580,796	\$ 201,747	\$ 741,460	\$ 7,535	\$ -
Receivables	-	1,286	-	-	-
Loan receivable	1,800,453	-	-	-	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 2,381,249</u>	<u>\$ 203,033</u>	<u>\$ 741,460</u>	<u>\$ 7,535</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 20,921	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-	-
Due to other funds	-	-	-	177,932	-
Total Liabilities	<u>-</u>	<u>20,921</u>	<u>-</u>	<u>177,932</u>	<u>-</u>
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	1,800,453	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	-	-	-	-	-
Recreation	-	-	-	-	-
Landscape maintenance	-	-	-	-	-
Public safety	-	-	741,460	-	-
Committed for:					
Parking and business improvement	-	182,112	-	-	-
Community development	580,796	-	-	-	-
Cannabis	-	-	-	-	-
Unassigned	-	-	-	(170,397)	-
Total Fund Balances	<u>2,381,249</u>	<u>182,112</u>	<u>741,460</u>	<u>(170,397)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,381,249</u>	<u>\$ 203,033</u>	<u>\$ 741,460</u>	<u>\$ 7,535</u>	<u>\$ -</u>



# City of Hanford

## Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2023

(continued)

	Special Revenue				
	Traffic Safety	Street Tree Committee	State Gas Tax Fund	Public Housing Authority	Transportation Impact Fees
<b>ASSETS</b>					
Cash and investments	\$ 101,844	\$ 1,218	\$ 4,909,525	\$ 162,520	\$ 6,946,046
Receivables	9,086	-	352,272	-	-
Loan receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 110,930</u>	<u>\$ 1,218</u>	<u>\$ 5,261,797</u>	<u>\$ 162,520</u>	<u>\$ 6,946,046</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,608	\$ 134,054
Accrued wages payable	-	-	-	3,010	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,618</u>	<u>134,054</u>
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	-	-	5,261,797	-	-
Recreation	-	-	-	-	-
Landscape maintenance	-	1,218	-	-	-
Public safety	110,930	-	-	-	-
Committed for:					
Parking and business improvement	-	-	-	-	-
Community development	-	-	-	157,902	6,811,992
Cannabis	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>110,930</u>	<u>1,218</u>	<u>5,261,797</u>	<u>157,902</u>	<u>6,811,992</u>
Total Liabilities and Fund Balances	<u>\$ 110,930</u>	<u>\$ 1,218</u>	<u>\$ 5,261,797</u>	<u>\$ 162,520</u>	<u>\$ 6,946,046</u>

# City of Hanford

## Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2023

(concluded)

	<u>Special Revenue</u>		
	<u>Cannabis Operations</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 41,309	\$ 1,278,662	\$ 22,640,674
Receivables	84,946	12,559	780,813
Loan receivable	-	-	1,830,834
Prepaid expenses	-	1,100	1,100
Advances to other funds	-	1,659,025	1,659,025
Total Assets	<u>\$ 126,255</u>	<u>\$ 2,951,346</u>	<u>\$ 26,912,446</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 129,100	\$ 324,300
Accrued wages payable	-	-	3,010
Due to other funds	-	-	230,309
Total Liabilities	<u>-</u>	<u>129,100</u>	<u>557,619</u>
Fund Balances (deficit):			
Nonspendable:			
Loan receivable	-	-	1,830,834
Prepaid expenses	-	1,100	1,100
Restricted for:			
Streets and roads	-	-	5,469,595
Recreation	-	-	5,705,236
Landscape maintenance	-	-	1,451,419
Public safety	-	-	852,390
Committed for:			
Parking and business improvement	-	2,821,146	3,537,705
Community development	-	-	7,550,690
Cannabis	126,255	-	126,255
Unassigned	-	-	(170,397)
Total Fund Balances	<u>126,255</u>	<u>2,822,246</u>	<u>26,354,827</u>
Total Liabilities and Fund Balances	<u>\$ 126,255</u>	<u>\$ 2,951,346</u>	<u>\$ 26,912,446</u>

# City of Hanford

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the Year Ended June 30, 2023

	Special Revenue				
	CMAQ Transportation Fund	Park Impact Fees	Parking Fund	Downtown Reinvestment Fund	Landscaping Assessment District
<b>REVENUES</b>					
Taxes and special assessments	\$ -	\$ 879,418	\$ -	\$ -	\$ 1,087,947
Aid from other government agencies	189,814	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Revenue from use of money and property	(4,344)	88,642	(6,417)	3,446	8,276
Miscellaneous	-	-	-	-	-
Total revenues	<u>185,470</u>	<u>968,060</u>	<u>(6,417)</u>	<u>3,446</u>	<u>1,096,223</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	5,008	45,184	123	2,147
Public works	-	-	-	-	608,827
Community development	-	-	-	-	2,052
Capital outlay	<u>346,727</u>	<u>365,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>346,727</u>	<u>370,718</u>	<u>45,184</u>	<u>123</u>	<u>613,026</u>
Excess (deficiency) of revenues over expenditures	<u>(161,257)</u>	<u>597,342</u>	<u>(51,601)</u>	<u>3,323</u>	<u>483,197</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	433,892	-	-	-	-
Transfers out	-	-	-	-	-
Loss on lease termination	-	-	(11,319)	-	-
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>303,240</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>433,892</u>	<u>-</u>	<u>291,921</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>272,635</u>	<u>597,342</u>	<u>240,320</u>	<u>3,323</u>	<u>483,197</u>
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of year	<u>(64,837)</u>	<u>5,107,894</u>	<u>164,728</u>	<u>156,457</u>	<u>967,004</u>
End of year	<u>\$ 207,798</u>	<u>\$ 5,705,236</u>	<u>\$ 405,048</u>	<u>\$ 159,780</u>	<u>\$ 1,450,201</u>

# City of Hanford

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the Year Ended June 30, 2023

(continued)

	Special Revenue				
	City Housing Fund	Central Parking and Business Improvement	Fire Protection Impact Fees	Police Protection Impact Fees	Special Aviation
<b>REVENUES</b>					
Taxes and special assessments	\$ -	\$ 111,940	\$ 189,749	\$ 114,698	\$ -
Aid from other government agencies	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Revenue from use of money and property	28,665	2,398	5,971	12,076	(934)
Miscellaneous	13,368	-	13,841	15,146	-
Total revenues	42,033	114,338	209,561	141,920	(934)
<b>EXPENDITURES</b>					
Current:					
General government	560	173	625	33	-
Public works	-	81,090	-	-	-
Community development	15,960	15,832	-	-	-
Capital outlay	-	-	-	422,555	-
Total expenditures	16,520	97,095	625	422,588	-
Excess (deficiency) of revenues over expenditures	25,513	17,243	208,936	(280,668)	(934)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Loss on lease termination	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	25,513	17,243	208,936	(280,668)	(934)
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of year	2,355,736	164,869	532,524	110,271	934
End of year	\$ 2,381,249	\$ 182,112	\$ 741,460	\$ (170,397)	\$ -

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended June 30, 2023**

(continued)

	Special Revenue				
	Traffic Safety	Street Tree Committee	State Gas Tax Fund	Public Housing Authority	Transportation Impact Fees
<b>REVENUES</b>					
Taxes and special assessments	\$ -	\$ -	\$ 3,266,751	\$ -	\$ 1,701,110
Aid from other government agencies	-	-	-	-	-
Fines and forfeitures	39,853	-	-	-	-
Revenue from use of money and property	487	43	12,869	5,728	84,661
Miscellaneous	-	-	765	-	28
Total revenues	<u>40,340</u>	<u>43</u>	<u>3,280,385</u>	<u>5,728</u>	<u>1,785,799</u>
<b>EXPENDITURES</b>					
Current:					
General government	79	-	3,717	-	5,923
Public works	-	-	7,498	1,261	-
Community development	-	-	-	267,675	-
Capital outlay	-	-	1,478,475	635	812,628
Total expenditures	<u>79</u>	<u>-</u>	<u>1,489,690</u>	<u>269,571</u>	<u>818,551</u>
Excess (deficiency) of revenues over expenditures	<u>40,261</u>	<u>43</u>	<u>1,790,695</u>	<u>(263,843)</u>	<u>967,248</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	270,096	-
Transfers out	-	-	(433,892)	-	-
Loss on lease termination	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(433,892)</u>	<u>270,096</u>	<u>-</u>
Net change in fund balance	<u>40,261</u>	<u>43</u>	<u>1,356,803</u>	<u>6,253</u>	<u>967,248</u>
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of year	<u>70,669</u>	<u>1,175</u>	<u>3,904,994</u>	<u>151,649</u>	<u>5,844,744</u>
End of year	<u>\$ 110,930</u>	<u>\$ 1,218</u>	<u>\$ 5,261,797</u>	<u>\$ 157,902</u>	<u>\$ 6,811,992</u>

# City of Hanford

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the Year Ended June 30, 2023

(concluded)

	<u>Special Revenue</u>		
	<u>Cannabis Operations</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
<b>REVENUES</b>			
Taxes and special assessments	\$ 1,040,549	\$ 32,728	\$ 8,424,890
Aid from other government agencies	-	-	189,814
Fines and forfeitures	-	-	39,853
Revenue from use of money and property	4,437	62,142	308,146
Miscellaneous	33,102	2,257	78,507
Total revenues	<u>1,078,088</u>	<u>97,127</u>	<u>9,041,210</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	1,419	64,991
Public works	-	-	698,676
Community development	25,000	-	326,519
Capital outlay	1,392	884,841	4,312,963
Total expenditures	<u>26,392</u>	<u>886,260</u>	<u>5,403,149</u>
Excess (deficiency) of revenues over expenditures	<u>1,051,696</u>	<u>(789,133)</u>	<u>3,638,061</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	703,988
Transfers out	(1,047,259)	-	(1,481,151)
Loss on lease termination	-	-	(11,319)
Proceeds from sale of capital assets	-	-	303,240
Total other financing sources (uses)	<u>(1,047,259)</u>	<u>-</u>	<u>(485,242)</u>
Net change in fund balance	<u>4,437</u>	<u>(789,133)</u>	<u>3,152,819</u>
<b>FUND BALANCE (DEFICIT)</b>			
Beginning of year	<u>121,818</u>	<u>3,611,379</u>	<u>23,202,008</u>
End of year	<u>\$ 126,255</u>	<u>\$ 2,822,246</u>	<u>\$ 26,354,827</u>

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual CMAQ Transportation Fund For the Year Ended June 30, 2023

	CMAQ Transportation Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Aid from other government agencies	\$ -	\$ 357,000	\$ 189,814	\$ (167,186)
Revenue from use of money and property	-	-	(4,344)	(4,344)
Total revenues	-	357,000	185,470	(171,530)
<b>EXPENDITURES</b>				
Current:				
Capital outlay	457,592	1,019,107	346,727	672,380
Total expenditures	457,592	1,019,107	346,727	672,380
Excess (deficiency) of revenues over (under) expenditures	(457,592)	(662,107)	(161,257)	500,850
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	433,892	433,892
Total other financing sources (uses)	-	-	433,892	433,892
Net change in fund balance	(457,592)	(662,107)	272,635	934,742
<b>FUND BALANCE</b>				
Beginning of year	(64,837)	(64,837)	(64,837)	-
End of year	<u>\$ (522,429)</u>	<u>\$ (726,944)</u>	<u>\$ 207,798</u>	<u>\$ 934,742</u>

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Park Impact Fees Fund For the Year Ended June 30, 2023

	Park Impact Fees			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 268,700	\$ 268,700	\$ 879,418	\$ 610,718
Revenue from use of money and property	33,170	41,400	88,642	47,242
Total revenues	301,870	310,100	968,060	657,960
<b>EXPENDITURES</b>				
Current:				
General government	-	-	5,008	(5,008)
Capital outlay	507,014	2,489,898	365,710	2,124,188
Total expenditures	507,014	2,489,898	370,718	2,119,180
Excess (deficiency) of revenues over (under) expenditures	(205,144)	(2,179,798)	597,342	2,777,140
<b>FUND BALANCE</b>				
Beginning of year	5,107,894	5,107,894	5,107,894	-
End of year	\$ 4,902,750	\$ 2,928,096	\$ 5,705,236	\$ 2,777,140



# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Parking Fund For the Year Ended June 30, 2023

	Parking Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Revenue from use of money and property	\$ 11,162	\$ 1,300	\$ (6,417)	\$ (7,717)
Total revenues	11,162	1,300	(6,417)	(7,717)
<b>EXPENDITURES</b>				
Current:				
General government	-	45,000	45,184	(184)
Total expenditures	-	45,000	45,184	(184)
Excess (deficiency) of revenues over (under) expenditures	11,162	(43,700)	(51,601)	(7,901)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss on lease termination	-	-	(11,319)	(11,319)
Proceeds from sale of assets	-	-	303,240	303,240
Total other financing sources (uses)	-	-	291,921	291,921
Net change in fund balance	11,162	(43,700)	240,320	284,020
<b>FUND BALANCE</b>				
Beginning of year	164,728	164,728	164,728	-
End of year	\$ 175,890	\$ 121,028	\$ 405,048	\$ 284,020

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Downtown Reinvestment Fund For the Year Ended June 30, 2023

	Downtown Reinvestment Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Revenue from use of money and property	\$ 2,030	\$ 2,180	\$ 3,446	\$ 1,266
Miscellaneous	4,530	4,530	-	(4,530)
Total revenues	6,560	6,710	3,446	(3,264)
<b>EXPENDITURES</b>				
Current:				
General government	-	-	123	(123)
Total expenditures	-	-	123	(123)
Excess (deficiency) of revenues over (under) expenditures	6,560	6,710	3,323	(3,387)
<b>FUND BALANCE</b>				
Beginning of year	156,457	156,457	156,457	-
End of year	\$ 163,017	\$ 163,167	\$ 159,780	\$ (3,387)

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Landscaping Assessment District Fund For the Year Ended June 30, 2023

	Landscaping Assessment District			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 893,790	\$ 893,790	\$ 1,087,947	\$ 194,157
Revenue from use of money and property	-	-	8,276	8,276
Total revenues	893,790	893,790	1,096,223	202,433
<b>EXPENDITURES</b>				
Current:				
General government	-	-	2,147	(2,147)
Public works	678,070	692,650	608,827	83,823
Community development	41,820	41,820	2,052	39,768
Total expenditures	719,890	734,470	613,026	121,444
Excess (deficiency) of revenues over (under) expenditures	173,900	159,320	483,197	323,877
<b>FUND BALANCE</b>				
Beginning of year	967,004	967,004	967,004	-
End of year	\$ 1,140,904	\$ 1,126,324	\$ 1,450,201	\$ 323,877

## City of Hanford

### Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual City Housing Fund For the Year Ended June 30, 2023

	City Housing Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ 4,000	\$ 28,665	\$ 24,665
Miscellaneous	20,000	20,000	13,368	(6,632)
Total revenues	20,000	24,000	42,033	18,033
<b>EXPENDITURES</b>				
Current:				
General government	-	-	560	(560)
Community development	20,000	20,000	15,960	4,040
Total expenditures	20,000	20,000	16,520	3,480
Excess (deficiency) of revenues over (under) expenditures	-	4,000	25,513	21,513
<b>FUND BALANCE</b>				
Beginning of year	2,355,736	2,355,736	2,355,736	-
End of year	\$ 2,355,736	\$ 2,359,736	\$ 2,381,249	\$ 21,513

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Central Parking and Business Improvement Fund For the Year Ended June 30, 2023

	Central Parking and Business Improvement Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 90,000	\$ 90,000	\$ 111,940	\$ 21,940
Revenue from use of money and property	-	750	2,398	1,648
Total revenues	90,000	90,750	114,338	23,588
<b>EXPENDITURES</b>				
Current:				
General government	-	-	173	(173)
Public works	81,090	81,090	81,090	-
Community development	-	22,000	15,832	6,168
Capital outlay	10,380	20,380	-	20,380
Total expenditures	91,470	123,470	97,095	26,375
Excess (deficiency) of revenues over (under) expenditures	(1,470)	(32,720)	17,243	49,963
<b>FUND BALANCE</b>				
Beginning of year	164,869	164,869	164,869	-
End of year	\$ 163,399	\$ 132,149	\$ 182,112	\$ 49,963

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Fire Protection Impact Fees Fund For the Year Ended June 30, 2023

	Fire Protection Impact Fees			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 107,156	\$ 107,156	\$ 189,749	\$ 82,593
Revenue from use of money and property	7,000	2,700	5,971	3,271
Miscellaneous	-	-	13,841	13,841
Total revenues	114,156	109,856	209,561	99,705
<b>EXPENDITURES</b>				
Current:				
General government	-	-	625	(625)
Total expenditures	-	-	625	(625)
Excess (deficiency) of revenues over (under) expenditures	114,156	109,856	208,936	99,080
<b>FUND BALANCE</b>				
Beginning of year	532,524	532,524	532,524	-
End of year	\$ 646,680	\$ 642,380	\$ 741,460	\$ 99,080

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Police Protection Impact Fees Fund For the Year Ended June 30, 2023

	Police Protection Impact Fees			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 100,000	\$ 100,000	\$ 114,698	\$ 14,698
Revenue from use of money and property	4,830	3,200	12,076	8,876
Miscellaneous	-	-	15,146	15,146
Total revenues	<u>104,830</u>	<u>103,200</u>	<u>141,920</u>	<u>38,720</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	33	(33)
Capital outlay	-	453,044	422,555	30,489
Total expenditures	<u>-</u>	<u>453,044</u>	<u>422,588</u>	<u>30,456</u>
Excess (deficiency) of revenues over (under) expenditures	104,830	(349,844)	(280,668)	69,176
<b>FUND BALANCE</b>				
Beginning of year	<u>110,271</u>	<u>110,271</u>	<u>110,271</u>	<u>-</u>
End of year	<u>\$ 215,101</u>	<u>\$ (239,573)</u>	<u>\$ (170,397)</u>	<u>\$ 69,176</u>

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Special Aviation Fund For the Year Ended June 30, 2023

	Special Aviation			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Aid from other government agencies	\$ -	\$ 10,000	\$ -	\$ (10,000)
Revenue from use of money and property	-	-	(934)	(934)
Total revenues	-	10,000	(934)	(10,934)
<b>EXPENDITURES</b>				
Capital outlay	2,867,262	-	-	-
Total expenditures	2,867,262	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(2,867,262)	10,000	(934)	(10,934)
<b>FUND BALANCE</b>				
Beginning of year	934	934	934	-
End of year	\$ (2,866,328)	\$ 10,934	\$ -	\$ (10,934)



# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Traffic Safety Fund For the Year Ended June 30, 2023

	Traffic Safety			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Fines and forfeitures	\$ 27,580	\$ 41,580	\$ 39,853	\$ (1,727)
Revenue from use of money and property	-	-	487	487
Total revenues	27,580	41,580	40,340	(1,240)
<b>EXPENDITURES</b>				
Current:				
General government	-	-	79	(79)
Total expenditures	-	-	79	(79)
Excess (deficiency) of revenues over (under) expenditures	27,580	41,580	40,261	(1,319)
<b>FUND BALANCE</b>				
Beginning of year	70,669	70,669	70,669	-
End of year	\$ 98,249	\$ 112,249	\$ 110,930	\$ (1,319)

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Street Tree Committee Fund For the Year Ended June 30, 2023

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	Street Tree Committee			Variance with Final Budget
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 43	\$ 43
Total revenues	-	-	43	43
Excess (deficiency) of revenues over (under) expenditures	-	-	43	43
<b>FUND BALANCE</b>				
Beginning of year	1,175	1,175	1,175	-
End of year	\$ 1,175	\$ 1,175	\$ 1,218	\$ 43

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual State Gas Tax Fund For the Year Ended June 30, 2023

	State Gas Tax Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 2,348,281	\$ 2,348,281	\$ 3,266,751	\$ 918,470
Revenue from use of money and property	11,750	16,000	12,869	(3,131)
Miscellaneous	-	243,020	765	(242,255)
Total revenues	<u>2,360,031</u>	<u>2,607,301</u>	<u>3,280,385</u>	<u>673,084</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	3,717	(3,717)
Public works	7,500	7,500	7,498	2
Capital outlay	1,995,350	4,712,945	1,478,475	3,234,470
Total expenditures	<u>2,002,850</u>	<u>4,720,445</u>	<u>1,489,690</u>	<u>3,230,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>357,181</u>	<u>(2,113,144)</u>	<u>1,790,695</u>	<u>3,903,839</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(340,000)</u>	<u>(340,000)</u>	<u>(433,892)</u>	<u>(93,892)</u>
Total other financing sources (uses)	<u>(340,000)</u>	<u>(340,000)</u>	<u>(433,892)</u>	<u>(93,892)</u>
Net change in fund balance	17,181	(2,453,144)	1,356,803	3,809,947
<b>FUND BALANCE</b>				
Beginning of year	<u>3,904,994</u>	<u>3,904,994</u>	<u>3,904,994</u>	-
End of year	<u>\$ 3,922,175</u>	<u>\$ 1,451,850</u>	<u>\$ 5,261,797</u>	<u>\$ 3,809,947</u>

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Public Housing Authority Fund For the Year Ended June 30, 2023

	Public Housing Authority			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ -	\$ 1,701,110	\$ 1,701,110
Revenue from use of money and property	700	25,000	84,661	59,661
Miscellaneous	90,000	90,000	28	(89,972)
Total revenues	90,700	115,000	1,785,799	1,670,799
<b>EXPENDITURES</b>				
Current:				
General government	-	-	5,923	(5,923)
Community development	268,137	279,506	-	279,506
Capital outlay	-	-	812,628	(812,628)
Total expenditures	268,137	279,506	818,551	(539,045)
Excess (deficiency) of revenues over (under) expenditures	(177,437)	(164,506)	967,248	1,131,754
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	227,130	227,130	-	(227,130)
Total other financing sources (uses)	227,130	227,130	-	(227,130)
Net change in fund balance	49,693	62,624	967,248	904,624
<b>FUND BALANCE</b>				
Beginning of year	5,844,744	5,844,744	5,844,744	-
End of year	\$ 5,894,437	\$ 5,907,368	\$ 6,811,992	\$ 904,624

*City of Hanford*

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual  
Transportation Impact Fees Fund  
For the Year Ended June 30, 2023**

	Transportation Impact Fees			Variance with
	Original	Final	Actual Amount	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 763,000	\$ 763,000	\$ 1,701,110	\$ 938,110
Revenue from use of money and property	38,510	45,200	84,661	39,461
Miscellaneous	-	-	28	28
Total revenues	<u>801,510</u>	<u>808,200</u>	<u>1,785,799</u>	<u>977,599</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	5,923	(5,923)
Capital outlay	<u>1,757,159</u>	<u>4,040,046</u>	<u>812,628</u>	<u>3,227,418</u>
Total expenditures	<u>1,757,159</u>	<u>4,040,046</u>	<u>818,551</u>	<u>3,221,495</u>
Excess (deficiency) of revenues over (under) expenditures	(955,649)	(3,231,846)	967,248	4,199,094
<b>FUND BALANCE</b>				
Beginning of year	<u>5,844,744</u>	<u>5,844,744</u>	<u>5,844,744</u>	<u>-</u>
End of year	<u>\$ 4,889,095</u>	<u>\$ 2,612,898</u>	<u>\$ 6,811,992</u>	<u>\$ 4,199,094</u>

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Cannabis Operations Fund For the Year Ended June 30, 2023

	Cannabis Operations			Variance with
	Original Budget	Final Budget	Actual	Final Budget
<b>REVENUES</b>				
Taxes and special assessments	\$ 250,000	\$ 900,000	\$ 1,040,549	\$ 140,549
Revenue from use of money and property	-	-	4,437	4,437
Miscellaneous	96,000	96,000	33,102	(62,898)
Total revenues	346,000	996,000	1,078,088	82,088
<b>EXPENDITURES</b>				
Current:				
Community development	44,000	44,000	25,000	19,000
Capital outlay	1,390	1,390	1,392	(2)
Total expenditures	45,390	45,390	26,392	18,998
Excess (deficiency) of revenues over (under) expenditures	300,610	950,610	1,051,696	101,086
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(300,610)	(950,610)	(1,047,259)	(96,649)
Total other financing sources (uses)	(300,610)	(950,610)	(1,047,259)	(96,649)
Net change in fund balance	-	-	4,437	4,437
<b>FUND BALANCE</b>				
Beginning of year	121,818	121,818	121,818	-
End of year	\$ 121,818	\$ 121,818	\$ 126,255	\$ 4,437

# City of Hanford

## Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Capital Projects Fund For the Year Ended June 30, 2023

	Capital Projects Fund			Variance with Final Budget
	Original	Final	Actual Amount	
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ 15,000	\$ 32,728	\$ 17,728
Aid from other government agencies	2,500	-	-	-
Revenue from use of money and property	30,000	28,000	62,142	34,142
Miscellaneous	-	-	2,257	2,257
Total revenues	<u>32,500</u>	<u>43,000</u>	<u>97,127</u>	<u>54,127</u>
<b>EXPENDITURES</b>				
General Government	-	-	1,419	(1,419)
Capital outlay	<u>1,102,041</u>	<u>2,076,458</u>	<u>884,841</u>	<u>1,191,617</u>
Total expenditures	<u>1,102,041</u>	<u>2,076,458</u>	<u>886,260</u>	<u>1,190,198</u>
Excess (deficiency) of revenues over (under) expenditures	(1,069,541)	(2,033,458)	(789,133)	1,244,325
<b>FUND BALANCE</b>				
Beginning of year	<u>3,611,379</u>	<u>3,611,379</u>	<u>3,611,379</u>	<u>-</u>
End of year	<u>\$ 2,541,838</u>	<u>\$ 1,577,921</u>	<u>\$ 2,822,246</u>	<u>\$ 1,244,325</u>

# City of Hanford

## Combining Statement of Net Position Internal Service Funds June 30, 2023

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 1,048,383	\$ 6,329,685	\$ 283,372
Receivables	45,205	45,828	-
Deposits	-	185,000	-
Prepaid expenses	-	4,800	-
Inventory	-	-	-
Total current assets	<u>1,093,588</u>	<u>6,565,313</u>	<u>283,372</u>
Noncurrent assets			
Capital assets:			
Building and improvements	-	-	-
Machinery and equipment	-	-	1,716,635
Right to use assets	-	-	307,217
Accumulated depreciation	-	-	(883,530)
Accumulated amortization	-	-	(181,509)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>958,813</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>958,813</u>
Total assets	<u>1,093,588</u>	<u>6,565,313</u>	<u>1,242,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	-	-	113,995
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>113,995</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	497,960	181,906	3,562
Salaries and benefits payable	586,583	-	5,349
Due to other funds	-	-	337,695
Compensated absences - current portion	-	-	17,122
Bonds and notes payable - current portion	-	-	9,614
SBITA payable	-	-	100,367
Total current liabilities	<u>1,084,543</u>	<u>181,906</u>	<u>473,709</u>
Noncurrent Liabilities			
Claims payable	-	5,776,000	-
Bonds and notes payable	-	-	149,590
Net pension liability	-	-	146,737
SBITA payable	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>5,776,000</u>	<u>296,327</u>
Total liabilities	<u>1,084,543</u>	<u>5,957,906</u>	<u>770,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	-	-	14,851
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>14,851</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	-	-	958,813
Unrestricted	9,045	607,407	(387,520)
Total net position	<u>\$ 9,045</u>	<u>\$ 607,407</u>	<u>\$ 571,293</u>



(concluded)

Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,319,543	\$ 16,788,678	\$ 1,014,124	\$ 26,783,785
6,141	3,942	606	101,722
-	-	-	185,000
-	-	-	4,800
-	319,709	-	319,709
<u>1,325,684</u>	<u>17,112,329</u>	<u>1,014,730</u>	<u>27,395,016</u>
644,586	26,191	-	670,777
229,583	15,464,628	-	17,410,846
-	-	-	307,217
(297,622)	(9,933,685)	-	(11,114,837)
-	-	-	(181,509)
<u>576,547</u>	<u>5,557,134</u>	<u>-</u>	<u>7,092,494</u>
<u>576,547</u>	<u>5,557,134</u>	<u>-</u>	<u>7,092,494</u>
<u>1,902,231</u>	<u>22,669,463</u>	<u>1,014,730</u>	<u>34,487,510</u>
211,170	325,165	-	650,330
<u>211,170</u>	<u>325,165</u>	<u>-</u>	<u>650,330</u>
34,680	68,320	267,401	1,053,829
7,974	12,625	-	612,531
-	137,941	-	475,636
17,309	24,441	-	58,872
22,827	32,320	-	64,761
-	-	-	100,367
<u>82,790</u>	<u>275,647</u>	<u>267,401</u>	<u>2,365,996</u>
-	-	-	5,776,000
355,173	502,891	-	1,007,654
271,824	418,560	-	837,121
-	-	-	-
<u>626,997</u>	<u>921,451</u>	<u>-</u>	<u>7,620,775</u>
<u>709,787</u>	<u>1,197,098</u>	<u>267,401</u>	<u>9,986,771</u>
27,511	42,362	-	84,724
<u>27,511</u>	<u>42,362</u>	<u>-</u>	<u>84,724</u>
576,547	5,557,134	-	7,092,494
799,556	16,198,034	747,329	17,973,851
<u>\$ 1,376,103</u>	<u>\$ 21,755,168</u>	<u>\$ 747,329</u>	<u>\$ 25,066,345</u>

# City of Hanford

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended June 30, 2023

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 865,717	\$ 615,510
Other revenues	-	67,616	-
Total operating revenues	-	933,333	615,510
<b>OPERATING EXPENSES</b>			
Personnel services	-	-	330,605
Services and supplies	890	1,118,716	112,063
Depreciation and amortization	-	-	446,124
Total operating expenses	890	1,118,716	888,792
Operating income (loss)	(890)	(185,383)	(273,282)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	23,801	146,234	7,198
Interest expense	-	-	(7,498)
Unrealized gain (loss) on investments	(9,100)	(31,138)	(9,165)
Gain/(loss) on disposals	-	-	-
Total non-operating revenue (expenses)	14,701	115,096	(9,465)
Income (loss) before capital contributions and transfers	13,811	(70,287)	(282,747)
Transfers in/(out)	-	-	-
Change in net position	13,811	(70,287)	(282,747)
<b>NET POSITION (DEFICIT)</b>			
Beginning of year	(4,766)	677,694	854,040
End of year	\$ 9,045	\$ 607,407	\$ 571,293

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(concluded)

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Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,148,733	\$ 5,696,687	\$ 3,087,216	\$ 11,413,863
1,015	11,144	2,345	82,120
<u>1,149,748</u>	<u>5,707,831</u>	<u>3,089,561</u>	<u>11,495,983</u>
579,071	954,969	-	1,864,645
381,325	3,402,142	3,165,391	8,180,527
72,253	905,685	-	1,424,062
<u>1,032,649</u>	<u>5,262,796</u>	<u>3,165,391</u>	<u>11,469,234</u>
<u>117,099</u>	<u>445,035</u>	<u>(75,830)</u>	<u>26,749</u>
21,924	407,570	10,826	617,553
(17,660)	(25,005)	-	(50,163)
4,383	(161,130)	-	(206,150)
-	(12,520)	-	(12,520)
<u>8,647</u>	<u>208,915</u>	<u>10,826</u>	<u>348,720</u>
<u>125,746</u>	<u>653,950</u>	<u>(65,004)</u>	<u>375,469</u>
<u>(47,700)</u>	<u>110,937</u>	<u>-</u>	<u>63,237</u>
78,046	764,887	(65,004)	438,706
<u>1,298,057</u>	<u>20,990,281</u>	<u>812,333</u>	<u>24,627,639</u>
<u>\$ 1,376,103</u>	<u>\$ 21,755,168</u>	<u>\$ 747,329</u>	<u>\$ 25,066,345</u>

# City of Hanford

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2023

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received for current services	\$ (45,205)	\$ 819,889	\$ 615,510
Cash received for other operating revenues	-	67,616	-
Cash paid for services and supplies	473,557	(910,112)	(122,532)
Cash paid for salaries and benefits	(319,746)	-	(267,860)
Net cash provided (used) by operating activities	108,606	(22,607)	225,118
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers (to)/from other funds	-	-	-
Loans from/(to) other funds	-	-	39,010
Net cash provided (used) by non-capital financing activities	-	-	39,010
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on long-term debt	-	-	(6,545)
Interest payments on long-term debt	-	-	(7,498)
Capital expenditures	-	-	(126,754)
SBITA payments	-	-	(206,850)
Net cash provided (used) by capital and related financing activities	-	-	(347,647)
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>			
Unrealized gain (loss) on investments	(9,100)	(31,138)	(9,165)
Interest received	23,801	146,234	7,198
Net cash provided (used) by investing activities	14,701	115,096	(1,967)
Net increase (decrease) in cash and investments	123,307	92,489	(85,486)
Cash and investments, beginning of year	925,076	6,237,196	368,858
Cash and investments, end of year	\$ 1,048,383	\$ 6,329,685	\$ 283,372
Reconciliation to Statement of Net Position:			
Cash and investments	\$ 1,048,383	\$ 6,329,685	\$ 283,372
Total cash and investments	\$ 1,048,383	\$ 6,329,685	\$ 283,372
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (890)	\$ (185,383)	\$ (273,282)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	446,124
(Increase) decrease in:			
Receivables	(45,205)	(45,828)	-
Deposits	-	(10,000)	-
Prepays	-	(4,800)	-
Inventory	-	-	-
Deferred outflow of resources	-	-	70,969
Accounts payable	474,447	36,404	(10,469)
Salaries and benefits payable	(319,746)	-	3,891
Compensated absences	-	-	17,122
Claims payable	-	187,000	-
Net pension liability	-	-	86,305
Deferred inflow of resources	-	-	(115,542)
Total Adjustments	109,496	162,776	498,400
Net Cash provided (used) by operating activities	\$ 108,606	\$ (22,607)	\$ 225,118

(concluded)

Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,142,592	\$ 5,693,635	\$ 3,164,465	\$ 11,390,886
1,015	11,144	2,345	82,120
(356,920)	(2,835,347)	(2,944,175)	(6,695,529)
(549,761)	(820,730)	(85,894)	(2,043,991)
236,926	2,048,702	136,741	2,733,486
(47,700)	110,937	-	63,237
-	137,941	-	176,951
(47,700)	248,878	-	240,188
(15,540)	(22,003)	-	(44,088)
(17,660)	(25,005)	-	(50,163)
(14,755)	(152,327)	-	(293,836)
-	-	-	(206,850)
(47,955)	(199,335)	-	(594,937)
4,383	(161,130)	-	(206,150)
21,924	407,570	10,826	617,553
26,307	246,440	10,826	411,403
167,578	2,344,685	147,567	2,790,140
1,151,965	14,443,993	866,557	23,993,645
\$ 1,319,543	\$ 16,788,678	\$ 1,014,124	\$ 26,783,785
\$ 1,319,543	\$ 16,788,678	\$ 1,014,124	\$ 26,783,785
\$ 1,319,543	\$ 16,788,678	\$ 1,014,124	\$ 26,783,785
\$ 117,099	\$ 445,035	\$ (75,830)	\$ 26,749
72,253	905,685	-	1,424,062
(6,141)	(3,052)	77,249	(22,977)
-	-	-	(10,000)
180	2,207	-	(2,413)
-	649,822	-	649,822
237,558	288,471	-	596,998
24,225	(85,234)	221,216	660,589
6,384	9,915	(85,894)	(385,450)
(4,610)	(18,342)	-	(5,830)
-	-	-	187,000
55,320	222,565	-	364,190
(265,342)	(368,370)	-	(749,254)
119,827	1,603,667	212,571	2,706,737
\$ 236,926	\$ 2,048,702	\$ 136,741	\$ 2,733,486

# City of Hanford

## Combining Statement of Fiduciary Net Position Custodial Funds June 30, 2023

	Civil Subpoena	Renters' Insurance Deposits	COE Park Deposits	Miscellaneous Deposits Trust	Total
<b>ASSETS</b>					
Cash and investments	\$ 327,483	\$ 4,034	\$ 488	\$ 1,442,741	\$ 1,774,746
Accounts receivable	-	-	-	18,920	18,920
Total Assets	<u>327,483</u>	<u>4,034</u>	<u>488</u>	<u>1,461,661</u>	<u>1,793,666</u>
<b>LIABILITIES</b>					
Accounts payable	4,650	-	-	499,973	504,623
Deposits held for others	383,029	835	-	881,435	1,265,299
Total Liabilities	<u>387,679</u>	<u>835</u>	<u>-</u>	<u>1,381,408</u>	<u>1,769,922</u>
<b>NET POSITION (DEFICIT)</b>					
Restricted	(60,196)	3,199	488	80,253	23,744
Total Net Position	<u>\$ (60,196)</u>	<u>\$ 3,199</u>	<u>\$ 488</u>	<u>\$ 80,253</u>	<u>\$ 23,744</u>

# City of Hanford

## Combining Statement of Changes in Fiduciary Net Position Custodial Funds For the Year Ended June 30, 2023

	Civil Subpoena	Renters' Insurance Deposits	COE Park Deposits	Miscellaneous Deposits Trust	Total
<b>ADDITIONS</b>					
Unrealized gain on investments	\$ 1,609	\$ 138	\$ 17	\$ 50,714	\$ 52,478
Other additions	9,856	171	-	149	10,176
Total Additions	<u>11,465</u>	<u>309</u>	<u>17</u>	<u>50,863</u>	<u>62,654</u>
<b>DEDUCTIONS</b>					
General government	-	-	-	250	250
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Change in Fiduciary Net Position	11,465	309	17	50,613	62,404
<b>NET POSITION (DEFICIT)</b>					
Beginning of year, as restated	<u>(71,661)</u>	<u>2,890</u>	<u>471</u>	<u>29,640</u>	<u>(38,660)</u>
End of year	<u>\$ (60,196)</u>	<u>\$ 3,199</u>	<u>\$ 488</u>	<u>\$ 80,253</u>	<u>\$ 23,744</u>

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May 20, 2024

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Terry P. Shea, CPA (Partner Emeritus)

To the Honorable City Council  
City of Hanford  
Hanford, California

We have audited the financial statements of City of Hanford (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated May 20, 2024. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

#### **MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA

As communicated in our engagement letter dated May 3, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants



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## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the possibility of the following significant risks:

*Management's override of internal controls over financial reporting:* Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

*Revenue recognition:* Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

## **Qualitative Aspects of the City's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 1 of the financial statements, during the year, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation expense is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred inflows and outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net OPEB liability and related deferred inflows and outflows is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of leases receivable, deferred inflows of resources related to leases, and lease amortization is based on present value calculations using certain terms and assumptions in the lease agreements in accordance with generally accepted accounting principles. Management's estimate of lease and subscription liabilities, right-to-use assets, and asset amortization is based on present value calculations using certain terms and assumptions in the lease agreements and estimated useful lives of assets in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease and subscription related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

The disclosure of the fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred inflows and outflows in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of net OPEB liability and related deferred inflows and outflows in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of leases receivable, deferred inflows of resources related to leases, lease/subscription amortization, leases/subscription liabilities, right-to-use assets, and asset amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Two of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. See attached schedule.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated May 20, 2024.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council and Management of the City and is not intended to be and should not be used by anyone other than these specified parties.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
May 20, 2024



May 20, 2024

Rogers, Anderson, Malody & Scott, LLP  
735 E Carnegie Drive, Suite 100  
San Bernardino, Ca 92408

This representation letter is provided in connection with your audit of the basic financial statements of the City of Hanford (the City) as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 20, 2024:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 3, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.



- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.





- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest services provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
    - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.





- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have evaluated all of our lease/SBITA agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* or No. 96, *Subscription Base IT Arrangements*.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no reason to believe the entity will not continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB



Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- There have been no changes or updates to legal information disclosed to you by our attorneys since the date of such legal response and now.



- All electronic copies of City documents provided to you (invoices, cash receipts, etc.) are true copies of the original document.

### **Use of a Specialist**

- We agree with the findings of specialists in evaluating the City's pension liability and related deferred amounts and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances

### ***Supplementary Information in Relation to the Financial Statements as a Whole***

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.



### Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: Finance Director

Title: Finance Manager





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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### *Independent Auditor's Report*

To the Honorable City Council  
City of Hanford  
Hanford, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information and each major fund of the City of Hanford (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 20, 2024.

### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
May 20, 2024



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May 20, 2024

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**Management of the City of Hanford  
Hanford, California**

In planning and performing our audit of the financial statements of the City of Hanford (the City) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 20, 2024 on the financial statements of the City. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:



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## **Finding 1- Payroll**

### *Condition and context:*

During our audit, we noted that there was a lack of segregation of duties in the City's accounting process over pay rates and lack of documentation of preparer and reviewer process over payroll registers. Proper segregation of duties dictate that the functions of recording, authorization, custody and execution are not dominated by one individual. Adequately segregated duties and proper documentation help to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the City's financial reporting system.

### *Recommendation:*

In order to provide greater controls over this area, we suggest that someone outside the payroll process input payrate changes into the payroll system and individuals in charge of processing and finalizing payroll sign and date payroll registers as proof of review.

### *Management Response to Finding:*

Management concurs with this recommendation and will immediately implement segregation of duties by requiring someone outside the payroll process will input or verify salary changes in the system each pay period. Additionally, an outside review of the payroll register prior to finalization will be added as a standard procedure. This will add greater internal control over payroll registers in addition to a second staff person in the Payroll Division that occurred this fiscal year to mitigate control one person could have.

We believe that the implementation of these recommendations will provide the City with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California





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### *Independent Accountant's Report*

To the Honorable City Council  
City of Hanford  
Hanford, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Hanford, California (the City) for the year ended June 30, 2023. The management of the City is responsible for the accompanying Appropriations Limit Worksheet.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. These procedures, which were suggested by the League of California Cities and presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*, were performed solely to assist you in meeting the requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the other documents referenced in number one above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on accompanying Appropriations Limit Worksheet for the year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City of Hanford, California, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
May 20, 2024

**CITY OF HANFORD  
APPROPRIATIONS LIMIT WORKSHEET  
2022-2023**

Change in Per Capita Cost of Living		7.55%
Change in City Population		-0.42%
Change in Per Capita Cost of Living converted to a ratio		1.0755
Change in City Population converted to a ratio		0.9958
Calculation of factor for ratio of change (1.0755 x 0.9958)		1.0710
2021-2022 Limit	\$ 77,092,659	
Adjustment for Inflation & Population	<u>5,473,579</u>	
2022-2023 Limit (\$ 77,092,659 + \$5,473,579)	<u><u>\$ 82,566,238</u></u>	